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Welcome to CIP@EU – a newsletter published by the Brussels Delegation of CIP – The Confederation of Portuguese Business. CIP is the largest and most representative Employers Confederation in Portugal, and a national social partner. We are the voice of over 150,000 companies, with 1,8 million employees and a turnover of over 70% of the Portuguese GDP.

This fourth edition of our newsletter has an opinion article about the **EU industrial strategy**.

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I wish you a pleasant reading,
Joana Valente
Head of EU Office

CIP comments on the European Industrial Strategy

In September 2020, the European Commission announced its intention to update the industrial strategy presented six months earlier, to take into account the profound changes brought about by the pandemic. More than six months later, and **while the world's major economies are multiplying their efforts to protect their national industry, the European Commission has once again postponed the communication on the review of the European industrial strategy**, currently scheduled for 27 April.

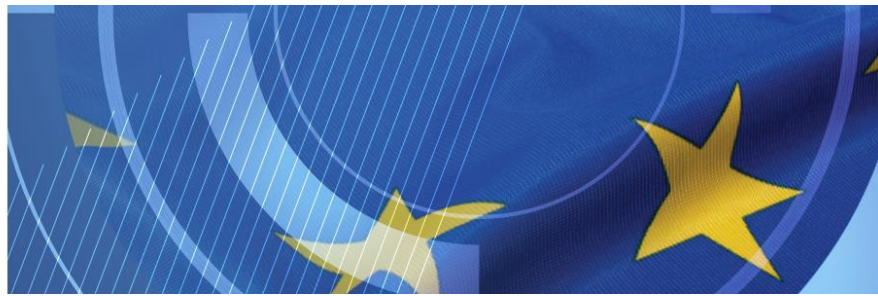
A strengthened European industrial base is essential to achieve primary European objectives, namely the double green and digital transitions. We need an ambitious strategy, which avoids excessive dependencies, but which clearly rejects an illusion of self-sufficiency. The European Union must develop a strategy aimed at improving competitiveness and encouraging companies of all sizes and sectors to invest, innovate and grow.

CIP considers that the update of the European industrial strategy should have the following objectives in mind:

1. Re-establish companies' investment capacity:

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The updated industrial strategy must fully recognize the impact of the pandemic on the economy and focus on restoring companies' investment capacity. CIP agrees that sustainable competitiveness must remain the central objective of the European industrial strategy, with the green and digital transitions as fundamental pillars. But to achieve results, it is essential to strengthen the capital structure of companies, deeply weakened by the current crisis, and create a business climate favourable to investment and the development of conditions conducive to the incorporation and safe use of new technologies. It is also necessary for European industry to operate within a framework of legislative predictability that allows it to grow and compete globally.

2. Ensuring open, competitive, fair and efficient markets:

The COVID crisis revealed the need for a strategy capable of ensuring a renewed, stronger and more resilient European industrial base. This industrial base must, particularly in vital sectors of the economy, avoid excessive dependencies that have become evident. We need safer, more robust and more flexible value chains. But EU actions must clearly reject an illusion of self-sufficiency, with the consequent closure of Europe on itself, adopting instead an approach that favours the diversification and shortening of supply chains, driven by companies. Companies need, to succeed, open and dynamic markets. This includes, first, reinforcing and making full use of the potential of the Single Market.

3. Reject a prescriptive policy and picking up winners:

There are clear opportunities identified in several fields, including energy, circular economy and digitalization. But it is necessary to resist the attempt to impose a dangerous prescriptive policy.

Above all, this strategy must be coherent and transversal, safeguarding and favoring industrial competitiveness in all areas of European policy, namely energy, environment, innovation, the labor market, international trade and competition. The EU must not embark on a relaxation of competition and state aid rules. This would lead to distortions of competition in the European single market, which are particularly damaging to companies in countries with less financial capacity to carry out this type of policy. We must also avoid embarking on the discriminatory subsidization of large industries and companies, in a return to the outdated conception of industrial policy as a process of pre-selection of winners. The definition of ecosystems, currently under development by the European Commission, must ensure it does not bring additional market or competition distortions.

Contact: [Pedro Capucho](#)

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