



A resilient European Union

*How to reduce strategic dependencies
of the European economy?*

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EU industry policy strategy: goals



Resilience

Green transition

Digital transition

Analysis of EU's strategic dependencies

Resilience: top 10 sources of import dependencies



Source: DG GROW calculations based on EUROSTAT-FIGARO.

Note: 10 most important source countries, in terms of import value, of strategic products on which the EU critically depends on imports. Data for 2017-2020.

Identification of strategic products where EU is dependent on third countries

1. The EU is not self-sufficient in the product AND
 2. The volume of imports from outside the EU is significant (at least half of total imports within the EU) AND
 3. Strong concentration of suppliers: all imports from outside the EU come from only one, or two, non-EU countries.
- ⇒ Take the top 10% products where the dependence (criteria 1-3) is highest
- ⇒ Keep only those where the dependence persisted more than one year (in 2017-2020)
- ⇒ Define as strategic those relating to health, defence, safety, green and digital transition.

Examples of the products where the EU displays import dependencies

Energy intensive industries



- Permanent magnets
- Nickel
- Silicon
- Rare earth metals

Energy-renewables



- Raw materials used in renewables
- Photovoltaic cells
- Floating or submersible drilling or production platforms
- Electric generators

Digital and Electronics



- Laptops
- Mobile phones
- Monitors
- Radio broadcast

Health



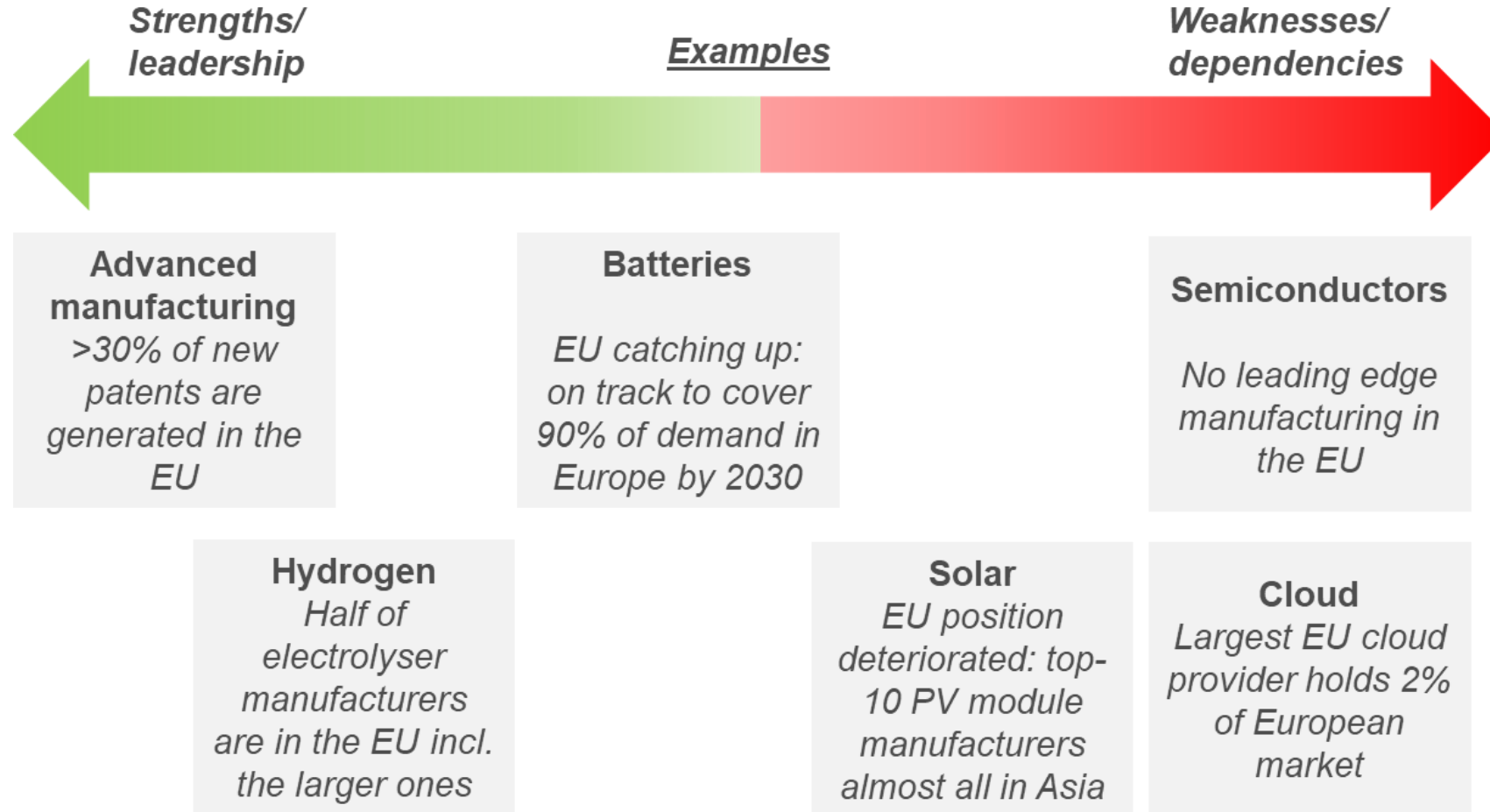
- Covid-19 related products
- Multiple Heterocyclic compounds
- Medicaments containing insulin
- Medical appliances

