



European Commission - Speech [Check Against Delivery]



Speech by Commissioner Thierry Breton at The Robert Schuman Foundation

Brussels, 11 February 2021

Dear Chairman Jean-Dominique Giuliani,

Ladies and Gentlemen,

For the past year, Europe has been going through an unprecedented health crisis with major social, economic and geopolitical consequences that will be felt for years to come.

In this very difficult context, while 2020 was the year of European solidarity, my ambition is to make 2021 the year in which trust is restored.

Europe is the world's leading industrial power. We want to keep it that way. At a time of accelerating technological race and aggressive global competition, I will say it loud and clear: yes, Europe has an industrial ambition - and we have all it takes to succeed!

Our ambition is to have an industry that creates value-added jobs in all regions across Europe. An industry that is driven by innovation, quality and the respect for the environment, rather than by lowering labour costs.

We can rely on our undeniable assets to achieve this:

- Firstly, a genuine culture of technological excellence, at all levels of governance and in many sectors, be it robotics, batteries, space, or microprocessors.
- Secondly, the internal market, the backbone and real driving force behind our industrial policy. Our internal market enables our European and global supply chains to function and our engineers, service providers and other professionals to work all over Europe, to contribute to the rebalancing of our trade deficit, and to act as a real stepping-stone to win new world markets.

I often hear "be careful, this assertive discourse on industrial policy risks being negatively perceived or create trade tensions". However, those tensions are already there, are they not? Since when does talking about industrial policy equal protectionism?

We need to bring more seriousness and context to such criticism. Ultimately, it is for us to decide: do we want to remain mere bystanders and be the adjustment variable of the great geostrategic and economic balances at work, or do we want to rebalance power? My choice is clear. It is to put an end to the era of naivety: let us take our destiny into our own hands.

Because our industrial ambition does not, in any way, call into question either free competition or our openness to the world.

- It aims to steer our economy towards innovative value chains that are key to our competitiveness, to channel public and private investments into transformational projects for a green and digital industry, and to support our industry, ecosystem by ecosystem, in this twin transition.
- It presupposes reducing our dependency on a wide range of products such as masks (products that are not very innovative but have proven to be essential), lithium for our batteries or semiconductors for the automotive industry. This does not mean producing everything in Europe, but rather diversifying our sources of supply and creating European capacity of its own in strategic areas.
- It also means mastering the key technologies of the emerging industrial data economy: from 5G (and soon 6G), to the cloud and edge, via processors and supercomputers. Without these technological building blocks, there will be neither digital sovereignty nor digital transformation of our industrial systems.
- Our industrial ambition does not imply isolating ourselves, but working towards greater

reciprocity in our exchanges with third countries.

We have all the assets we need to achieve this industrial ambition: a skilled workforce, world-class laboratories, leading edge infrastructure and the ability to reinvent ourselves.

You invited me to talk in particular about the lessons we can draw from the health crisis, and implications for the reindustrialisation of our continent.

The coronavirus health crisis, despite its dramatic nature and urgency, displays lessons - glimmers of hope - that I believe should be considered in a broader context. I would like to say a few words to illustrate the innovation, agility, anticipation and power of our concerted action in managing this crisis and what all of this says about the industrial state of our continent.

Nine months. That is how long it took to develop a vaccine against the virus, where five to ten years are generally required. The first licensed vaccine was invented by European teams. The mRNA technology is a pure product of European research.

We have won the battle of science. We should be very proud of that. The upcoming battle now is the battle of industrial production – I will come back to that.

Vaccines are the most visible part of our investment in innovation. Investing in innovation means investing in the future and in our ability to be at the technological forefront, always, and in a situation of non-dependence. This is why Horizon Europe, the world's most ambitious research programme, is so crucial, with 95 billion euros over 7 years.

Europe, and first and foremost our industry, showed agility and flexibility at the beginning of the health crisis.

From the very first days, I called directly manufacturers to encourage the ramping up or reconversion of the production of protective or medical equipment. The response was impressive. "Traditional" manufacturers increased their production to the maximum, and other sectors, from textiles to automobiles, quickly adapted their production lines and helped Europe with masks, respirators or hydro-alcoholic gel. We supported these efforts by ensuring that the internal market remains operational by reopening borders and making available all the necessary tools, some of them free of charge, such as the standards that certify the quality of these products.

