BRIEFING

Confirmation hearings of the Commissioners-designate

Stéphane Séjourné

Executive Vice-President for Prosperity and Industrial Strategy

Confirmation hearing due to be held on Tuesday 12 November, at 14.30.

European Parliament committees responsible: Industry, Research and Energy (ITRE), Internal Market and Consumer Protection (IMCO), Environment, Public Health and Food Safety (ENVI), Economic and Monetary Affairs (ECON)

Before being nominated as Commissioner-designate, Stéphane Séjourné had been serving as French Minister for Europe and Foreign Affairs since January 2024. In July 2024, he was elected to the French Parliament for the ninth constituency of Hauts-de-Seine (Boulogne-Billancourt). He has also been secretary-general of the Renaissance party since 2022.

From 2019 to 2024, Séjourné was a Member of the European Parliament, and President of the Renew Europe group (2021-2024). Before that, he was a political adviser to the President of the French Republic from 2017 to 2019, and an adviser to the Minister for Economic Affairs, Industry and Digital Affairs from 2014 to 2016, responsible for relations with elected representatives.

Séjourné was previously a member of the cabinet of the President of the Île-de-France Regional Council (2012-2014). Prior to that, he worked for a federation of grocery and specialised nutrition products from 2011 to 2012.

Born in 1985, Séjourné graduated from the University of Poitiers with a double masters in law. He was also an Erasmus student at the University of Granada in international and EU law.

Stéphane Séjourné, France.

IN THIS BRIEFING

This is one of a set of briefings designed to give an overview of issues of interest relating to the portfolios of the Commissioners-designate. All these briefings can be found at: https://epthinktank.eu/commissioner_hearings_2024.

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Author: Guillaume Ragonnaud
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Fundamentals of the portfolio

Proposed for the role of Executive Vice-President for Prosperity and Industrial Strategy, Séjourné will have to contribute actively to launching 'a new era of productivity, innovation and competitiveness' that will determine the EU's ability to achieve its strategic goals. Strengthening the EU economy in the face of rising global economic and political competition and managing the twin digital and green transitions is a key challenge for the new term. While 'EU competitiveness' is not clearly defined, there is broad agreement that it entails a range of policies, including the single market, energy, competition, research and innovation, investment, and industrial policies.

The International Energy Agency (IEA) has warned that the world is facing a pivotal moment for clean energy transitions, and is entering a new 'clean energy technology manufacturing industrial age'. The scale of clean energy technology deployment needed to support achievement of the EU's 2030 and 2050 climate targets is considerable. The EU is largely dependent on imports for these technologies, and – like many third countries – is stepping up efforts to expand its clean energy manufacturing capacity to reduce strategic dependencies for key products. The rapid transformation of the economy and the need to secure the supply of key technologies and reduce strategic dependencies has led to widespread calls for greater government involvement in the economy and the 'rebirth' of industrial policies globally. Today, nearly all countries, not least China and the United States (US), have established forms of industrial policy, and the EU has recently embraced a more active industrial policy agenda.

The April 2024 Letta report on the future of the single market and the September 2024 Draghi report on the future of European competitiveness have fuelled the debate on these issues over the past few months. The reports converge on many points, not least on the need to take rapid action to deepen the single market. They clearly demonstrate that the single market remains highly fragmented, limiting EU companies' ability to scale up and compete internationally. This prevents EU citizens from reaping the full benefits of a well-functioning single market. Draghi stresses that single market fragmentation has cascading effects on competitiveness, for instance pushing high-growth companies overseas. He expresses strong concern about slow growth in the EU and the wide gross domestic product (GDP) gap with the US, driven mainly by the slowdown in productivity growth in Europe. Therefore, increasing productivity growth should be the key priority for the EU and is an 'existential challenge'). Draghi's report lays out a new industrial strategy for Europe, to accelerate technological and scientific innovation, ensure that its decarbonisation plans are matched by leadership on the required technologies, and implement a genuine 'foreign economic policy' to increase security and reduce dependencies. Estimated investment needs are considerable.