Defence and Safety

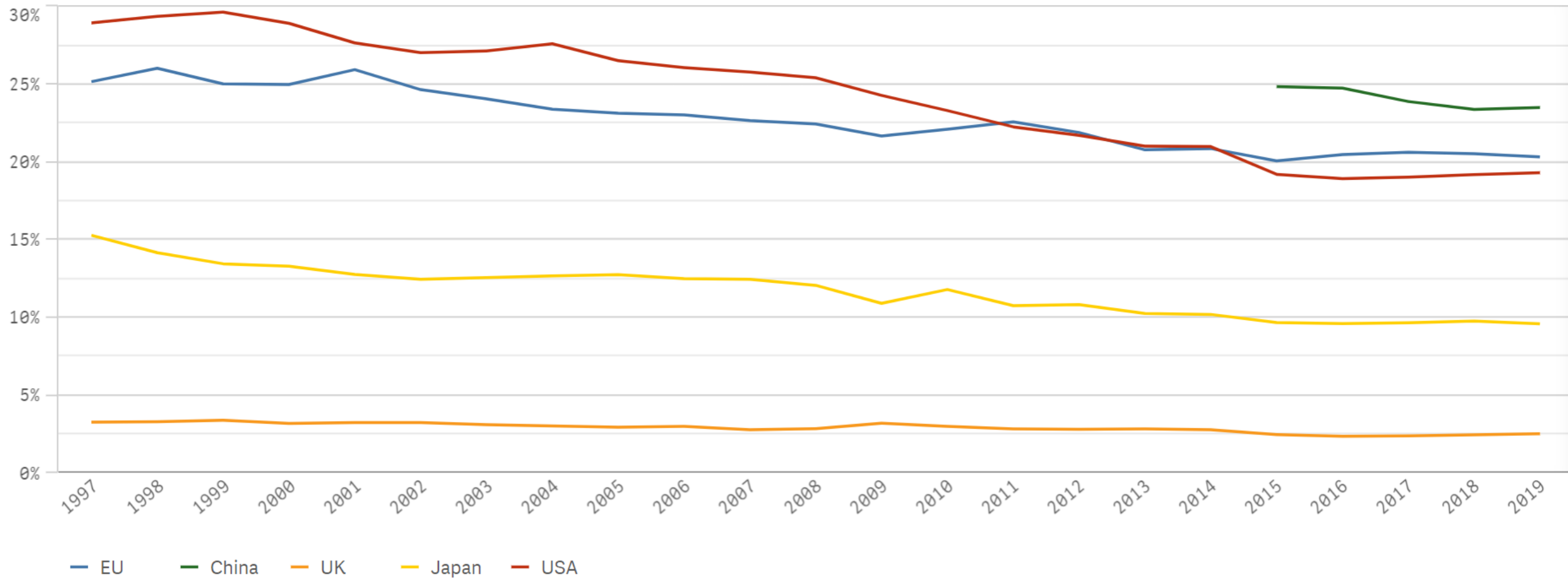


- Aircraft launching gear
- Navigational instruments and appliances
- Rafts: inflatable
- Tents

