Berlin Declaration

Friends of Industry 2025

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Joint statement on strengthening competitiveness of the European Industry by the Ministers of Industry of Austria, Belgium, Bulgaria, Croatia, Czech Republic, Finland, France, Germany, Italy, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain

A strong Europe needs a strong industry. Industry is key for welfare and employment. Industry drives innovation. Yet Europe is at a critical juncture, as its industrial foundation is now under severe pressure. The industries that contributed most to empower our economies are struggling in the face of slow productivity growth, excessive bureaucracy, soaring energy costs, fierce global competition sometimes tied to unfair practices, climate change impacts, trade tension and the high investments required to master the twin transition.

A strong industry needs a strong Europe. Europe needs to strengthen its economic sovereignty in strategic technologies and its innovative capability, in order to prevent future dependencies. The Draghi report includes a profound analysis of the EU's lack of competitiveness regarding the framework conditions in Europe as well as the industry itself. It is a call for action. Together, we need to give impulses – for growth, innovation and competitiveness.

It is essential to act now with a clear strategic vision that reaffirms the central role of European industry in addressing the dual energy and digital challenge, guided by responsibility, pragmatism, and a shared intent.

For a secure Europe we need to strengthen the European defence technological and industrial base and increase spill-overs to other industrial sectors. We also need to increase our resilience, strengthening the Single Market including European supply chains and diversifying imports.

With the European Competitiveness Compass and the Clean Industrial Deal, the European Commission has taken up this call and outlined its plan to increase competitiveness and decarbonization of the industry together underpinned with important specific measures. These need to be swiftly implemented. And we need additional measures. For our industry to flourish, we should exploit the full potential of digitalization for the efficiency of production processes and new potential for value added. We should also increase the resilience of our industry by reducing critical dependencies and increasing technological sovereignty, also with respect to our capabilities in defence, and exploit the potential of fostering innovation by having in mind the idea of dual-use.

In order to foster the competitiveness of industry, we need to think horizontally and above all create the right framework conditions and remove barriers in the Single Market. In this context, simplification of the regulatory landscape will improve effectiveness and cost-efficiencies. We should set targets but give businesses the flexibility how to reach them. Competition is important. Here we should trust in companies and their ability to handle competition. In case of unfair

practices in international competition we need to find answers. In order to work towards the common goal of an improved industrial footprint of the EU, we need to be in constant dialogue between MS, COM and companies to improve EU's lagging competitiveness.

The signatories of the declaration would therefore like to stress the following measures of action to be followed upon by the European Commission and to be pursued by the signatories in their countries:

1. We want the industry to thrive in Europe and call for more flexibility and simplification:

We will promote a new legislative mindset of regulatory restraint and act together to avoid creating new administrative burden at the EU level. This requires all co-legislators to internalize a true spirit of self-restraint in all legislative activities starting with the Commission, when exercising her right of initiative, during all the negotiation process, as well as regarding delegated and implementing acts. We call for a systematic review of all EU regulations to identify rules that are superfluous, excessive or unbalanced and we must examine the entire acquis of EU rules to determine whether they are still fit for purpose. We stress the importance of the announced Omnibus packages and encourage the European Commission to continue with further proposals, e.g. on environment and energy. Altogether, the simplification actions should be guided by the application of the "think small first" principle. This is of utmost importance for our industry as we should follow the principle big on big and small on small. We stress the use of digitalization to enhance efficiency for compliance.

Key measures:

- **New legislative mindset:** all co-legislators must internalize a true spirit of self-restraint in all legislative activities starting with the Commission, when exercising her right of initiative, during all the negotiation process, as well as regarding delegated and implementing acts. Enabling instead of over-regulating., laying a stronger focus on opportunity-oriented approaches. Mid/long-term consequences of technological/industrial missing-out (competitiveness, growth, jobs, resilience, societal) must be considered when evaluating existing or creating new legislation.

- **Further simplify existing legislation:** we call for a systematic review of all EU regulations to identify rules that are superfluous, excessive or unbalanced and we must examine the entire acquis of EU rules to determine whether they are still fit for purpose.

- **Applying reality checks** for existing regulation with the aim to reduce unnecessary bureaucracy.

- Improving existing formats for a **constant dialogue** between MS, COM and companies to improve EU's lagging competitiveness.