Priority issues for the vice-president

Making Europe more prosperous and competitive is one of the priorities of the 2024-2029 Strategic Agenda adopted by the European Council in June 2024. It calls for action to enhance the EU's competitiveness and make Europe a technological and industrial powerhouse based on a well-functioning single market, to promote an innovation and business-friendly environment to achieve industrial strength in key sectors, and to extend the benefits of economic growth to all citizens.

In her July 2024 political guidelines for 2024-2029, the Commission President-elect announced a new plan for Europe's prosperity and competitiveness, to make business easier, deepen the single market, build a clean industrial deal to decarbonise and lower energy prices, promote R&I, boost productivity with digital technology diffusion, invest massively in the EU's sustainable competitiveness, and tackle the skills and labour gap.

The Draghi report highlights the urgent and immense amount of investment needed for the EU to enhance its competitiveness: a minimum annual additional investment of between €750 billion and €800 billion, to be met by both the public and private sectors. The report repeatedly warns that the effectiveness of industrial policy interventions in the EU is hindered by a lack of coordination at three levels: between Member States, among financing instruments, and across policies. To strengthen EU governance, Draghi suggests setting up a new 'competitiveness coordination framework', to improve EU-wide coordination in priority areas. Both the Letta and Draghi reports pinpoint key sectors (e.g. finance, energy, telecommunications, defence, space) where the single market should be deepened as a priority. They also discuss in detail the EU's long-standing weaknesses in terms of innovation. They agree that it would be necessary to adjust EU competition rules, ensuring better coordination of State aid, while preserving the integrity of the single market. Common borrowing is mentioned in both reports as a possible way to finance EU public goods such as defence, energy and digital infrastructure. Furthermore, they both point to the need to reform EU governance and enhance EU decision-making, improve coordination between the EU's and Member States' efforts, reduce administrative burden for companies, and improve the impact assessments of future EU laws. Finally, they both argue that the EU's economic interests should be protected from external actors, while preserving openness to trade.

The EU's industrial ambitions rely heavily on securing supply of specific critical raw materials (CRMs). Demand for CRMs is projected to skyrocket in the coming years but it remains uncertain whether supply will keep up with the expected needs. CRM supply chains are global, complex and fragile, and thus vulnerable to a wide range of risks. The EU's reliance on CRM imports is extremely high.

Looking further downstream in the supply chain, most of the mass-manufacturing capacity for several key clean energy technologies is located in China and the Asia–Pacific region. China is the leading global supplier for and a net exporter of many clean energy technologies. The EU is a major importer of clean energy technologies, such as electric vehicles, batteries, fuel cells and solar photovoltaics. Barriers to the increase of net-zero technologies production are linked to the global supply chains situation, investment needs, long lead times to set up new manufacturing capacity, and a lack of skilled workers. Furthermore, promoting a more circular economy is intended to maintain the value of products, materials and resources for as long as possible, minimising waste. It also helps reduce dependencies on imports. Despite several new circularity policies at EU level, the EU has made little progress in its transition to a circular economy. Further action in this field is therefore needed. Both the Letta and Draghi reports propose establishing a single market for waste and recycling, to promote a more circular economy.

Main projects

The mission letter sent by von der Leyen to Stéphane Séjourné asks him to develop a clean industrial deal within the first 100 days of his mandate, together with the Commissioner for Climate, Net Zero and Clean Growth. The proposal should focus on three issues – decarbonisation, clean technologies and promoting investment – and put forward, in particular, specific solutions for each of the value chains concerned. Séjourné must also propose an industrial decarbonisation accelerator act to support the clean tech industry. He will lead work on the implementation of the net-zero industry act, which entered into force in June 2024. He should also work on a competitiveness coordination tool, to improve coordination at all levels. In addition, Séjourné should develop a European competitiveness fund to channel investment towards innovation and the technologies that will be key for the EU in the future. In particular, he should ensure that capital markets invest in innovation.

Regarding the external dimension of competitiveness, Séjourné will help ensure that the EU's trade and economic security policies support EU companies. He should also help guide the work on the reform of the customs system and on the implementation of the carbon border adjustment mechanism. He should revise the Public Procurement Directives, simplifying them and enabling preference for European products in public procurement for key sectors and technologies.

