



# REPORT

**What will the EU's Industrial Policy look like in the next legislative term?**

**Brussels, Belgium  
Hafsa Banane El Jebari  
Research Assistant**



European Business Council for Africa and the  
Mediterranean (EBCAM)



[www.ebcam.eu](http://www.ebcam.eu)



+32 456 79 11 50



Avenue Toison d'Or 77  
1060 Brussels - Belgium

---



## What will the EU's Industrial Policy look like in the Next Legislative Term?

### Context and Opening Remarks

On the 3rd of December, Pub Affairs Bruxelles, organised an event consisting of a discussion on the EU's industrial policy for the next legislative term. The event discussed the challenges enshrined in the process of fostering EU's competitiveness in today's increasingly complex global stage, counting on five experts:

**Andrea Wechsler**, ITRE Member of the European Parliament from the EPP Group from Germany. **Nicola Gonzalez-Casares** member of the Committee on Industry, Research and Energy (ITRE) where he is the spokesperson for the Spanish Socialist Delegation for Energy. **Ijabs Ivars**, Member of the European Parliament and a Vice-President of Renew Europe Political group. **Benedetta Scuderi**, Italian MEP from Alleanza Verdi e Sinistra, part of the Greens/EFA Group, and **Ondrej Kutilek**, member of the European Parliament and member of the Committee for Industry, Research and Energy.

The debate was moderated by **Paola Tamma**, EU Correspondent for the Financial Times.

The event started with an introductory speech from **Frank Breust**, Senior Director, EU Government Affairs, BMW. During his speech, Mr. Breust highlighted some of the challenges faced by the European automotive industry, highlighting Europe's rising dependence on foreign raw materials and fossil fuels. Mr. Breust also expressed concerns regarding an increase of international supply chains, risking a loss of control by European companies over their production networks. Focusing on the EU's CO2 targets, the Senior Government Affairs Director emphasized the importance of setting ambitious yet realistic targets that could take into consideration the socio-economic reality of companies and consumers. He underlined the important role that new technologies and innovation play in lowering carbon emissions, while also highlighting the need for a clear policy timeline that could foster the EU automotive industry's core competencies.



### Discussion

- **Europe's current industrial challenges and the Green Deal**

Many industries are currently facing significant challenges stemming from the previous mandate's policies. Rising energy prices, declining productivity, and mounting pressures from China and the US, among other obstacles, are forcing many companies to shut down and are putting immense strain on key European industries. As unemployment rises within the automotive sector and consumer purchasing power declines, **Europe's industrial base** is at a critical point for its survival. The policies developed by EP's in the next term will be key in shaping Europe's future competitiveness, interdependence and geopolitical security.

Many industry leaders and lawmakers blame the **European Green Deal and the Decarbonization agenda** as a source of decreased European competitiveness, pointing out that both frameworks have failed in considering the **social and economic realities** faced by companies and consumers. On the same note, industrial enterprises and lawmakers have criticised the lack of aid and the



limited scope of maneuver that has been provided to them, calling for a reform of the Green Deal through a legislative approach.

On the other hand, progressive European lawmakers identify the **lack of national and a common European industrial policy** as the main reason for Europe's decreased industrial competitiveness in recent years. Europe's dependence on fossil fuels and foreign resources have also increased the continent's pressures in safeguarding its industrial productivity. As expressed by **Ms. Scuderi**, the European Green Deal's lack of implementation reduces its implication in Europe's reduced industrial competitiveness.

**Mr. Gonzalez-Casares** emphasized the importance of **clean energy** in leveraging Europe's core industrial competencies. Pointing out Europe's strength in the production of renewables, the Socialist MEP described the Green Deal as an opportunity for Europe to lessen its vulnerability on foreign fossil fuels, minimize the impact of rising energy costs and enable its core industrial base to match global competitors.

