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Consolidating a clear European vision in the face of national uncertainties

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Following the European elections in June, a political balance was quickly found around Conservative President Ursula von der Leyen, who was re-elected to head the Commission. Her speech to Parliament on 18 July, which enabled her to be re-elected more comfortably than in 2019, is very much in line with the strategic agenda decided at the June European Council, focusing on competitiveness and security issues, while more explicitly affirming continuity with the Green Deal ([IDDRI, 2024](#)). Will this be enough to set a stable course at a time when the risks of instability and conflict are mounting both internationally and nationally? And how can the social concerns that run through European societies be given a prominent place on this agenda?

Three necessary political clarifications

Against a backdrop of political uncertainty, particularly in France and Germany, and in order to continue to provide evidence of clarity, simplification and rapid action, the President of the Commission announced that a vision and a public policy agenda would be deployed within 100 days of her re-election, i.e. possibly even before all the Commissioners are confirmed by Parliament. According to the speech, these will make up a vision for agriculture and a Clean Industrial Deal, the successor to the Green Deal. While the economic players need confirmation that the investments already made for the transition will continue, there is no need to rush the deployment of these strategies when several aspects of the new industrial deal would require a real debate between Member States and with civil society, in transparency with citizens. We need to take the time for political instruction on these fundamental questions.

In practical terms, the hearings of candidate Commissioners by the European Parliament in the coming months should be used precisely for this purpose: they attract a certain amount of media attention, but generally only the few exceptional rejections of candidates deemed unacceptable attract attention. On the contrary, they should be used as an opportunity to discuss strong political choices, and therefore to highlight the proposals that these Commissioners make on key issues, within the general framework defined by the President of the Commission and the strategic agenda.

Three key issues will require such a debate, without which the seemingly European political agreement could shatter in the face of political and social crises in the Member States: the definition of long-term competitiveness not limited to price competitiveness; the identification of the conditions for balanced economic and political partnerships with other regions of the world; and the importance given to social solidarity and human rights both as a moral imperative and as a source of competitiveness.

On these three issues, beyond the course set for the continent's economies in terms of industrial competitiveness and security, the process can only remain constructive if the key players gradually reach clearer, concrete agreements, as part of an open political debate building a genuine project for Europe and its citizens, and not just a negotiation between economic interest groups and the Commission.

Will 100 days be enough to meet this need for clarification and debate? That is what is at stake at the start of this term of office. It is also an opportunity to put social and environmental issues back at the heart of Europe's economic strategy, without which the citizens of the various Member States would once again feel disconnected from the decisions taken by the European institutions.

Long-term competitiveness at the heart of the definition of a new industrial pact

Industrial policies have made a comeback in the French debate, but also in the European debate, in response to the strategies deployed by major economic powers such as the United States with its Inflation Reduction Act. The idea of a Clean Industry Pact is also justified as a step towards consolidating the Green Deal by means of intervention for business competitiveness, in a world where despite military and economic conflicts, decarbonization of the economy is still one of the pillars of the race for competitive advantage, along with digital technology.

But this apparent agreement on competitiveness masks extremely contrasting perspectives between Member States, particularly on the financing of such policies, with Germany and its conservative party in particular, for example, opposed to any new pooled debt of the post-Covid stimulus type. And the question of financing is only the most visible part of this debate. The very nature of the public intervention that can be covered by the concept of industrial policy is far from consensual: innovation policy or investment aid, support for productive investment or through

demand, relaxation of State aid or a programme coordinated at European level. The release of the report on competitiveness commissioned by Ursula von der Leyen to Mario Draghi (former President of the European Central Bank and former Italian Prime Minister) has been delayed, signalling the probable difficulties in finding a political consensus on its recommendations.

One possible area for agreement between governments anxious not to increase public spending at a time of high debt and those proposing massive joint investment in the face of Chinese and American policies will be the notion of long-term competitiveness. The idea is to invest in this direction today, rather than chasing short-term price competitiveness through state aid to existing industries, with a high risk of not having the practical means to make them a major turnaround. The steering of industrial policies by long-term objectives then becomes the point of balance in such an agreement, and the objectives set by the Green Deal and by the commitments of the European Union (EU) in the climate COPs can constitute a major block of these long-term structural transformation objectives, in particular as they are convergent with the reduction of the continent's energy dependence. The signals sent by the EU as soon as possible on its new decarbonization target for 2040 will be very important, and the previous Commission had already prepared the ground for an ambitious target (90% reduction by 2040) continuing the effort begun with the 55% reduction by 2030 ([IDDRI, 2024](#)).

The international sequence, which this year includes COP16 on biodiversity (Colombia) and COP29 on climate (Azerbaijan), and which will culminate in COP30 on climate (Brazil) at the end of 2025, could be marked by setbacks in cooperation between countries, linked to electoral changes (if such change were to take place in the United States, for example) or to political, commercial or armed conflicts. However, Colombia and Brazil intend to demonstrate their diplomatic capacity by obtaining clear signals from key countries regarding national policies and technological or industrial investment compatible with the protection of the climate and biodiversity. Above all, the economic race between the great powers now necessarily includes green technologies, and the EU can only come out on top in this game, which oscillates between healthy emulation and brutal competition, by demonstrating its capacity to innovate and to be a pioneer in the field of climate, but also of biodiversity and pollution, something that the other powers say much less clearly. But the EU should do what it takes to walk the talk.

