



European Economic  
and Social Committee  
Employers' Group

# HOW TO BOOST THE COMPETITIVENESS OF EU INDUSTRY

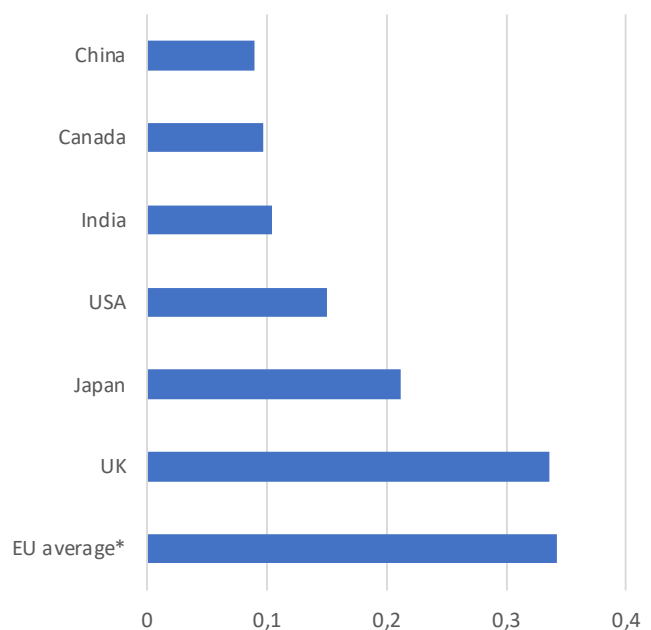
*Excellence and level playing field are key*



© JUJSTOCKER/shutterstock.com

- To cope with the geo-economic, technological, demographic, and environmental developments, the EU must provide its industry with the best conditions to innovate, invest, employ, operate and trade. To this end, policymakers need to align different policies to fundamentally strengthen the competitiveness of EU enterprises, across all industrial sectors and ecosystems.
- Europe needs to increase and accelerate investment in research and innovation and enhance the development of skills, talent and entrepreneurship to respond to the current and future needs of the industry.
- Well-functioning energy and raw material markets and favourable investment conditions have to be created to facilitate industry's access to energy and raw materials at reasonable prices.
- It is crucial to ensure the functioning of the single market and to use its potential in enhancing and accelerating trade agreements based on reciprocity and a level playing field.
- The promotion of faster permit procedures is necessary to enable investments in industrial production and infrastructure and to facilitate labour migration.
- The regulatory and fiscal framework has to be supportive for EU industry's international competitiveness and its ability to effectively drive the digital and green transition.

Electricity prices for business September 2022 (kWh, €)



\* excl Croatia, Ireland and Sweden. Average is own calculation based on data from [GlobalPetrolPrices.com](https://www.globalpetrolprices.com)

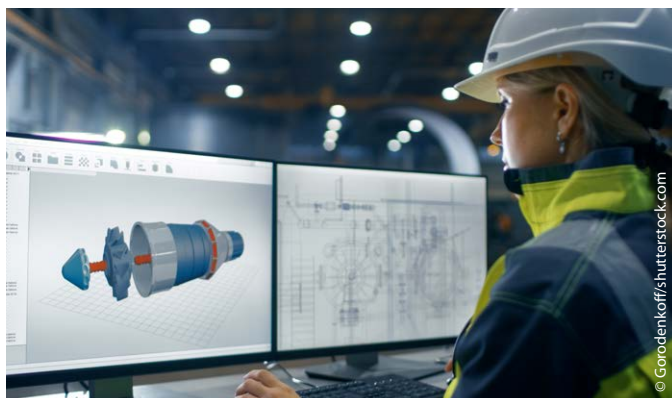
Source: [https://www.globalpetrolprices.com/electricity\\_prices/](https://www.globalpetrolprices.com/electricity_prices/)  
Data from September 2022

## More encouragement – fewer burdens

**Industry and its value chains form the foundation of the EU economy and prosperity. Industry is an integral part of the digital and green transition. To thrive and remain a global player, it needs favourable conditions to innovate, invest, employ, operate and trade. This requires a level playing field with international competitors, in terms of regulatory and fiscal burdens and access to the markets of products and production resources. When reconciling different policy objectives, competitiveness must be given increased attention and weight.**

The EU is no longer an international frontrunner and continues to lose influence, power and competitiveness. Its industrial companies suffer from punishingly high energy prices, complex regulation, and problems with access to raw materials, as well as distorting subsidies for industry in other global economies.