One of Séjourné's tasks will be to design a horizontal strategy to deepen the single market, promoting the cross-border provision of services and movement of goods, ensuring current rules are properly implemented, and removing existing barriers. He should consider the development of a single market barriers prevention act to improve ex-ante instruments. On small and medium-sized enterprises (SMEs), he should explore the development of an SME passport to lower administrative burden for this category of companies. He should also lead the work to set up a new definition of small midcaps. He should reinforce the single digital gateway to support Europeans wanting to work, study or do business in another Member State. Furthermore, he will be in charge of the EU's supply of CRMs. He should establish a European CRMs platform to support joint purchasing of CRMs and manage strategic stockpiles, and to implement the CRM Act, which entered into force in May 2024.

Séjourné will work with the Commissioner for Environment, Water Resilience and a Competitive Circular Economy to present a circular economy act, with the aim of creating market demand for secondary materials and a single market for waste, particularly addressing CRMs. With the same Commissioner, he will work on a new chemicals industry package, simplifying REACH and addressing per- and polyfluoroalkyl substances (PFAS) ('forever chemicals'). He must contribute to the European biotech act supporting the development of biotechnologies. He should also present an action plan on steel and metals. Séjourné will also be responsible for intellectual property policy.

Working with Commissioners

Teresa Ribera Rodríguez (Executive Vice-President): Clean, Just and Competitive Transition

Valdis Dombrovskis: Economy and Productivity, Implementation and Simplification

Wopke Hoekstra: Climate, Net Zero and Clean Growth

Jessika Roswall: Environment, Water Resilience and a Competitive Circular Economy

Parliament's priorities

The 2023 EPRS study on mapping the cost of non-Europe (2022-2032) finds that completing the single market could yield significant benefits for EU citizens, amounting to €644 billion collectively by 2032. In a resolution adopted in January 2023 on the occasion of the 30th anniversary of the single market, Parliament stressed that none of the four freedoms should be left behind, and that it is the Member States' key responsibility to implement and enforce single market legislation correctly. Parliament urged the Commission to address unjustified barriers hampering realisation of the single market's full potential. The resolution calls for the renewal of the promise of the single market by updating it, supporting companies and consumers in the twin transitions, protecting people and the environment, and increasing funding for single market policies. Furthermore, while reaffirming Parliament's readiness to play its role in the process, the text demands renewed commitment from the Member States and the other EU institutions, as well as a specific agenda for action towards 2030 and beyond, to strengthen and develop further the single market, particularly in areas such as services, energy, telecommunications and the digital single market. Parliament has repeatedly supported the integration of capital markets by completing the capital markets union.

In its February 2023 resolution on an EU strategy to boost industrial competitiveness, trade and quality jobs, Parliament stressed that the EU's industrial strategy should enable EU industry to promote the green and digital transitions and ensure its open strategic autonomy, preserve its competitiveness on the global market, foster employment, and strengthen innovation and production capacities in Europe. It called for: a predictable and simplified regulatory environment; access to affordable, secure and clean energy supplies; less red tape for companies – especially SMEs and start-ups; faster access to sufficient funding; and a European sovereignty fund. It also stressed the importance of the State aid rules, and the need to create quality jobs and ensure the necessary skills are available. It noted that open and fair trade is key for resilient supply chains.

In the same resolution, Parliament asked the Commission to set up a strategy to redeploy, relocate and reshore industries in the EU, diversifying supply chains, and reducing greenhouse gas emissions. It stresses the need to ensure fast permitting procedures and predictability for new projects concerning clean and renewable energy sources. Parliament also calls for faster access to sufficient funding to boost competitiveness, and insists that any new fund should be established using the ordinary legislative procedure and be incorporated into the multiannual financial framework (MFF), thereby ensuring full oversight by Parliament. In its October 2023 resolution on the proposal for a mid-term revision of the 2021-2027 multiannual financial framework, Parliament regretted that the Commission had not kept its promise to push for a new European sovereignty fund. For Parliament, the Strategic Technologies for Europe Platform should be a testbed for a fully fledged sovereignty fund in the next MFF period.