In the area of key technologies, the EU has both strengths and weaknesses

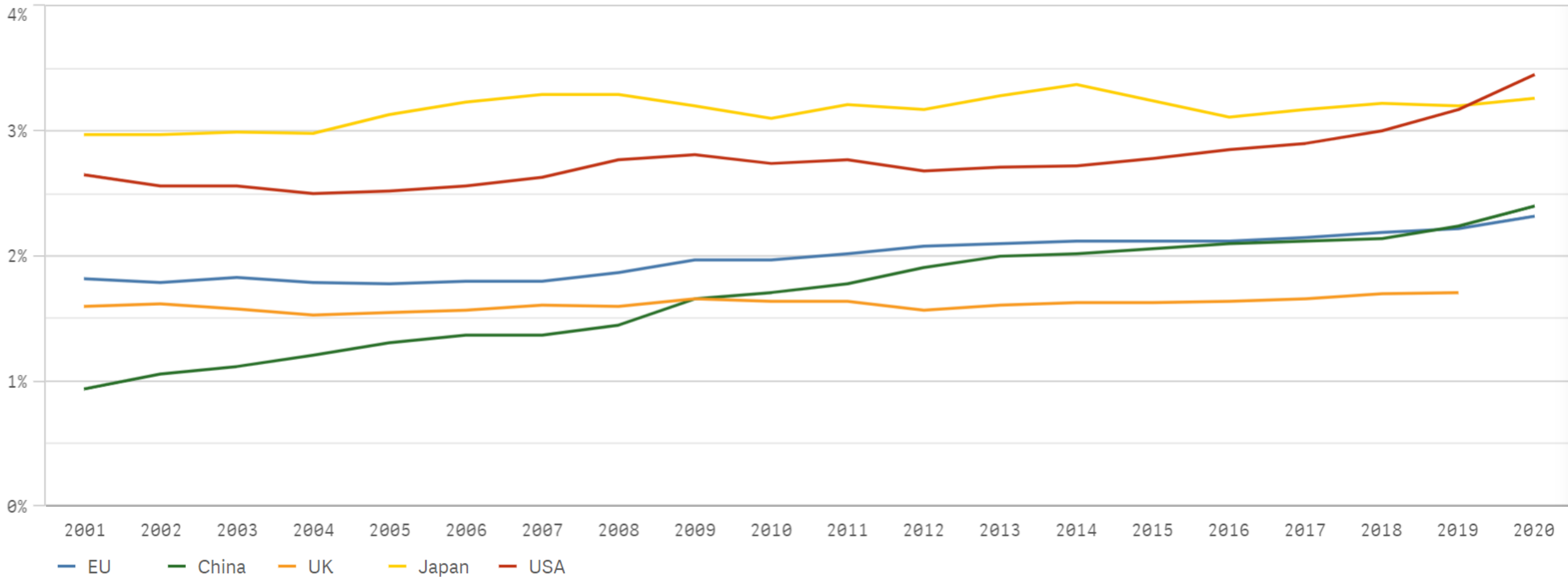


Global market share in medium and high technology manufacturing (gross value added)