While it is for businesses to take care of their own competitiveness, policymakers must do their part by aligning policies to provide a favourable business environment for EU industry, including all industrial sectors and ecosystems and enterprises of every size. Today, businesses are undergoing several transitions, and manufacturing industries, services, and the data economy are increasingly inseparable from each other. What is valid for industry is also valid for all enterprises.



To facilitate competitive access to production resources, the EU must enhance well-functioning markets in energy, raw materials, labour, finance and data. Stable supply of energy and raw materials at reasonable prices is particularly crucial for industry and requires conducive conditions for domestic investments, accompanied by diversification of foreign suppliers.

Access to internal and external markets of products and resources makes EU companies grow and succeed. Therefore, the single market remains the EU's key asset. Its potential must also be better used for the development and enhancement of trade agreements, based on the principle of reciprocity, fair competition and respect for international rules.

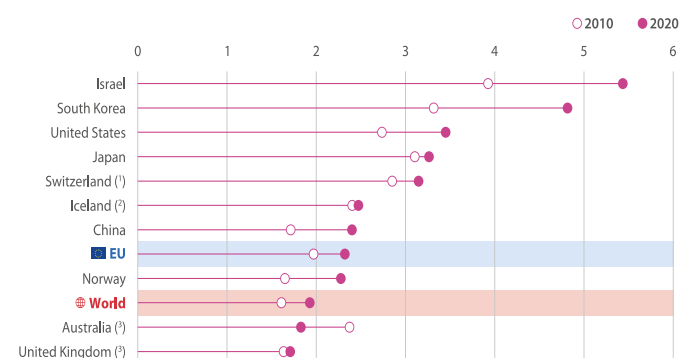
The regulatory and fiscal framework must be supportive for EU industry's international competitiveness and its ability to effectively drive the digital and green transition. A robust competitiveness check must be applied to any initiatives affecting industry and its value chains. Faster permitting procedures must be a priority to

enable industrial production investments, the roll-out of modern infrastructure (including cross-border energy, transport and digital infrastructure) and other business operations. Digitalisation of public administration is a necessary part of the solution.

The EU should build on a strong industrial base to develop and make use of advanced digital technologies and other key technologies that enable the development and transformation of business. This requires significant public and private investment in research and innovation, throughout all its stages, and creation of ecosystems based on cooperation between businesses, universities and research institutions.

To respond to the current and future skills demand of industry, cooperation is also needed to develop education and training systems, including sound basic education, effective vocational training, and upskilling and reskilling. To help remedy labour shortages and to strengthen excellence, the EU must encourage and facilitate the cross-border mobility of labour and talent, both within the EU and with non-EU countries.

### Research and development intensity, 2010 and 2020 (%)



(1) 2012 instead of 2010. 2019 instead of 2020. / (2) 2011 instead of 2010. / (3) 2019 instead of 2020.

Source: Eurostat, *Key figures on the EU in the world – 2023 edition* (p.58), <https://ec.europa.eu/eurostat/product?code=KS-EX-23-001>

Industrial companies play a decisive role in greening the economy and responding to the global need to combat climate change, environmental pollution and loss of biodiversity. They improve the environmental performance of their own operations and products and create solutions for reducing the environmental impacts of other businesses and society as a whole, with many “traditional” companies providing necessary raw materials and components or an innovation platform for new products and solutions.

Boosting only individual sectors or product groups of industry labelled as “clean” or “green”, is therefore not meaningful. All kinds of industries participate in the green transition and need policy conditions that maintain and strengthen their competitiveness while incentivising greening.

### TO BE AVOIDED

The competitiveness of EU industry must not be risked by:

- distorting the single market or hampering sound competition with regulation, taxes or subsidies
- introducing unfeasible or inconsistent regulatory initiatives
- driving (young) entrepreneurs and innovators away due to lack of financial and other supportive frameworks
- jeopardising trade and cooperation with international partners