However, a series of setbacks on biodiversity and pollution at the end of the previous term of office risks undermining Europe's ability to differentiate itself in the long term in terms of the type of competitiveness it is seeking. Taking on board the three major environmental crises is what is needed for a real turning point in terms of the circular economy. This is particularly true for the agricultural and agri-food sector, where there is a major risk that the first 100 days of Mrs von der Leyen's term of office will result in a fixed sectoral vision focused solely on short-term price competitiveness.

The disagreements between Member States on the economic doctrine of industrial policy are therefore less a problem than an opportunity to open up a necessary debate on the long-term objectives that define the competitiveness we are seeking.

How can the EU create genuine industrial ecosystems shared with other regions?

Member States also differ, as can be seen between France and Germany, on the short- and medium-term trade strategy, particularly with regard to China, a traditional export partner that is a massive competitor for both traditional and green European industries, but also a potential supplier of key technologies such as the refining of critical materials needed for batteries and the future circular economy for these materials on the continent. European countries also see other countries mainly as suppliers of key raw materials (lithium from Chile, cobalt from the Democratic Republic of Congo, etc.), from which they now need to ensure security of supply. But these countries are

rightly claiming to be able to capture a significant share of value added, industrial jobs and innovation capacity. The redefinition of the Union's partnerships with these countries began with the previous mandate, when the development aid policy was renamed a policy of international partnerships between equals.

But the transition from a policy of pure solidarity to one of strategic partnerships has not yet resulted in a common understanding of trade and investment relations with these different regions. The EU must clarify, with its partners and its citizens, the conditions for partnerships where the more openly transactional and strategic nature of the relationship does not necessarily mean focusing solely on its own short-term commercial interests. African and Latin American countries can only be strategic partners for the EU from a political, commercial and economic point of view if they are seen as part of the joint creation of industrial ecosystems that go beyond the borders of each bloc.

The signals sent by the EU to its partners need to be clarified, while the border carbon adjustment mechanism or the regulation on imported deforestation are often presented as negative examples of new unilateral trade measures. With China, as with the other continents, the EU needs to strike the right balance between inevitable openness, given the continent's dependence, and the sovereignty that will make it possible to forge its own industrial path. The continent's normative power, given the size of its market, remains very important, and the ways in which it is realized will probably be one of the key points to be discussed in order to strike the right balance.

Furthermore, the countries of the various regions of what is known as the 'Global South' are currently very mobilized around the reform agenda of the international financial institutions that emerged from Bretton Woods (the World Bank and other multilateral development banks, the International Monetary Fund), because they are crushed under the weight of debt and the very high interest rates at which they have to borrow. Besides asymmetries in access to capital, Europe could regain a better capacity for dialogue with these countries by deliberately highlighting the unequal distribution of power in globalized value chains, and the opportunities for rebalancing in the industrial ecosystems of tomorrow's green economy ([Uk?m?, 2024](#)).

Social and human rights issues: an obstacle to competitiveness or a source of differentiation?

If the idea of a new industrial pact has taken hold in Brussels, it is because it responds both to the demands of economic stakeholders in the face of American and Chinese policies, and to the concerns of citizens to regain sovereignty over the means of production and consumer choices, following the recent crises. But it is also a response to concerns about the loss of industrial jobs. In a global economy that is undergoing radical transformation as a result of advances in digital technology and robotization, it would be very risky to believe that the new European industrial policies could guarantee jobs in Europe, even if decarbonization and the circular economy are promising avenues in this regard. Support for industry may be good for competitiveness and growth, but the need for such productivity gains may make it difficult to keep promises of net job creation.

Social issues and those of solidarity systems must therefore be addressed transparently at European level, as questions linked to the new industrial pact, but not limited to it. Beyond the European set of social rights, Member States are concerned not to give the Union greater prerogatives in social matters, but it is in Brussels that decisions with a strong social impact will be taken, with a 5-year stability horizon that national policies are currently struggling to meet.

At the crossroads between the new Clean Industry Pact and the promises of simplification for better European regulation, social, environmental and governance safeguards are essential: respect for the rights of local populations, fair sharing of benefits with them, attention to environmental impacts, consultation with the citizens and populations

concerned—all these rights-based approaches form a regulatory capital that improves the quality of projects; this is what European development banks claim when they intervene in southern countries, and what differentiates them from other development players. These regulations are also reflected in the importance attached by European financial players to ESG (environmental, social and governance) reporting.

But in the race for short-term competitiveness and promises of simplification, as well as in the accelerated quest for industrial renewal or transition, it may be tempting to turn back on this acquis as if it were merely an obstacle. It will be essential to have an open debate to analyze the extent to which the acquis in terms of the social and human rights approach could very well constitute an asset and an essential differentiation for European industrial and financial players in global competition.

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