- **New approach to the Green Deal for an improved Industrial Policy**

The five panelists emphasized the importance of developing a **strategic industrial approach** that focuses on Europe's strengths and needs. Given the critical technologies required for a sustainable transition, Europe must prioritize investing in its areas of excellence, including **renewable energy production**. By focusing on its core competencies, an innovative European strategy should be implemented to ensure **smart investments** in key sectors, such as the automotive industry. A good understanding of the market's sustainable transition is essential before mobilizing any resources. To achieve this, **research and innovation** play a pivotal role.

To ensure an alignment between Europe's sustainability and productivity goals, the Green Deal needs to be complemented with a **Green Industrial Deal**. A focus should also be put on mechanisms that could **unlock investments**, namely the **minimization of regulation**, the mitigation of **regulatory burdens on SMEs**, and through the **mobilization of private capital**. In that regard, the Green Deal and European Industrial policy reform should not be only analysed from a **socio-economic** or **employment point** of view, but also from a geo-political perspective, in which the implementation of the Green Deal in Europe's industry reform should be seen as a key factor for minimizing **Europe's energy independence** and increasing its **security**.

While sustainable development is based on the three pillars of **environment, economy, and society**, some MEPs have identified **limitations** in the **European Green Deal**, through its exclusive concentration on environmental development. The insufficient integration of **socio-economic perspectives** in the Green Deal has been identified as one of the key reasons for its inadequate implementation, leading to various managerial, strategic, and competitive burdens for companies. However, if a clear path for de-carbonization and sustainability is developed, while also taking into consideration Europe's competencies on renewable energies, the Green Deal can open extensive doors for European enterprises.

- **Emission bundles for CO2 cars, and ban on combustion engines**

In 2022, lawmakers in the European Parliament approved a mandate that called for all new cars and van sales to be zero emissions from 2035. As expressed by MEPs **Andrea Wechsler, Ondrej Kutilek, and Ijabs Ivars** the mandate was not supported by conservative lawmakers based on the idea that it is not up to political parties to define uprising technologies. Stating that **tech-neutrality** is key, the two MEPs expressed doubts about the benefits of the 2035 target, arguing that it may harm companies' competitiveness and the future affordability of cars.



On the other hand, the more progressive MEPs **Nicola Gonzalez-Casares** and **Benedetta Scuderi** stated that the 2035 zero emissions mandate was a good path to encourage the use of renewable energy. From that perspective, both MEPs shared that the main challenge was not a lack of productivity emerging from a ban of combustion cars, but a lack of investment by companies in innovative technological solutions. Moreover, both MEPs stated that the **technological and neutrality approach** was not real, because if so, Europe would have automatically shifted to green energies, its key strength.

- **Trade wars: tariffs on Chinese EVs, China's subsidisation of other technologies and access to finance**

In a discussion on **tariffs imposed** on Chinese EV's, the panel expressed agreement on the new duties, citing the existence of distorted market dynamics due to the significant subsidization of the Chinese car market. While highlighting the disadvantages stemming from China's state-led economic planning on Europe's competitiveness, **Nicola Gonzalez-Casares** underlined the existence of **opportunities of growth** for the European renewables industry thanks to the availability of low-cost **Chinese solar panels**. Although Chinese overcapacity and subsidization offer a double-edged sword to Europe's competitiveness, the panelists agreed on the importance of developing a **European common industrial strategy** that can clearly identify Europe's strengths and challenges. To foster a competitive automotive and EV manufacturing sector, the EU needs to prioritize investment in **battery technologies**, the enhancement of energy affordability, and the optimization of employment costs. The EP's agreed on the importance of directing Europe's industrial strategy towards key sectors that can minimize Europe's interdependence.

Access to finance was still identified as being a challenge, with the EP's highlighting the limited role of the private sector in unlocking key industrial investments. **Ondrej Kutilek**, underlined serious limitations in the **free flow of capital**, suggesting the importance of creating a capital market union that can unlock the money currently needed for Europe's industrial framework. The EP highlighted that the lack of private market financing is a major factor in pushing start-ups to relocate in the US, undermining Europe's competitiveness and innovative landscape.

