OPINION

of the Committee on Regional Development

for the Committee on Industry, Research and Energy

on a New Industrial Strategy for Europe (2020/2076(INI))

Rapporteur for opinion: Tsvetelina Penkova
SUGGESTIONS

The Committee on Regional Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas domestic industry is a driver of sustainable development and growth, exports, innovation, social well-being and prosperity within the EU; whereas the COVID-19 pandemic, which has caused an unprecedented socio-economic crisis, has led to disruptions in value chains due to the relocation of industries, and shown that the EU lacks open strategic industrial autonomy in vital sectors of the economy; whereas, however, the pandemic has also demonstrated the resilience of EU regions in providing innovative responses to societal challenges;

B. whereas the EU’s SMEs stimulate competition in the single market and play a crucial role in EU industry as the backbone and engine of the economy; whereas SMEs in general, and social economy enterprises in particular, have been hit hard by the pandemic, experiencing a severe liquidity crunch; whereas SMEs should therefore be supported and encouraged in the creation of innovative, green, quality and safe jobs in their transition towards environmental sustainability and a more digitalised and more resilient economy in every region of the Union, which should be achieved by means of stimuli rather than to the detriment of productive sectors; whereas one option might be to use the existing flexibility within the Stability and Growth Pact for this purpose;

C. whereas the New Industrial Strategy for Europe will play a key role in developing a greener, more digitalised and more resilient economy; whereas an approach that takes account of local specificities, for example through smart specialisation, helps regions to create a place where innovative industrial ecosystems can grow and develop, and fosters links between industry, SMEs, research centres, local communities and other local and regional actors, as well as national stakeholders;

1. Recalls that the EU’s industrial future is linked to an alignment of the economy with the principles set out in the European Green Deal, a roadmap towards new growth and sustainable development for the EU, while contributing to the objectives of the Paris Agreement, the UN Sustainable Development Goals, and the transition to a digital economy (the Digital Agenda); recalls that these principles are also aimed at bringing together citizens, municipalities, regions and Member States, as well as businesses (particularly SMEs) and other stakeholders, to develop a sustainable and therefore internationally competitive industrial sector, including the regions in the process of achieving a fair and just transition, while fostering cohesion between all regions, so that no one is left behind;

2. Stresses that investments in traditional manufacturing, along with the focus on research, innovation and the deployment of innovative technologies, the transition to a sustainable, affordable and safe energy system, as well as education, reskilling and upskilling of workers (particularly in SMEs), should be the driving forces behind the Union’s industrial growth, will foster social, economic and territorial cohesion and cooperation among all EU regions, and should respect the regions’ individual characteristics and diversity, allowing them to accomplish fair, sustainable, resilient, gender-balanced and inclusive
economic growth in both urban and rural areas; stresses that the EU’s industrial strategy should pay particular attention to the challenges of the outermost regions and other regions facing natural or demographic handicaps as outlined in Articles 349 and 174 of the TFEU;

3. Stresses that in supporting SMEs through the European Structural and Investment Funds (ESI Funds) the goal should be, inter alia, an innovative, digital and knowledge-based economic transformation, and a just transition to a green, energy- and resource-efficient, diversified and carbon-neutral EU which is more connected and cohesive, and which aims to ensure long-term, sustainable employment in all its regions through economic growth and diversification of existing industries by means of industrial competitiveness, while mitigating the negative economic and social effects of industrial relocation;

4. Reiterates that the public and private sectors have an important new role to play in facilitating a just transition by promoting a green, fair and efficient energy transition, green and blue investments, the circular economy, including waste management, energy and resource efficiency, a responsible use of existing resources, food security, and the digital transition (and therefore industrial competitiveness), as well as climate adaptation, mitigation and, accordingly, risk prevention in all EU regions; recalls the proposals made for innovative public procurement and the need to promote long-term public investments and public-private collaboration in order to support economic growth and the transition towards a cleaner economy;

5. Welcomes the Next Generation EU recovery instrument, aimed at developing strong cohesion and industrial policies for financing the recovery and addressing the most urgent recovery needs; notes, however, that the EU’s cohesion policy needs sufficient financing from the ESI Funds to foster economic, social and territorial cohesion in all EU regions by helping to reduce economic and social disparities, achieve positive convergence, and foster sustainable and climate-resilient development, with a view to halting and reversing biodiversity loss; recognises, furthermore, the role that the ESI Funds can play in all regions in helping to develop skills and build capacities for smart specialisation and the digital transition;

6. Believes that the EU should be attentive to preserving and developing an industrial strategy and production which ensure European strategic autonomy in the geopolitical context, reducing costs and ensuring the availability and delivery of services, essential products and equipment for citizens in the single market; calls for further efforts to guarantee strong European value chains in order to reduce dependence on third countries in key strategic sectors, and to guarantee the supply of safe, high-quality products in bringing back manufacturing to regions of Europe and re-localising industrial facilities; strongly believes, in this context, that there is an urgent need to shift from a linear economy to a circular economy;

