



# MINISTÈRE CHARGÉ DE L'INDUSTRIE

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Lens, le 1er février 2022

## COMMUNIQUE DE PRESSE

### Press Release - Meeting of the EU Industry and Internal Market Ministers

On 31 January and 1 February 2022, the French Presidency of the Council of the European Union held a meeting of the 27 EU ministers responsible for industry and the internal market in Lens, to discuss strengthening European strategic autonomy. The ministers notably highlighted the importance of securing our supply, both internal and external, of raw materials that are critical to European industry.

### Strengthening European Strategic Autonomy by Reducing our Vulnerabilities

The public health crisis has highlighted a certain number of our supply chain vulnerabilities. These dependencies affect the conditions of production and weigh on the longevity of businesses and jobs. With these issues in mind, the European Commission identified a list of 137 **products** on which the EU is highly dependent, in its May 2021 update of the European Industrial Strategy. This list notably covers the sectors of health, defence, raw materials and technologies at the heart of the green and digital transitions.

The Member States agreed with the European Commission's diagnosis of our vulnerabilities and pointed out that even as we retain the benefits of our open economy, we must also urgently take action to restore European strategic autonomy and its capacity to respond to crises. The ministers congratulated each other for the numerous actions taken since March 2020 to meet our current and future needs, such as:

- **The launch of joint industrial projects at European level:** the Important Projects of Common European Interest (IPCEI) for electric car batteries, microelectronics and the new pending projects in the key sectors of electronics and connectivity, the Cloud, hydrogen and health.
- **Improving our capacity to respond to crises** through the creation of the European Health Emergency preparedness and Response Authority (HERA).

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- **Implementing new financing capacities**, in particular through the European recovery plan *NextGenEU* of €750 billion.
- **Ensuring fair conditions for competition** thanks to trade defence instruments (TDI), the screening of foreign direct investment and the May 2021 proposal for a Regulation on foreign subsidies distorting the internal market.

The debates have also addressed possible new concrete actions that can counteract our vulnerabilities, such as the **Single Market Emergency Instrument**, which will make the internal market more resilient by strengthening the capacity of European institutions to react in the event of a crisis. This will particularly concern identifying the signs of an upcoming crisis in advance, enabling better cooperation concerning supply chains and adopting exceptional temporary measures to deal with shortages, for example by adapting public procurement procedures.

At the Council meeting, the Commissioner for the Internal Market, **Thierry Breton** also described the main priorities of the upcoming Chips Act, which should allow the EU to account for 20% of worldwide production of semiconductors by 2030. This regulation, scheduled for beginning of February, will speed the transition from research to factory, investment in European production capacities and the guarantee of secure supply in the event of a crisis.

In February, the Commission will also publish a review of its analysis on European strategic dependencies, further developing its diagnosis concerning critical metals necessary to the green transition. **It will particularly focus on rare earths, permanent magnets, magnesium and construction products, among others.** It will furthermore analyse new key sectors including the production of solar panels, chemical products, cyber security, and new IT services, in particular cloud and edge computing.

The second Annual Single Market Report will assess and analyse the impact of COVID-19 on the economic recovery and industrial ecosystems. The transition to a green, digital and resilient European economy requires significant investment. The Commission will thus present a detailed analysis of the requirements of these ecosystems based on estimations carried out by companies. **These two publications will contribute to the discussions of the Competitiveness Council meeting, on 24 February 2022**, during which the ministers will be invited to discuss the options presented by the Commission and decide on the new concrete actions to be implemented as a matter of priority.

Statement by Agnès Pannier-Runacher:

*"I wish to bring together my European counterparts on the subject of our continent's strategic autonomy, precisely because our dependencies can have a very real impact on our citizens and companies, whether through increased delivery times, critical supply disruptions or price increases. We are equipping ourselves with the means to anticipate our strategic dependencies and to invest so as to overcome them. Today's discussions put us on track towards a European industrial renewal."*

Statement by Maroš Šefčovič:

*"Strategic autonomy is vital to ensuring that Europe remains one of the world's leading economies. In an increasingly complex geopolitical world, where competition reaches new areas, we must forge our own destiny, while favouring a long-term view. This means equipping ourselves with a certain level of strategic capacity, in particular with regard to critical technology, products and components. To build the resilience of our strategic value chains, we must take into account several factors common to all sectors. First, addressing our strategic dependencies does not mean that Europe must be closed off to the world. Second, industry is critical to this effort. Third, we must recognise the importance of innovation and research. Fourth, we must tackle the skill deficit that is rapidly growing. Lastly, access to funding, both public and private, is an urgent matter. Europe has what it takes to succeed."*

