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## **The Future of Industry in Covid19-crisis times: Do we need to change the agenda?**

### **Covid-19: Protecting our industries in times of crisis**

We all are facing challenging times. Everyone, everywhere, is affected by the Covid19 outbreak. The political agenda completely changed: first things first. Thus, on all political levels, all our efforts have since the outbreak been focused on protecting the lives and health of our European citizens and preventing the collapse of our health care systems. Member states have been in the driver's seat, but coordination also took place on EU level, by, e.g. ensuring adequate supply of protective equipment and medicines across Europe. The Coronavirus pandemic is, however, not only a call for European cooperation in the healthcare sector, but also calls for a strong European industry policy because the impact on our companies and enterprises is dramatic. Companies are in urgent need for fresh money to keep their employees on board and to prevent insolvency proceedings. The situation is really serious.

### **Emergency measures: What needs to be done on EU Level?**

Europe's tasks are threefold: Firstly, the EU has to mobilize funds. This is done by using the European budget and structural funds (Coronavirus response of €65 billion), by guaranteeing €1 billion to the European Investment Fund so that the EIB can provide liquidity to banks and thus, help SMEs and small mid-caps, and by extending the scope of the EU Solidarity Fund to public health crisis. Further, the European Central Bank offered cheap loans to commercial banks to encourage them to spend to small businesses and to spend up to €750 billion to purchase bonds and other securities (Pandemic Emergency Purchase Program).

Secondly, it is the EU's role to arrange for the necessary flexibility by providing an adequate framework so that Member States can introduce all measures and instruments necessary to best cope with the challenges caused by the Coronavirus outbreak. This has been done by adjusting state aid rules, by applying the utmost flexibility of the European Fiscal Framework and by cutting red tape wherever suitable. In the long run, we might even have to go further and think about allowing Member States to acquire an interest in enterprises, of course with a fixed end date and a set exit strategy. Holding interests by the State may prevent the selling out of industries, weakened by the crisis. These extraordinary times may call for extraordinary measures to help European industry overcoming the challenges caused by the Corona crisis.

Thirdly, the functioning of our internal market is key as well as close cooperation in research and innovation. I highly appreciate that the European Commission presented guidelines for border measures to protect health and keep goods and essential services available. We need to ensure the free flow of goods and the free movement of workers within our internal market. Arranging for collaborative research in Europe and providing for adequate funding for R&D-projects is of utmost importance in order to speed up the development of a vaccine against the Corona virus. In 2019, the European Union already invested 50 million Euros into the German biotech company BioNTech. Today, this company is one of the frontrunners among the 136 European research teams searching for a vaccine against Covid-19. Investments into research and new technologies pay off.

### **The way forward: Strengthening Europe's Industrial Base and Taking Leadership in Decarbonisation and Digitalisation**

Once we have gone through this severe crisis, we have to help companies to quickly increase their production. Stimulating public investment may help. Analysing carefully the lessons we learned from the crisis may help as well e.g. refraining from further regulation. In particular, the crisis demonstrates that it is of utmost importance to strengthen our industrial base, thus defining to what extent it is strategically key for the EU and its Member States to monitor, evaluate and, if necessary for Europeans and/or national security's interests, to prevent foreign investment in EU undertakings. As regards drugs and food, the Covid19-crisis clearly shows how important it is for us that production is, remains or needs to be built up again in the EU. To this end, we have to ensure that there is a European framework in place that makes investment in the European internal market very attractive.

Second, we should then concentrate on the objectives agreed upon before the crisis: Taking leadership in decarbonisation and digitalisation.

With the Green Deal, we have set up the ambitious goal of climate neutrality by 2050. The industry strategy should stimulate the necessary developments to turn these ambitious goals into economic success. Only if we succeed in cutting our industry's emissions, optimise CO<sub>2</sub>-storing and introduce new technologies, we can hope to inspire others around the world to follow the European approach. Our interest must be to reach

the Green Deal's objectives together with European industry, not against it. Innovative industrial solutions are the success strategy for achieving the Green Deal objectives.

As regards digitalisation, Europe needs to become more independent. Digital sovereignty must be our objective. Accelerating the rollout of 5G all over Europe could be a useful stimulus after the crisis. By setting up this infrastructure, we can build a basis for our industry to benefit from industrial data clouds and platforms. Taking lead in the digitalisation means also developing technologies like quantum computing and artificial intelligence solutions in Europe for which easy and speedy access to venture capital is needed.

Cutting red tape is a major issue tackled by the industrial strategy. While cutting red tape will be very useful in handling the crisis, it will be of even greater importance in the post-corona era. We need to allow European companies to do what is necessary for successfully running their business against competitors on a global market. As the cases of Thyssen-Krupp and Tata or Siemens and Alstom illustrate: Europe's competitiveness would benefit by adjusting European competition law to a global perspective.

#### **Joint and inclusive Efforts for Europe**

The industrial strategy as proposed by the Commission introduces the idea of inclusive efforts to achieve its goals more efficiently. Identifying relevant industrial ecosystems where joint efforts are needed, seems like a formula for success. The example of a European Battery Alliance might soon be followed by effective cooperation in other sectors, such as hydrogen, quantum computing or AI.

If the Corona crisis demonstrates how successful European cooperation can be, we should use this momentum and show that our future is a strong Europe. Europe must be united more than ever before. If we are united in solidarity to overcome this pandemic crisis, we can tackle together all other challenges which may come in future.

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