7. Maintains that, with a view to reaching a just transition towards a climate-neutral economy in the Union by 2050 at the latest, investments in new or transformed industrial production in carbon-intensive regions should benefit from long-term public investment by means of substantial financial support from the Just Transition Fund, as well as from the ESI Funds, thus helping to eliminate energy poverty and social dumping, and reduce emissions, while ensuring that no one is left behind; recalls that in its resolution of 15
January 2020 on the European Green Deal\textsuperscript{1}, Parliament underscored that in order for the EU to meet its climate and sustainability goals, all sectors must increase their use of renewable energy and phase out direct and indirect subsidies for fossil fuels in the EU and in each Member State;

8. Considers that, as a consequence of the COVID-19 pandemic, the EU, together with the Member States, needs to help safeguard its economic, productive and social fabric, its industrial and administrative sectors, and its citizens that have been severely affected by the crisis, and suffered a serious impact on health and the long-term economic fallout; believes that lessons should be learned from this crisis, especially with regard to safeguarding value chains in the key sectors, such as health supplies; recalls the importance of specifically targeting SMEs among the beneficiaries of the recovery phase measures; notes that easier and more flexible access to financing will ensure a speedy recovery;

9. Stresses that a priority of the New Industrial Strategy should be supporting regions in diversifying their industries, as well as stimulating investment and innovation and redeveloping and strengthening the resilience of local and regional economies in order to stop their industrial decline and depopulation; notes that a place-based industrial policy allows for a tailored approach that creates a policy based on existing comparative advantages and that supports businesses in moving towards operating in high-technology sectors; believes that the ESI Funds should also target ‘missing entrepreneurs’ (young people, women, seniors and persons with disabilities), whose entrepreneurial potential needs to be fully realised; reiterates that, in order to increase social cohesion and reduce inequalities, it is crucial to enhance the entrepreneurial capacity of these categories of the workforce as a powerful form of labour market participation;

10. Believes that an industrial strategy can only be successful with a properly functioning single market and social dialogue, involving the business community, trade unions, NGOs, national, regional and local authorities, and other stakeholders; highlights the importance of creating a simplified and coherent funding landscape, covering from R&D to market uptake, at EU, national and regional levels, particularly with respect to the ESI Funds, through simplification, harmonisation and complementarity of the rules for the funding instruments, for example with Horizon Europe; encourages, further, synergies between EU, national, regional and private funding for financing industry-led innovation projects, in particular with a view to supporting continuous utilisation of funds and cross-fertilisation using smart specialisation principles as a guide to coordinate efforts, enhance efficiency, reduce bureaucracy and avoid duplication.

\textsuperscript{1} Texts adopted, P9_TA(2020)0005.
INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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<th>Date adopted</th>
<th>7.9.2020</th>
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| Result of final vote | +: 38  
-: 0  
0: 3 |
| Members present for the final vote | François Alfonsi, Mathilde Androuët, Pascal Arimont, Adrian-Dragoș Benea, Isabel Benjumea Benjumea, Tom Berendsen, Erik Bergkvist, Stéphane Bijoux, Franc Bogovič, Andrea Cozzolino, Corina Crețu, Rosa D’Amato, Tamás Deutsch, Christian Doleschal, Francesca Donato, Raffaele Fitto, Chiara Gemma, Cristian Ghinea, Mircea-Gheorghe Hava, Manolis Kefalogiannis, Ondřej Knotek, Constanze Krehl, Elżbieta Kruk, Cristina Maestre Martín De Almagro, Pedro Marques, Martina Michels, Andżelika Anna Moździanowska, Niklas Nienaß, Andrey Novakov, Younous Omarjee, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, André Rougé, Vincenzo Sofo, Susana Solís Pérez, Irène Tolleret |
| Substitutes present for the final vote | Katalin Cseh, Lena Düppont, Alexandra Geese, Hannes Heide |
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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### Key to symbols:
- + : in favour
- - : against
- 0 : abstention

- **ECR**
  Raffaele Fitto, Elżbieta Kruk, Andżelika Anna Możdżanowska

- **GUE/NGL**
  Martina Michels, Younous Omarjee

- **ID**
  Mathilde Androuët, André Rougé

- **NI**
  Rosa D’Amato, Chiara Gemma

- **PPE**
  Pascal Arimont, Isabel Benjumea Benjumea, Tom Berendsen, Franc Bogović, Tamás Deutsch, Christian Doleschal, Lena Dupont, Mircea-Gheorghe Hava, Manolis Kefalogiannis, Andrey Novakov

- **RENEW**
  Stéphane Bijoux, Katalin Cseh, Cristian Ghinea, Ondřej Knotek, Susana Solis Pérez, Irène Tolleret

- **S&D**
  Adrian-Dragoș Benea, Erik Bergkvist, Andrea Cozzolino, Corina Crețu, Hannes Heide, Constanze Krehl, Cristina Maestre Martín De Almagro, Pedro Marques, Tsvetelina Penkova

- **VERTS/ALE**
  François Alfonsi, Alexandra Geese, Niklas Nienäss, Caroline Roose

- **ID**
  Francesca Donato, Alessandro Panza, Vincenzo Sofo