

Article – New EU industrial strategy: the challenges to tackle



European enterprises have been hit hard by the [Covid-19 pandemic](#), as many have had to shut or reduce their workforce while finding new ways to work within new restrictive measures. Before making the necessary digital and green transitions, industry in the EU needs to recover from the pandemic.

During the November plenary, MEPs are set to reiterate their call for the European Commission to revise its March 2020 proposal on the EU's [new industrial strategy](#). In a [draft report](#) adopted on 16 October, the members of the industry, research and energy committee demanded a [shift in the EU approach to industrial policy](#) in the wake of the pandemic by helping businesses cope with the crisis and face the digital and environmental transitions.

How the Parliament foresees the EU's industry landscape

Industry represents more than 20% of the EU's economy and employs about 35 million people, with many millions more jobs linked to it at home and abroad. In addition it accounts for 80% of goods exports. The EU is also a top global provider and destination for foreign direct investment.

In the context of the new industrial strategy, the EU should enable companies to contribute to its [climate-neutrality](#) targets – as outlined in the [Green Deal](#) roadmap – support firms, particularly **small and medium enterprises** in

the transition to a digital and **carbon-neutral** economy and help create high-quality jobs, without undermining the EU's competitiveness.

According to MEPs; such a strategy should consist of two phases: a recovery phase to consolidate jobs, reactivate production and adapt to a post-Covid period; followed by reconstruction and industrial transformation.

Read about [the main EU measures to kick-start the economic recovery](#).

Empowering smaller firms to achieve sustainable growth

Small and medium-sized enterprises are the backbone of the EU economy, accounting for more than 99% of all European business. The industrial strategy should focus on them, as many have contracted debts due to national coronavirus measures, reducing their investment capacity, which is likely to trigger sluggish growth in the long-term.

Helping industry recover from the socio-economic crisis

The Covid [Recovery Fund](#) is part of the first phase in responding to the emergency and should be distributed according to the level of damage suffered, challenges faced and amount of financial support already received through national aid schemes.

Preference should be given to companies and smaller firms oriented towards the digital and environmental transformation and thus investing in [environmentally sustainable activities](#).

MEPs want to:

- Ensure that the green and digital transitions are fair and socially just and are followed by initiatives to train workers
- Create a new impact assessment of the potential costs and burdens of the transition for European companies, including small and medium-sized enterprises
- Make sure that state aid provided in the emergency phase does not lead to permanent distortions in the single market.
- Bring strategic industries back to the EU