2. We want to create AI leadership in Europe

Digital transformation is not only a matter for start-ups and technology firms, but key for a competitive and sovereign European industry – especially the manufacturing sector – as the backbone of the European economy. Digitalisation enables productivity gains as well as scaling up urgently needed production facilities more quickly. Therefore, we call for a coherent framework to use the digital transformation as a driver to boost the competitiveness of the European industry. It is crucial to inform and streamline the current digital regulatory ecosystem. Different initiatives in the field of digital regulation often come uncoordinated, increasing burdens on enterprises and legal uncertainty. The rapid adoption of AI is crucial for innovation, productivity, international competitiveness and long-term success of industry in the EU. Innovative AI solutions in the industrial sector include, for example, autonomous production, AI-driven robotics, AI-supported product design and Industrial Metaverse applications. Therefore, Europe´s industry needs non-discriminatory and fair access to the latest software, AI models, hardware, as well as high-end computing resources, ensuring companies have access to enabling infrastructure. It is necessary to ensure the swift development of the Quantum computing capabilities across the European Union through the EuroHPC regulation and the future Quantum Act. Europe, in fact, must create the condition to be a leader in this technological race.

Currently, the EU is often dependent on proprietary third-country solutions in many digital technologies. The success of the further adoption of AI in the European industry requires a practice-oriented implementation of the AI Act. This includes broad industry involvement to address specific needs from the perspective of applying AI technologies. It is essential that the guidelines on high-risk can facilitate the classification of AI systems of manufacturing firms to reach legal compliance. Moreover, regarding the application of the rules on general Purpose AI (gpAI) and the Code of Practice, guidelines that clearly explain and differentiate between AI providers and downstream AI deployers (e.g. manufacturing firms) in terms of the responsibilities for implementing risk management requirements are important. Such guidelines should be submitted and consultations conducted in a timely manner. The guidelines on the AI system definition must provide clear support for deployers. The expansion of a competitive AI and cloud infrastructure will require substantial private and public investment. We encourage future initiatives in order to strengthen investments in the digital transition without introducing unnecessary regulatory burdens. The announced EU Cloud and AI Development Act should facilitate support notably for the expansion of innovative and sustainable compute capacity.

Economic security is an essential precondition for digital sovereignty: only a coordinated approach between industrial, digital, and security policies can ensure Europe’s stable and sustainable leadership over time. Today, European solutions are often of smaller scale and only cover parts of the digital value chain, whereas some international competitors offer a full stack of solutions. It should be our goal that European industry has the choice to work with European technologies across the whole value chain to increase resilience as well as digital and technological sovereignty.

One way to address this issue efficiently is by combining existing European solutions through increased interoperability. This is not only the rationale of the IPCEI Next Generation Cloud Infrastructure and Services (IPCEI-CIS), but also of the IPCEI on Artificial Intelligence (IPCEI-AI) and for Edge Cloud Infrastructure (IPCEI-CIC) that are being discussed. Furthermore, the development of interoperable and trusted data ecosystems in Europe is key to jointly use high quality and sensitive data across companies, e.g. for innovative services and AI applications.

Key measures:

- **Applying AI in industrial production** processes to boost productivity and thus competitiveness: fast and bold implementation of the IPCEI AI and IPCEI CIC.
- **Strengthen the development of trusted, interoperable and federated data ecosystems**.
- **Innovation-friendly implementation of the AI Act** beneficial for the broad adoption of AI in manufacturing industry
- **Facilitate investment in AI, Quantum technologies** and cloud infrastructure
- **Strengthening protection against extraterritorial application of non-EU laws in relation to certain technologies**, particularly cloud computing.

3. We want to build up European lead markets

One key element for making the decarbonisation a business case for industries is the creation of lead markets. Creating secure initial demand for climate-friendly basic materials such as steel, cement, and chemicals by making transformation efforts visible to the market and incentivizing new decarbonized capacities, while striking a balance between simplicity, economic efficiency, and acceptability is vital. Clear EU guidance would be useful for assessing and communicating CO_2 emissions along the value chains that prevent greenwashing or circumvention in third countries, and would support the adoption of incentives via private and public procurement. Adopt EU-wide carbon accounting methodology taking into account also SME needs and interoperability with major trade partners.

It is crucial to work simultaneously towards more harmonised carbon accounting methodologies internationally and avoid potential additional administrative burden and costs for companies. The use of voluntary and EU validated “carbon footprint” product labels should be encouraged. It could be beneficial to leverage the purchasing power of public bodies and use public procurement, as well as other EU and national public incentives schemes strategically to support European lead markets. In selected core and critical strategic areas of industrial production, where other instruments fail to yield sufficient results, the European Commission should work towards viable targeted and administratively light EU preference schemes e.g. in the Industrial Accelerator Act, after conducting a thorough cost-benefit analysis also ensuring trade policy interests.

Key measures:

- **Create European lead markets:** stimulate secure demand for climate-friendly basic materials and products and foster market creation in other strategic sectors (such as Biotech, circular economy and semiconductors).

- **Use of voluntary and EU validated "carbon footprint" product labels:** should be encouraged.

- **EU preference:** In selected core and critical strategic areas of industrial production, where other instruments fail to yield sufficient results, the European Commission should work towards viable targeted and administratively light EU preference schemes, after conducting a thorough cost-benefit analysis also ensuring trade policy interests.