In a 2020 resolution, Parliament called for the adoption of an SME action plan, setting objectives, milestones and a timeline, and envisaging regular monitoring, reporting and evaluations. It asked the Commission to set ambitious and binding quantitative and qualitative EU targets for the reduction of administrative burdens. It requested the development of a binding test capable of assessing the costs and benefits for SMEs of all legislative proposals put forward by the Commission. In its resolution of July 2023 on the state of the SME Union, Parliament called on the Commission to carry out an overall assessment of the cumulative effect of EU legislation on SMEs in the EU, and to propose simplifications where needed. It also pointed to the need to prevent excessive bureaucracy and gold-plating, and to reduce the regulatory burden for SMEs to the absolute minimum, while maintaining the highest standards for consumers, workers, health and environmental protection.

Executive responsibilities

Séjourné will be responsible for the industry, SME and single market portfolios. The single market, established on 1 January 1993, now numbers 447 million consumers and 31 million companies. In addition to the 27 EU Member States, Iceland, Liechtenstein and Norway belong to the single market under the European Economic Area Agreement, and Switzerland has partial access by means of bilateral agreements. As of 1 January 2021, the United Kingdom left the EU single market.

Often considered the cornerstone of European integration, the single market is a strong asset for the EU. It has been praised for stimulating growth, creating jobs, and providing opportunities both for EU citizens – who can live, shop, study, work and retire in any EU country, and buy products and services from all over Europe – and for companies, which can benefit from economies of scale and reduced transaction and trade costs. Today, the EU is among the largest trading blocs in the world – measured in purchasing power parity it represents 15 % of world GDP (US: 16 %, China: 19 %). It has been estimated that trade within the single market accounts for 56 million European jobs, and that the economic benefits of the single market range between 8 % and 9 % of EU GDP. Although the single market has generally been a success, several recent analyses have shown that it remains highly fragmented. This limits EU companies' ability to scale up and compete internationally, and prevents EU citizens from reaping its full benefits.

A well-functioning single market that is fit for the green and digital transitions, new technological developments and changing geopolitical realities is also an essential element of the EU's industrial policy. At EU level, industrial policy seeks to promote advantageous framework conditions, and to support, coordinate or supplement Member State-level policies and action. Moreover, many sector- and product-specific rules have been developed over the years. EU industrial policy covers a range of policies, such as trade, internal market, R&I, competition, intellectual property rights, and energy.

The EU's 25.8 million SMEs are its economic backbone. They represent 99.8 % of all companies in the non-financial business sector, and employ 88.7 million people. More than half of SMEs point to regulatory obstacles and red tape as their greatest challenge. In 2023, the number of SMEs rose by 2.6 %, and bankruptcies by 13 %. The Letta report calls for future laws to be simplified, and designed with SMEs in mind and in a spirit of subsidiarity, with a new SME and competitiveness check.

Priorities and challenges

In May 2022, the plenary of the Conference on the Future of Europe proposed to deepen the single market further. It recommended ensuring that EU and national measures and initiatives are not detrimental to the single market but contribute to the free flow of people, goods, services and capital. It also stressed the need to enhance the digital single market for companies of all sizes.

In March 2023, the Commission put forward a communication on the single market at 30, in which it stresses that further efforts are needed to enforce existing rules, remove obstacles, and explore areas for further integration. It discusses possible ways forward towards further integration of the single market. It proposes to address barriers in the sectors most relevant for the economy, such as services, capital, energy, digital and data markets. The Commission also highlights the need to improve rules enforcement in the sectors with the highest untapped potential, such as business services, retail, construction and tourism. Moreover, it points to the need to improve transposition and implementation of EU rules, cut red tape, and create an 'enabling' business environment.