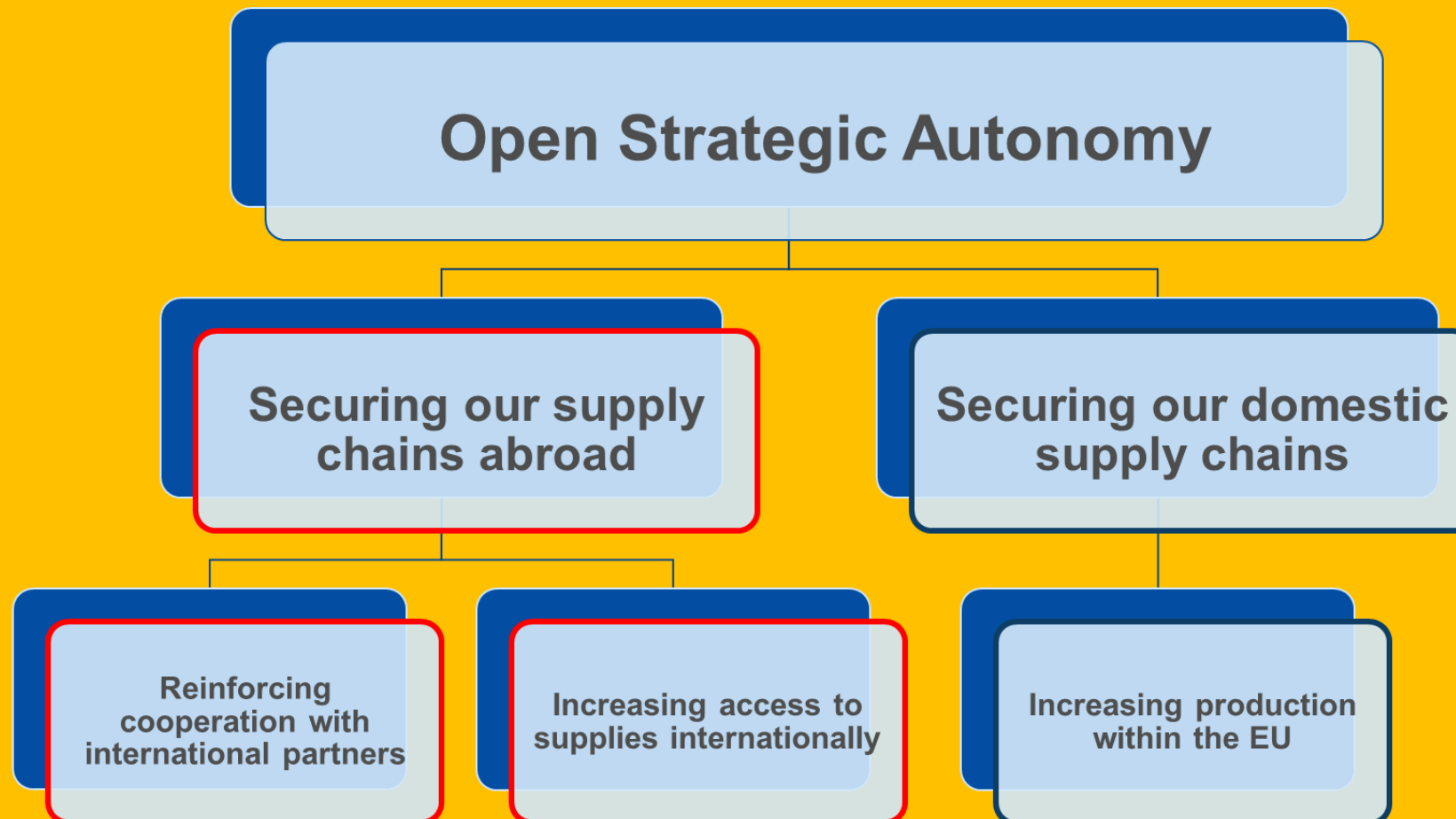
Source: United Nations Industrial Development Organization, Competitive Industrial Performance database; World Bank databases; Commission estimates

R&D expenditure (% of GDP): USA, Japan lead, China growing fast



Source: United Nations Educational, Scientific and Cultural Organization

Open Strategic Autonomy Resilience of the Single Market Green Deal Industrial Plan

