

Friends of Industry

Joint statement on strengthening the competitiveness of European industry by the Ministers of Industry of Austria, Croatia, Czech Republic, France, Germany, Italy, Luxembourg, Poland, Portugal, Romania, Slovakia, Slovenia, Spain

This paper builds on the Berlin Declaration. The positions outlined in the Berlin Declaration are supported by the signatories.

In the Berlin Declaration, we underlined the need for a strong industry for a strong Europe. This is becoming even more important and urgent in the current geopolitical situation. To provide a stimulus for growth, innovation, competitiveness and to enhance our own defence-oriented production capabilities, we need to improve the business environment. We note with growing concern that, despite the commitment to simplify and ease the regulatory burden, numerous additional legislative instruments are being prepared or have already been proposed by the European Commission. Instead of this, in order to truly support European industry, a strong commitment to better regulation should be put into practice, ensuring that new initiatives are necessary, proportionate, coherent and implementable, while systematically assessing their cumulative impact on industrial value chains. We therefore re-emphasise that co-legislators should internalise a new legislative mindset that reflects a strong commitment to better regulation in all legislative activities, starting when the Commission exercises its right of initiative, throughout the negotiation process, and subsequently in the establishment of delegated and implementing acts. New legislation should be introduced only to those cases where there is a clear European added value and designed in a simple, coherent and investment-friendly manner.

Companies need planning security for investment, a level playing-field, affordable electricity prices and space in which to innovate. To foster investment in Europe, we need a clear and predictable legislative framework, with simpler rules for the industrial sector. Regulatory aspects affecting industry should be addressed through a coherent framework with harmonised procedures, consolidated guidance and clear interfaces between instruments. The fact that many topics are addressed concurrently in different existing and upcoming legislative instruments entails many challenges for economic actors, and also for public administrations and implementing bodies (e.g. there are more than 80 sectoral legal instruments that contain rules on public procurement; currently, the

environmental Omnibus, the IAA and the NZIA all aim at accelerating permitting in the industrial sector, with different rules for different sectors).

In this regard, the currently discussed legislative instruments, like automotive package and the Industrial Accelerator Act as well as the revision of the CBAM and the future revision of ETS, shall focus on eliminating all non-necessary burdens on industry, thus promoting their competitiveness.

We have reached a point where even the legislators seem unable to grasp all the different rules in the various legislative instruments. Such simplification should focus on eliminating overlaps and contradictions, while preserving necessary sector-specific requirements related to safety, cybersecurity and security of supply; without undermining predictability, policy goals, high standards and the integrity of the Single Market. The consequence is a high level of bureaucracy for companies and authorities which have to monitor compliance with all these rules, some of which are actually contradictory. Additionally, there is the risk of unnecessary delays of approvals as sectoral legislative acts often involve separate, additional documentation requirements. European industry needs the opposite: true acceleration of approval procedures through substantive simplification.

We call for:

- **A new legislative mindset that reflects a strong commitment to better regulation** as a proactive approach from outset of every legislative proposal,
- **true substantive simplification** within existing legislation, e.g. by means of Omnibuses, and also in necessary new legislation, which should be designed in a simple and unbureaucratic way,
- Horizontal issues should be addressed via a central legislative act. If this is not possible consistency and convergence of sector-specific case by case regulation needs to be ensured for instance in the area of public procurement.
- **strengthening of legislative discontinuity** in line with the treaty, whereby unfinished legislative proposals at the first reading stage between the co-legislators, where no agreement is in sight, are not automatically carried over in the next legislative period.
- **Bridging the gap between public & private sectors** through a constant communication with representative industrial stakeholders and assuring a high grade of transparency in the process of designing and adoption of new regulatory framework or new initiatives with impact on industrial competitiveness of the member states.
- An Industrial Accelerator Act that delivers substantial acceleration and simplification for industrial projects, ensures legal certainty and avoids unnecessary administrative

burdens, while strengthening Europe's industrial value chains, supporting SMEs and enhancing investment and strategic autonomy within the Single Market.

To achieve our common goal of a stronger, more resilient and more competitive Europe, we will need to create a policy environment in which both digitalisation and decarbonisation of industry can become a realistic and successful business case along the entire industrial value chain. Therefore, measures should reflect more the needs of and the current competitive situation facing industry. For example, industrial AI (artificial intelligence) can be a strong European asset, especially since European industry owns its data and is already aiming to utilise it to strengthen its competitiveness. Therefore, we need a coherent legislative framework for the digital transformation regarding Business to Business relation in the industry. The development of interoperable, sovereign and trusted data ecosystems in Europe is a key to the shared use of high-quality and sensitive data across companies, e.g. for innovative services and AI applications. If this does not happen, innovative business models will not be realised in Europe due to the high level of government intervention and regulation.

Decarbonisation should not be achieved by deindustrialisation. The decarbonisation of the industry can be a successful business case, as long as the regulatory framework reflects the international competition that European companies face and takes into account the necessity for a level playing field. Thus, emission reduction in industry should be achieved as cost-efficiently as possible. In this spirit, the upcoming ETS revision should strive to support the competitiveness of European industry, and enhance investments in innovative technologies. Given the decline in the EU-wide emissions cap, industrial actors face the risk of high price levels, increased market volatility and limited liquidity. Notably, investments in necessary enabling conditions for decarbonisation must be increased and there is a need for targeted carbon leakage protection. At the same time, predictability and regulatory stability is key to avoid market volatility and damaging the functioning of the ETS. The upcoming revision should therefore ensure effective price signal, market stability, predictability and sufficient liquidity, a pragmatic and investment-compatible approach to free allocation that fosters investments in climate-friendly technologies and is fully coherent with CBAM, while safeguarding the European industrial base.

We call for:

- A proportionate, risk-based and innovation-friendly implementation of industrial AI rules, supported by clear guidance, harmonised de-facto standards, conformity rules and realistic timelines. Especially a **clarification of the interplay between the AI Act and the Machinery Regulation** the course of the **AI-Omnibus**, is necessary,
- **Realistic implementing deadlines for industrial AI in the AI Act** that give companies enough time to implement the rules based on the guidelines and standards which are

delayed, as overshooting requirements for innovative companies will drive them out of the EU,

- An **ETS revision** that enhances EU competitiveness by ensuring an effective price signal, predictability, market stability and protection against excessive price volatility, together with a pragmatic approach to free allocation that fosters investments in climate-friendly technologies and provides robust safeguards against carbon leakage.