Several recent reports have shown that the single market has not yet fully materialised, both pointing to the remaining obstacles and putting forward multiple proposals to revitalise the single market. The Letta and Draghi reports have already been mentioned above. In its 10-point plan to revive and deepen the single market, the CEPS think-tank proposes two parallel action programmes for services under the 2006 Services Directive, and services under dedicated sector regulation (such as rail freight, banking and larger, competitive capital markets, and stepping up investment in cross-border interconnectors). According to CEPS, the single market should be deepened in some areas that remain highly fragmented, such as the telecoms market and spectrum frequencies. There should also be a fully fledged shift from national to EU copyright regulation. CEPS suggests that Parliament's Committee on Internal Market and Consumer Protection (IMCO) hold yearly specific sessions on enforcement, giving citizens and businesses a voice, and holding the Commission and Council to account.

In its memos to the EU leadership 2024-2029, think-tank Bruegel highlights the key challenge of reconciling industrial policies with competition and the single market. Bruegel suggests that the new Commissioner in charge of the single market should propose new EU legislation to improve the rules – and not only centre on better enforcing existing rules – focusing on the elimination of sector-specific barriers to services trade, recognition of professional qualifications, transferability of social security entitlements and the creation of a '28th regulatory regime'. The new Commissioner should also promote a 'single market-friendly industrial policy', including by using EU funds to top up important projects of common European interest (IPCEIs) that have benefits spreading beyond the participating countries.

European Parliament

Treaty basis and European Parliament competence

The main relevant provisions in the Treaty on the Functioning of the European Union (TFEU) include: Articles 4(2)(a) (the internal market is a shared competence between the EU and the Member States); 20-21 (right to move and reside freely within the territory of the Member States); 26-27 and 114-115 (internal market); 28-29 (free movement of goods); 30-33 (customs); 34-37 (prohibition of quantitative restrictions between Member States); 45-48 (free movement of workers); 49-55 (right of establishment); 56-62 (freedom to provide services); and 63-66 (capital and payments). The European Parliament is generally involved through the ordinary legislative procedure in all these policy areas.

The legal basis for the EU's industrial policy is Article 173 TFEU. The main thrust of the policy is to build framework conditions favourable to industrial competitiveness. Article 173 TFEU provides for use of the ordinary legislative procedure.

Historically, Parliament has been a driving force behind the process that led to the creation of the internal market. Through its role as co-legislator, it has over many years used its legislative and budgetary powers to that effect. It has also contributed systematically to the policy debate on the completion of the single market. During its ninth term, Parliament was very active in adopting resolutions on specific issues linked to the development of the single market, including on: the future of free movement of services (January 2021); removing barriers to the functioning of the digital single market and improving the use of AI for European consumers (May 2021); tackling non-tariff and non-tax barriers in the single market (February 2022); a standardisation strategy for the single market (May 2023); eGovernment (April 2023); and virtual worlds – opportunities, risks and policy implications for the single market (January 2024).

Recent developments

The Commission adopted a new industrial strategy for Europe in 2020, seeking to make EU industry greener, more digital and more competitive globally, and to reinforce Europe's industrial and strategic autonomy. The strategy's 2021 update put forward additional actions in order to address strategic dependencies that could lead to EU vulnerabilities because of a strong concentration of global production in third countries, with limited options for supply diversification. As highlighted by the IEA report mentioned earlier, around 90 % of mass-manufacturing capacity for several key clean energy technologies is located in China and the Asia-Pacific region. The EU remains a large importer of clean energy technologies such as batteries and electric vehicles.

During the last term, EU legislators adopted several specific regulatory frameworks targeting key industries in the net-zero industrial age. These concern batteries, semiconductors (Chips Act) and CRMs (CRMs Act), and support the production of strategic technologies (Net-zero Industry Act – NZIA) and a Strategic Technologies for Europe Platform – STEP). Regarding chips, for example, the Commission recently stressed that the launch of the Chips Act had already attracted public and private investment commitments of €115 billion. The Commission has supported European industrial alliances (e.g. on clean hydrogen) to help develop Europe's strategic capacities and facilitate the identification of investment projects. IPCEIs – a State aid tool designed to overcome serious market failures in breakthrough innovation and key infrastructure – have also gained in importance as a way to support strategic industrial projects (e.g. concerning the battery value chain). To support SMEs more effectively, the Commission presented a dedicated SME strategy in 2020, and in 2023, an SME relief package aimed at fostering an SME-friendly business environment.