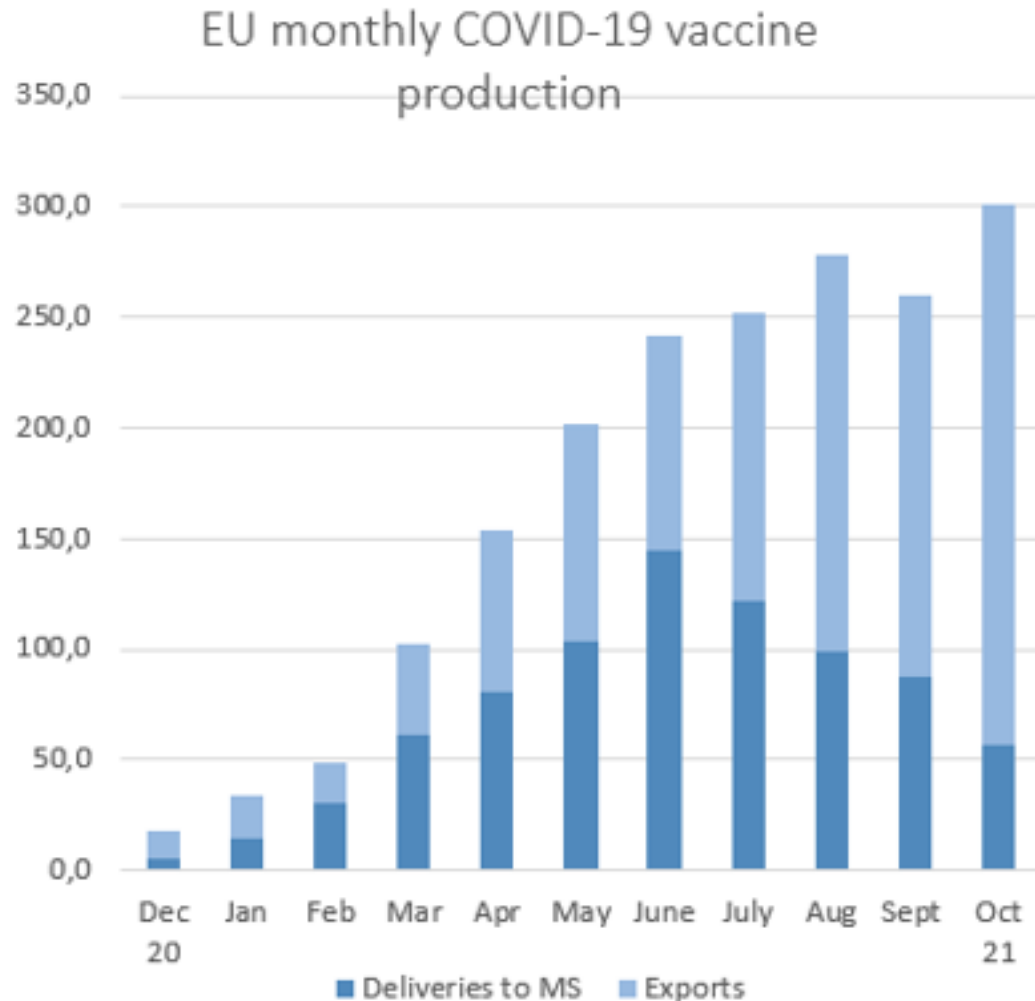


EU Single Market

- 450 million citizens
- 23 million businesses
- 15% of the world economy (GDP 14,500 billion euro)
- 31% of world trade (18% intra-EU trade, 13% trade with third countries)
- Weight in international trade negotiations
- EU standards adopted in third countries
- 3.4 % of employed persons are citizens of another EU country
- 2.4 % of tertiary level students come from another EU country

Ability of the Single Market to tackle crises

- EU monthly vaccine production: from 20 to 300 million doses in half a year
- Over 3 billion doses produced in the EU in a year
- 100's of meetings with vaccines producers, suppliers and Member States
- Over 900 participants to matchmaking events



A crisis on the Single Market: possible measures (Emergency Instrument proposal)

- Risk monitoring, training
- Stockpiling of goods and services of strategic importance; coordinated distribution of reserves; joint procurement
- Rapid coordination at EU level, advisory group, single points of contact
- Notification of measures which restrict free movement on the Single Market, prohibition of e.g. intra-EU export bans on crisis-relevant goods and services
- Enhance the availability of crisis-relevant goods and services: standards, permitting, emergency procedures for conformity assessment
- Collect information on production capacities, expansion or repurposing

Green Deal Industrial Plan (Feb. 2023)

- **Regulatory environment**

- *Net-Zero Industry Act; Critical Raw Materials Act; regulatory sandboxes*

- **Funding**

- *REPowerEU; Recovery and Resilience plans; InvestEU; EU State aid rules; mid-term: European Sovereignty Fund*

- **Skills**

- *European Year of Skills; Net-Zero Industry Academies; skills recognition; access to EU labour market*

- **Open trade for resilient supply chains**

- *Partnerships; Critical Raw Materials Club; respond to unfair trade practices*

Thank you



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