

## **Position of industriAll European Trade Union regarding the draft Communication on Important Projects of Common European Interest**

For industriAll European Trade Union, representing Europe's manufacturing, energy and mining workers, is convinced that investing in strategic value chains that create societal added value has to become a key element of any active industrial policy. Indeed, Europe's industry is currently on a journey towards a completely new economic paradigm as it is gradually moving out of the industrial revolution of the end of the 19<sup>th</sup> century, which was based on cheap fossil fuels, mass production and mass consumption. The industrial revolution also created stable, good and well-paid jobs for industrial workers.

As a consequence, industrial policy is increasingly defined by the quest for a new economic paradigm based on the twin digital and green transitions. The challenge of generating sustainable and inclusive growth is both complex and urgent and will entail a profound industrial transformation. It will bring about significant disruption of our energy, production and transport systems. Disruption will also come from new business models as service providers, or through greater sharing or the circular economy. At the same time the competitiveness of industry must be preserved along this journey while a just transition must ensure that no worker or region is left behind and social disruption is avoided.

Many workers in the industries industriAll Europe represents are employed in strategic value chains that are at the core of this transition. Their contribution will be key when turning the challenges for low-carbon industry into opportunities.

For industriAll Europe it is clear that markets on their own will not automatically deliver the new economic paradigm. They will not automatically provide the collective goods (clean growth, low-carbon mobility, healthy citizens, zero-carbon building stock, inclusiveness) our societies are asking for.

Therefore, sustained public-private collaboration as well as regulation must provide a stable and consistent direction for private investments. Fostering and catalysing industrial collaborations and strategic alliances must enable to build European leadership in the value chains of the future. Developing world-class capabilities by pooling resources and knowledge in integrated value chains will strongly reinforce Europe's position in a globalised economy (and provide a reply to the call for more 'European Champions') and strengthen Europe's technological sovereignty in a less secure and less rules-based international environment.

Sustained cooperation within key industrial value chains will surely contribute to Europe's re-industrialisation, reduce strategic dependencies and empower industry in delivering the solutions for our societal challenges, thereby creating quality jobs for its citizens.

For these reasons industriAll Europe is of the opinion that Important Projects of Common European Interest should become a key instrument in creating/strengthening value chains that address the challenges of today's 'Digital Green Revolution'. In this respect the ambition of IPCEI's should go beyond just fixing market failures and rather focus on driving investments into shaping the new markets of low-carbon economy. Today

only three such projects have been created (micro-electronics and two for batteries, while an IPCEI on hydrogen and a second one on microelectronics are being prepared with others such as on cloud infrastructure and services under discussion), but the new Communication on IPCEI's should act as a trigger to increase the ambitions.

Regarding the proposed changes, industriAll Europe welcomes:

- the increased focus on the Green Deal and the Digital Strategy (although it has to be clarified how this will be put in practice);
- the proposals for an increased openness to SME's and interested member states. Indeed, it is important that smaller member states participate on an equal footing and that SMEs are integrated in the value creation networks of bigger companies (while highly innovative start-ups can play a key role in the implementation of IPCEI's). The creation of vibrant European industrial networks should be one of the benefits of IPCEI's.
- the introduction of co-financing as well as a claw-back mechanism as this supports the sharing of risks and rewards between the private and public sector.

While fully supporting the updated Communication on IPCEI's, IndustriAll Europe also wants to express some additional remarks:

- It will be key for Europe's industrial future to **identify and actively promote value chains** that can be supported by setting up a IPCEI. Besides the value chains identified by the Strategic Forum on IPCEI - Connected, clean and automated cars, Smart Health, Hydrogen, , Low CO2 emissions industry, Industrial internet of things, Cybersecurity, projects could also be designed in the circular economy, the data economy, the roll-out of European cloud infrastructure, additive manufacturing, the integration of energy systems, the supply of raw materials, net zero building renovation, Low-carbon and renewable fuels, Smart vessels ...
- **Special attention must be paid to the transition of the energy-intensive industries.** Although many breakthrough technologies already exist, their technology readiness level is still very low. At the same time significant funding gaps inhibit the massive investments needed to transform these very capital-intensive industries. Also operational costs for low-carbon products are much higher than for traditional products as they require more expensive inputs. As a result viable business models for low-carbon products do not exist yet. At the same time the future regulatory framework as well as economic incentives for these industries remain unclear. Therefore IPCEI's in these sectors should also provide financial support beyond the stage of first industrial deployment and until projects generate positive cashflows. Synergies with projects supported by Horizon Europe must be strengthened (e.g. Clean Steel Partnership)
- Reducing complexity, simplification of procedures, timely dissemination of project descriptions will **increase the interest** (and reduce the entry level for SME's) in setting up potential IPCEI's. Joining existing IPCEI's by Member States and SMEs should be encouraged. Implementation of projects can also be improved by providing templates, exchange of best practices, standardized guidelines.
- The first industrial application of the products developed and the knowledge gained through and IPCEI should lead to long term investments and jobs within Europe
- The IPCEI's should **be aligned with the upcoming update of Europe's industrial strategy** (e.g. defining their role in possible action plans for strategic value chains) and should not neglect the importance of existing industrial sites

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- **An active and coordinated governance at European level, involving sectoral social partners,** would be welcomed (in selecting projects, designing them, providing guidance for their implementation, ex-post assessment). This will contribute to the quality of projects.
  - **Synergies with other EU funding programs** (e.g. the Recovery and Resilience Facility, Innovation Fund, CEF, InvestEU, Horizon Europe) need to be established
  - In order to **fully capitalise on the potential of industrial collaboration**, it should be clarified to what extent horizontal and vertical cooperation regarding sharing innovations and technologies and their market introduction is consistent with European competition law and state aid rules
  - Increase **public ownership** of IPCEI's by proper involvement of sectoral social partners among other stakeholders
  - Monitoring of the implementation of the IPCEI's should also include an assessment of their **multiplier effect**: their contribution to the generation of added value and jobs in other sectors of the economy
  - **Research and innovation goals** should be highly ambitious and fit to create solid European value chains in the sectors concerned