

European industry representatives debate possible pathways to counter deindustrialisation

Brussels, 31 March 2023 – AEGIS Europe had a speaking slot at the event *Revitalising Europe's Industrial Might: Pathways to Counter Deindustrialisation*, at the European Parliament Forum on Fair Competition in International Trade and Law Enforcement hosted by MEPs Iuliu Winkler and Inmaculada Rodríguez-Piñero Fernández. Other speakers included representatives from BusinessEurope, UNIFE and the European Institute of Innovation and Technology (EIT). The debate was moderated by Andrew Bounds, the Financial Times EU correspondent. The speakers highlighted the current existential challenges facing the European manufacturing sector and in particular high energy costs and unfairly traded imports. DG TRADE's Deputy Director General Leopoldo Rubinacci intervened on behalf of the Commission.

"In today's challenging global economic climate market by unfair competition and extremely high energy prices, the EU manufacturing industry must have strong trade defence instruments and an industrial policy that empowers innovation, competitiveness, and sustainability. We cannot afford to be complacent while facing negative trade balances and strong action from other leading economies like the US. AEGIS Europe calls for a strategic and united approach to secure the future of the European manufacturing industry and maintain our position as a global leader in innovation and sustainability. The recently released Commission proposals i.e. the Critical Raw Materials and Net Zero Industry Acts represent a good start, but they need crucial improvements," commented the two co-chairs of AEGIS Europe Inès Van Lierde and Renaud Batier. In their intervention, they discussed the crucial issue of trade defence rules and presented an assessment of their capability to protect the EU industrial base. **They also shared Eurostat figures showing that the trade balance of EU manufacturing has been deteriorating since 2015 and has been in free fall since 2021.**

MEP Winkler highlighted the need for **Europe's industrial model to undergo an overhaul to achieve the twin transition goals**. He emphasised the importance of a three-pronged approach, including strengthening the internal market and its rules, relying on competition and state aid rules without becoming protectionist, and a more assertive and better-tailored common commercial policy.

"As European companies continue to do their utmost to upgrade their production processes to become ever more sustainable, strong carbon leakage measures are key", said Luisa Santos, Deputy Director General at BusinessEurope. **The Carbon Border Adjustment Mechanism (CBAM) has been presented as the EU's landmark tool to fight carbon leakage, but there are a number of issues that need to be solved** and the implementation phase of the measure will be crucial. At the same time CBAM would just not be the appropriate tool for sectors with a positive trade balance and a complex value chain. *"Now that CBAM is a reality, we should focus on mitigating its possible shortcomings. Part of the answer will be a WTO compliant measure to support exports, tackling carefully potential circumvention practices, as well as ensuring a dialogue with our trade partners to avoid challenges at the WTO and retaliation",* she concluded. Ms Santos emphasised that foreign direct investment in the EU was declining while it was increasing by the same amount in the USA.

Philippe Citroën, UNIFE's Director General, talked about how integrating public procurement markets across the EU can contribute to Europe industrialisation and boost the EU industry, anchoring jobs in the continent. He mentioned the importance of the EU public procurement directives, creating a more sustainable approach, not considering only the price, thus promoting best value and jobs in Europe. He welcomed the International Procurement Instrument and the Foreign Subsidies Regulation as complementary tools meant to level the playing field for EU industries worldwide.

However, he also pointed out that **the regulatory and administrative burden may outweigh the benefits if the implementation does not factor in the needs of the EU industry.**

Răzvan Nicolescu, Board Member of EIT and former Energy Minister in Romania addressed the links between energy security and economic competitiveness, pointing out **that independence from Russia is key in efforts to build up energy security and resilience.** He further called for increased coherence among various EU policies, be it at local, national or European level.

DG TRADE's Deputy Director General, Leopoldo Rubinacci, emphasised **the importance of using trade as a policy tool to address environmental, social, and labour concerns in third countries** while recognising at the same time that more than 80% of the growth will take place outside the EU. He also highlighted the need to diversify the EU's energy supply to ensure strategic autonomy for its industrial base. Rubinacci echoed former Commission President Juncker's sentiment that the *"EU should not be a naïve free trader and we need to defend our strategic interests."*

MEP Rodríguez-Piñero concluded the event by underscoring that **the lack of a European Industrial Policy is affecting us today.** She emphasised the need to capitalise on this opportunity to preserve and further develop the EU's industrial base, defending our welfare state as a genuine element of our open strategic autonomy, for a stronger and more influential Europe.

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About AEGIS Europe:

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations and companies representing the whole value chain from metals and ceramics to transportation industries committed to manufacturing in the EU on a truly level playing field ensured by a rules-based free and fair international trade. Our members account for more than €500 billion in annual turnover, as well as for millions of jobs across the EU.