Now, in our fight on a continental scale against an enemy that knows no borders, the focus is on **vaccines**.

It is not easy to transition from laboratories to production lines. Consider that BioNTech, a start-up in early 2020, now plans to produce 2 billion doses in 2021, by partnering with subcontractors. And that Moderna, which produced "only" 100,000 vaccines last year, now plans to produce more than 1 billion. What is our challenge? To ensure that our industrial production delivers the quality, speed and volume required.

Yesterday, I visited to the AstraZeneca vaccine production site in Europe and saw the complex production processes and the importance of improving yields.

I now have a good appreciation of the bottlenecks that could affect production lines and the need to ensure the supply of components. I am working on this.

This is the whole purpose of the **Task Force** that I am now leading on the request of President von der Leyen.

In addition to ensuring that the industrial phase of vaccine production allows to meet the commitments made, we also need to anticipate our future needs and adjust vaccine production to future variants.

We must build and provide a strong structural response in terms of bio-defence for our Continent for the future. Europe must become fully autonomous within 18 to 24 months.

For example, Europe should set up a few production sites for multi-user, multi-technology vaccines, with reserves that can be activated, especially in times of crisis. This strategic industrial capacity is, in my view, essential to meet the needs of sudden mass production of drugs or vaccines in the event of a crisis.

Our collective firepower lies in acting at European level, with responses developed and implemented jointly by all public and private players.

The private sector brings its strength in innovation, its agility and its production capacity to the table. The public sector, in a broad sense and including the regional level, provides for sectoral policies, horizontal measures such as trade or competition policy, long-term vision and financing.

This is why one of the very clear lessons of this crisis is the need for Europe to rapidly equip itself with the equivalent of a European BARDA in the area of health. This will be the task of the new **HERA** (European Health Emergency Response Authority).

Those were the few lessons that I draw directly from the management of the health crisis at the level of the pharmaceutical industry.

But the lessons of this crisis are multiple and do not stop at the pharmaceutical sector alone. Indeed, the crisis affects all industrial ecosystems and our societies. I would like to mention a few points that I believe to be of particular interest.

First of all, on the method and the approach.

This crisis has forced us - or reminded us - to consider industry through the interconnection of all the players within the internal market. We have realised the extent to which our industries are today integrated and inter-dependent. The German or French automotive industry depends on suppliers in Italy or Central European countries. The assembly line of an airplane can get jammed if a plant in Spain is no longer working.

This is how the approach of industrial ecosystems emerged, rather naturally. I would now like to structure our industrial policy around these industrial ecosystems - 14.

Secondly, cooperation is strength.

Many industrial projects today are fragmented and scattered throughout Europe. Nevertheless, there should no longer be the slightest doubt: the right level for industrial projects is the European one.

This is reflected in the recovery plan, which enables the financing of major projects that a single Member State could not develop alone.

Cross-border - or multinational - projects can lead to more effective coordination of critical investments in strategic sectors (such as energy, transport and digital) and bring tangible benefits to the single market – thus, allowing European businesses and consumers to benefit from economies of scale and thus promote jobs and growth.

In this respect, the Commission will also continue to support these efforts with the **Industrial Alliances** that bring together the Commission, Member States and industry on some of today's major issues to jointly define technological roadmaps.

Take the European Battery Alliance. In three years, it has enabled over 100 billion euros of funding for projects throughout the value chain. And these will translate into the creation of tens of thousands of jobs.

Third, strategic dependencies.

One of the major lessons we can learn from this crisis is that all of us have become aware of some of our dependencies, both technological and industrial.

This was evident on the issue of masks or active pharmaceutical ingredients, but it is also the case for certain raw materials which are essential for batteries and therefore at the heart of our green agenda. In the data economy we depend heavily on non-European suppliers for clouds and processors. Conversely, we have seen that in an area as strategic as 5G networks, it was particularly useful to have two world-class European suppliers.

In the action plan on synergies between space, defense and civil that I will be presenting next week, we will be proposing a list of critical technologies that we will monitor regularly to enable Europe to move up the ladder.

Ladies and Gentlemen,

Every crisis acts as an accelerator of trends. This one is no exception.

The major crisis we are going through accelerates the well-identified need for the green and digital twin transitions, for a more dynamic, resilient and competitive European industry, and the need to achieve strategic autonomy while preserving an open economy.

We will come back to this in the industrial policy review we are preparing for this spring.

Thank you.