

Regions can lead the new industrial strategy for a greener Europe



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In this interview, Jeannette Baljeu (NL/RE), Member of the Council of the Province of South Holland, answers six questions on the role of local and regional governments in the new European Industrial strategy. Jeannette Baljeu underlines that a new place-based dimension is needed in order for regions and cities, as the governments closest to citizens and business ecosystems, to take ownership of the twin green and digital transitions of their industry. Jeannette Baljeu is the rapporteur of the opinion A new industrial strategy for Europe, to be adopted at the plenary session on 12-14 October.

What should be the role of the local and regional level in the new Industrial Strategy for Europe?

Regions are able and willing to lead by example and the new EU Industrial Strategy should emphasise their role and reinforce the place-based dimension.

Industrial ecosystems are often regional and linked to other regional ecosystems through supply chains or knowledge-exchange networks. That is why the EU industrial strategy requires a place-based approach with an important role for regional and local authorities. They are the level of government closest to citizens and industrial ecosystems, with important competences in various policy areas. They can mobilise a wide range of instruments to enable the implementation of a holistic and ambitious EU industrial strategy.

What role can the industrial policy play when it comes to implementing the Green Deal? How can environmental standards be set without endangering the competitiveness of European companies vis-à-vis third-country companies?

The biggest impact for meeting the climate targets can be found in energy-intensive industries. These industries also want to cooperate to meet these targets, but in my opinion I argue that we need roadmaps with clear, ambitious and realistic targets for CO2 reduction. I believe we need to support our industries in this transition so they can take a leading role in this transition and take smaller companies on board. This could also foster our competitiveness as we could focus on the quality of products and services instead of opting for cheaper alternatives coming from third countries.

Is the coincidence of the Green Deal and the massive funding under the Recovery Plan an extraordinary chance to push forward the green transition process, opening large opportunities for green, sustainable business and entrepreneurs?

Yes, I believe that it is possible, provided we attach the right conditions to this financial support. Member states are currently responsible for drawing up national plans and for defining the details. Regions should be an equal partner at the table, with an opportunity to discuss and to contribute to these plans. Regions have knowledge and expertise and could link the Regional Innovation Strategies for Smart Specialisation (RIS3) to these plans and show where the opportunities are for investment in greening the economy.

What should smart specialisation strategies look like? In which areas does European industry need to become more competitive?

Regions have a realistic picture of their economic situation. They know their strengths and weaknesses and should therefore use their Regional Innovation Strategies for Smart Specialisation as a tool not only to boost their economy but also as a basis to work together with other regions. This process can ease the creation of links between regional clusters and complementary competences in order to build inter-regional value chains. Regions should use their RIS 3 as a roadmap to strengthen their clusters, not only by supporting regional linkages, but also linkages with clusters in other regions, and they should include the Inter-regional Innovation

Investments tool. This could improve Europe's competitiveness, strengthen supply chains, and diminish our dependence on global suppliers.

I believe the EU could give more support to Member States and regions to become more competitive. This does not necessarily mean more public funding. It could also mean reforming the competition policy to make our industry less vulnerable to hostile takeovers. International investors backed by state aid are acquiring SMEs that are crucial for our regional ecosystems but that are, at the same time, too small to fit the radar for hostile takeovers, as mentioned in the EU White Paper on foreign subsidies. Improving the single market could also lead to a real level playing field capable to boost the competitiveness of our industry, which could then compete with global champions like Google, Amazon, Alibaba.

RIS 3 could also focus more on digitalisation.

Do you think that the very broad and strong impact of the pandemic would require a rethinking of the EU's industrial strategy?

The COVID-19 pandemic has shown the geopolitical risks of foreign investment and an excessive dependence on global supply and value chains. The EU industrial strategy should therefore include measures to help cope with the current crisis and to prepare for future pandemics. This is needed to ensure the resilience of European society and economy, for instance by preparing for alternative European supply chains for medical equipment and medicines. This will help maintain European technological leadership and gain digital and technological sovereignty against hostile takeovers of strategic companies by non-EU actors. However, it will also require reform of competition policy.

During the Covid-19 lockdown supply chains were disturbed: on the one hand, borders were closed and it was difficult to deliver goods to other countries; on the other hand, countries imposed embargos on the delivery of certain goods, especially medical devices and medicaments. Does making business (and regions) more resilient entail rowing back on

globalisation and repatriating domestic businesses?

It is understandable that countries and regions looked at the interests of their inhabitants, which meant that some borders were closed. As described, I believe that Europe should be wary of the negative aspects of globalisation. I am, however, adamant that we should not forget that inter-regional cooperation is crucial to dealing with the crisis, as North Rhine-Westphalia showed by keeping its border with The Netherlands open and taking on Dutch COVID-19 patients. Open regional borders are crucial to ensuring the resilience of European society and economy, especially because we need industrial clusters working together within a place-based approach.

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Press Contacts

- 1. Eric Mamer**
Chief Spokesperson
eric.mamer@ec.europa.eu
+32 2 299 40 73
- 2. Dana Spinant**
Deputy Chief Spokesperson
dana.spinant@ec.europa.eu
+32 2 299 01 50
- 3. Elisaveta Dimitrova**
Head of Unit
elisaveta.dimitrova@ec.europa.eu
+32 2 295 88 38
- 4. Johannes Bahrke**
Coordinating Spokesperson
johannes.bahrke@ec.europa.eu
+32 2 295 86 15

5. **Vivian Loonela**

Coordinating Spokesperson

vivian.loonela@ec.europa.eu

+32 2 296 67 12

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