Statement by Thierry Breton:

*"Europe is taking strong action to assert its influence on the geopolitics of value chains, in which our dependencies on third countries are still often used against us and against our interests. We are working together to make Europe a leader in future markets, one that invests in leading-edge technology and products to remain competitive and create quality jobs. A "factory" Europe that is not content to merely outsource and that takes back the ability to produce to meet its own needs and to conquer global markets. A Europe that is open and sets its own terms. A Europe that secures its supply chains and introduces new power relations to confront its dependencies with a more realistic approach."*

## Securing our supply of raw materials and their sustainability

The ministers agreed on the need to take urgent action towards securing our supply of raw materials. Europe has significant mineral resources and expertise, but at the same time can find itself dependent on key raw materials, in the short term, to continue to produce objects necessary for daily life, and in the long term, to be able to achieve its dual green and digital transition.

The ministers emphasised the need to secure extra-European supply sources for raw materials, debating the strategic partnerships formed with third countries (Ukraine, Canada) and the possibility of developing strategic storage policies, or even creating structures invested in securing raw materials such as JOGMEC in Japan.

The ministers also promoted the contribution that the circular economy and innovation could make to reducing our dependencies, as the circular economy is one of the tools available to us to increase our resilience. However, it still requires significant investments to be made in research, recycling and the sustainable use of materials.

Lastly, the ministers underscored the need to strengthen our domestic capacities to produce raw materials and discussed the proposals brought forward by stakeholders for this goal, such as implementing an IPCEI for the sector. The imperative of improving the sustainability of our supply chains was a common thread throughout the discussions; the ministers agreed that the social acceptability of domestic projects for raw materials, in particular, must be strengthened.

The Commission highlighted the actions undertaken since the summer of 2020 with regard to raw materials, in particular the publication of a dedicated Action Plan in September 2020 and the establishment of the European Raw Materials Alliance, comprising 600 European stakeholders. The Alliance produced an action plan to secure access to rare earth elements, which identifies for example European projects that could enable 20% of our domestic needs for raw materials to be covered by 2030. The Commission also recently launch a high-level working group on magnesium, a key raw material in numerous industrial ecosystems such as the automotive industry, with the goal of ensuring 15% of global production takes place in Europe by 2030.

**The participants agreed to consider means of funding for securing the supply of critical raw materials.** In addition, the Commission mentioned the new European Battery Alliance initiative which aims to establish an investment fund for securing access to materials for sustainable batteries to the value of €400 million. These considerations build upon the work of the Commission on updating the European industrial strategy as well as the work of the European Parliament, and in particular the report by MEP Hildegard Bentele. They will inform discussion during the summit of heads of state or government scheduled for March 2022.

Statement by Agnès Pannier-Runacher:

*“Our industries still remain too reliant upon supply chains outside of Europe for critical metals. As these resources are limited and global competition is fierce, this is a key time to secure our supply of mineral resources that are vital to achieving carbon neutrality by 2050. Today’s discussions were testament to the fact that we must together activate all the mechanisms at our disposal to secure our supply from outside of the EU, to better consume and recycle raw materials and, where possible, extract these materials in Europe. There are several challenges we must meet, namely to equip ourselves with means that match our ambitions. The contributions of the Commission, the Parliament and the report of Philippe Varin provide us with clear possibilities. Today’s announcements are a significant first step and one that I warmly welcome.”*

Statement by Maroš Šefčovič:

*“A secure supply of critical raw materials that are sustainably and ethically sourced will also be crucial in maintaining our global competitiveness. It is therefore of paramount importance that the EU develop a more dynamic and resilient raw material supply chain and equips itself with more sustainable and more efficient refining and recycling facilities. I spoke with the ministers about how our industrial alliances have launched landmark initiatives to secure funds and finance projects on raw materials for primary and secondary batteries. The European Battery Alliance created a new fund for sustainable battery materials aimed at unlocking some €400 million. It is estimated that this could cover around 10 projects. The European Raw Materials Alliance also established the Task Force on Clean Tech Materials bringing together the European Investment Bank and the European Bank for Reconstruction and Development.”*

Statement by Thierry Breton:

*“The supply of raw materials lies at the heart of our quest for resilience, the proper functioning of the single market and leadership in our industrial ecosystems. We will no longer wait until our dependencies are used to undermine*

*our values and interests before taking action. The time for naivety is up. We have three key tools at our disposal: investment, strategic partnership and legislation. We will employ each of them to strengthen the resilience of our supply chains and to increase our production capacity.”*