



Dear Commissioner Breton,

We are writing to share key Greens/EFA priorities for the update of the EU Industrial Strategy, which are annexed to this letter. We believe that making this a truly Green Industrial Strategy would be key not only for the prosperity of our economies but also for the well-being of our citizens and our planet.

The COVID-19 virus has a tremendous impact on our societies and economies, causing an unprecedented crisis costing millions of lives worldwide and shattering societies, healthcare systems and economies. Many companies went into bankruptcy or implemented major adaptations in order to secure their survival. The e-commerce and the service sector flourished in the Union, but the major platforms and suppliers are not European. Simultaneously, major supply chain disruptions revealed blunt vulnerabilities of our economic system and the importance of a resilient local economy and locally rooted supply chains. Accordingly, strategic resilience and a long-term sustainable, fair economic and social recovery should be the cornerstone for rebuilding our economy while ensuring that companies are internally and externally competitive.

On top of addressing the COVID crisis, the European Union cannot fail to tackle the climate emergency we are living, which will cause even stronger disruptions to economies and societies. Hence, most important is to ensure the COVID recovery will be fully aligned with the Union's 2030 and 2050 climate and energy goals and will not damage environmental and climate efforts. Since the release of the current Industrial Strategy not only the EU, but also the UK, Japan, South Korea - and the US announced their commitment to climate climate or carbon neutrality by 2050 respectively, while China committed to carbon neutrality by 2060. This shows that global competition for green technologies and sustainable innovations is in full swing and the EU is at a crossroad: **either it commits and speed ahead to a future-oriented competitive green and socially just economy - or it stays anchored on its outdated economic model, already bypassed by the US and China in part to the detriment of environmental and social standards.**

The EU can create a new momentum to innovate and keep industrial production and future-proof jobs at home. Thanks to the size of its internal market, the EU has the potential to remain a leading market for and a global leader in innovative eco-friendly products, production, services and businesses. Besides, with various economies set on similar emission reduction paths, global demand for climate neutral industrial products, processes, services etc. will be increasing in the next two decades. **With the US dominating on the digital environment and China launching a strategy based on quality, Europe needs to find its competitive edge, which should be centred not only on quality, but on efficiency and the conversion to environmentally and socially sound activities.** Although, eCommerce and the digital sphere are dominated by non-EU actors, we can make a more efficient version of whatever is already out there. There is a business case and a competitive advantage in increasing efficiency instead of reinventing the wheel and retracing the same steps the US and China made 20 years ago.

The transformation to a climate neutral European industry is key and comparable to a new industrial revolution. It has been understood as a comprehensive investment program - similar to the post-WWII Marshall Plan - to modernise the EU's industrial base. Besides key investments in education, research and development, there are many suitable climate related investments able to provide

simultaneously essential stimuli to COVID recovery, but also to the long-term transformation of the European industry, such as the deep energy renovation of building stock, the accelerated and coordinated expansion of renewable energies, the development of fully renewables based hydrogen, the establishing a supportive policy framework for heavy industry to become climate neutral and the development of charging infrastructure for electric vehicles, just to name a few.

The revised industrial strategy needs to entail targeted instruments and initiatives that are designed to maximise their industrial policy impact: take for example the launch of a “2030 pan-European 70 million Solar rooftop programme” complementing the ‘Renovation wave’ and the strategies for hydrogen and for offshore wind. These initiatives would trigger demand for high-efficiency/high-quality solar power installations in the domestic market, thereby increasing the attractiveness to produce in the Union, create new economic benefits for companies with automated production lines, but also SMEs in the design, construction, operation and maintenance of small-scale renewable energy plants, or companies specialised in smart grid innovation and services as well as related digital devices.

An industrial strategy grounded on a reliable regulatory climate and environmental policy framework sets the right market signals and gives companies the much-needed reliability for their long-term planning and investments. Often it takes a generation to transform an industrial sector and all related value chains. In particular, the energy and resource intensive industries, such as the steel sector, have to take decisions today on the necessary reinvestments in their assets and are in dire need of long-term certainty for their climate-neutral technologies investments. Thus, it is important for the updated industrial strategy to tackle today the key structural and infrastructural decisions enabling an effective long-term industrial transformation towards climate neutrality.

The updated Industrial Strategy should spur competition for the best solutions and technologies helping preserve the environment and fight the climate crisis. These solutions and technologies coupled with digital advances, can secure prosperity and sustainable jobs in the EU, contribute to the protection of the climate and natural resources, save on expensive energy imports and creating geopolitical independence over conflicts for fossil resources. **In the future, ‘Made in Europe’ should not only stand for quality and innovation, but also for highly sustainable and socially fair products, processes and services.**

Yours sincerely,

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