The modernisation and deepening of the single market has been an ongoing priority during the 2019-2024 period, taking into account, not least, the challenges posed by the green and digital transitions, technological developments and changing geopolitical realities. Advancing the single market requires action in multiple policy fields, its digital dimension having become vitally important in recent years. Efforts at EU level have mainly been aimed at removing technical, legal and bureaucratic barriers, and modernising the internal market in order to unleash its full potential. The Commission identified the top 13 barriers to cross-border activity (such as complex administrative procedures) and their main root causes (such as inadequate enforcement of EU legislation).

Taking these findings into account, the Commission and the Member States have taken measures under the long-term action plan for better implementation and enforcement of the single market. In particular, the Commission set up a Single Market Enforcement Taskforce (SMET), to improve the implementation and enforcement of single market freedoms. The SMET supplements other enforcement instruments, such as infringement procedures and SOLVIT. The EU industrial strategy's 2021 update focused on strengthening single market resilience. Recent shocks, including the pandemic and Russia's war on Ukraine, resulted in restrictions to free movement, shortages of goods and services, and rising energy prices. This has shown how vulnerable the single market can be to crises, and the extent to which the EU economy relies on a well-functioning single market.

With these considerations in mind, the co-legislators agreed on a new Internal Market Emergency and Resilience Act (IMERA) in February 2024 – a new framework of measures to anticipate, prepare for and respond to the impact of future crises on the internal market. The co-legislators also agreed on several new regulations designed to improve the functioning of the single market for machinery (Regulation (EU) 2023/1230), non-road mobile machinery circulating on public roads (such as forklifts), and construction products. Following the agreement reached in June 2022 on Directive (EU) 2022/2380 (the Common Charger Directive), as of 2024, a range of new electronic devices (such as handheld mobile phones, tablets, digital cameras, handheld videogame consoles or earbuds) will have to be equipped with a USB-C charging port (for laptops, the deadline is 2026).

Furthermore, consumers will be able to purchase a new electronic device without a new charger. The objective of this directive is to improve consumer convenience, reduce electronic waste, and avoid fragmentation of the market for charging devices.

On consumer protection, in November 2022, the co-legislators agreed on a new General Product Safety Regulation (Regulation (EU) 2023/988), which will apply from December 2024. It modernises the EU general product safety framework, particularly addressing the new challenges the digital transition (such as online sales) pose to product safety. In March 2024, Parliament adopted its first-reading position on the proposal for a regulation on the safety of toys. The co-legislators agreed on new directives that were announced in the 2020 new consumer agenda and the circular economy action plan: a directive on common rules promoting the repair of goods (Directive (EU) 2024/1799), introducing a new 'right to repair' for consumers, to be transposed by Member States by 31 July 2026; and a directive empowering consumers for the green transition (Directive (EU) 2024/825), aimed at providing better information on the durability and reparability of goods at the point of sale, to be transposed by 27 March 2026. It prohibits the making of generic environmental claims without recognised excellent environmental performance. Parliament has also adopted its first-reading position on the proposal for a green claims directive, which would set detailed rules on substantiating and communicating explicit environmental claims about products.

In 2023, the co-legislators agreed on a new directive (Directive (EU) 2023/2225) to offer more protection to consumers applying for credit. They also agreed on a new directive (Directive (EU) 2023/2673) modernising the rules on financial services contracts concluded at a distance, to improve consumer protection in the digital age. In April 2024, Parliament adopted its first-reading position on the proposal for a regulation on combating late payments in commercial transactions. The co-legislators agreed on a new regulation on the transparency and targeting of political advertising (Regulation (EU) 2024/900), setting up a common regulatory framework to enhance the transparency of online and offline sponsored political advertising. The co-legislators also agreed in March 2024 on a new regulation banning products made with forced labour.

Concerning the digital sector, recent relevant EU law including the Digital Markets Act (DMA), the Digital Services Act (DSA), the data act and the Artificial Intelligence Act (AI Act).

FURTHER READING

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