4. We seek to strengthen the resilience of our industry and want to exploit the full innovation potential of our defence sectors

In order to increase the resilience in our industry, we need a diversified strategy to secure access for our industry to critical or strategic raw materials. This applies especially for raw materials that are necessary for the digital transformation, for the aerospace, security and defence industries. There is a potential risk of significant shortages in the future supply of many of these raw materials. In addition, many of these raw materials are heavily or extremely dependent on individual countries. Therefore, we call for a swift and efficient implementation of the Critical Raw Materials Act (CRMA) as well as prioritise secondary raw materials from mining and industrial residues with the implementation. There is a need for measures that go beyond the CRMA such as the development of financial instruments to support the value chain of critical raw materials, further development of procurement diplomacy on critical raw materials and the progress of the single market for circular economy.

With the digital transformation digital resilience will become more crucial for many economic sectors. Digital resilience is more than cyber security, it comprises the ability to produce and use these technologies and the need to reduce dependencies in these technologies from non-European countries. Europe needs to build an interoperable and resilient ecosystem in strategic technologies and products such as microelectronics, chip design, software development, AI, space, autonomous driving, biotech, quantum, and defence. Europe is strong in many research fields such as AI applications in autonomous driving, industrial automation or robotics. However, Europe is lagging behind when it comes to turning innovations from research into business. Thus, we must unleash its potential in research to enable innovations in the manufacturing industry.

Investments in our defence capabilities combined with our multiple ongoing efforts to strengthen the European defence technological and industrial base is another important aspect in strengthening the resilience of our industry as a whole.[1] We should exploit the full potential of spill-overs and innovation for the whole EU industrial ecosystem. With a focus on R&D, innovation capabil-

1 The mentioned measures must fully respect the specific character of the security and defence policy of Member States, including their full competence and control over the export of defence-related products to third countries.

ities and dual use technologies Europe can leverage long-term growth opportunities. EU defence innovations should be better linked, among others through existing initiatives, to the defence industry, to reach critical mass for kick-starting break-through innovation.

Key measures:

- **Applying diverse instruments to secure supply of critical raw materials** including an efficient implementation of the CRMA, development of financial instruments and procurement diplomacy as well as fostering a single market for circular economy

- **Strengthen the whole digital ecosystem:** For a successful digitalisation of the industry, it is crucial to strengthen the whole ecosystem, i.e. software and hardware.

- **Accelerating research transfer into industry production:** We call on the European Commission to address scaling up innovation in industry and linking this process to the recently published Start-up and Scale-up strategy. Industrial start-ups and scale-ups, e.g. producing physical high-tech products, like robots, batteries, or new means of transportation (e.g. passenger drones), need more funding.

- **European defence technological and industrial base (EDTIB) and military-civilian synergies:** Ambitiously continue working together on framework conditions to strengthen Europe as production location. Focus thereby also on high technology fields such as AI, cybertechnologies, drones, autonomous systems, complex software, space and hypersonic capabilities. Especially regarding high technology areas, the full potential of synergies with other industry sectors should be made use of.

5. We want to strengthen innovation leadership and value creation of our Industry in Europe

The European industry is undergoing profound structural change, driven by digitalization, connectivity, automation and decarbonization. To ensure and reinforce the global competitiveness of the European industry and a strong European manufacturing base sectoral specific measures will be needed in addition to horizontal improvement of the framework conditions. These applies to established industries, like automotive, steel, maritime and chemical as well as strategic emerging technologies in bio economy or machinery industry. Thus, if new sector specific measures are necessary, it will be key that those are designed in an efficient, innovation- and industry-friendly way, We stress the importance of a CBAM reform to prevent from circumvention and carbon leakage; in alignment with revised ETS. Examples can be the Bioeconomy Act, the EU Industrial Maritime Strategy or regulations regarding the automotive industry. In the automotive industry the deployment of zero- and low-emission vehicles needs to be accelerated. Decisive measures are the acceleration of the expansion of charging infrastructure, creation of a technologically advanced and resilient battery ecosystem in the EU and transparent and competitive pricing for energy all over Europe. We welcome the Commission's intention to take forward the review foreseen under the Regulation on CO_2 emissions performance standards for cars and vans, and calls for the swift presentation of this proposal taking into account technological neutrality and European content.

The biotechnology sector is a crucial component of the global economy with significant contributions across multiple domains. It drives economic development by stimulating high-value jobs and attracting investment, enhancing the EU's global competitiveness. The regulatory, financial and infrastructural barriers and the biomass availability gap, which are currently limiting the crosscutting potential of the technology, must be addressed comprehensively. To strengthen the industry, it is central to ensure the continued technological leadership and competitiveness. Europe should promote the market readiness of strategic technologies, such as robotics, automated and connected driving.

Key measures:

- **Foster innovation and investment friendly framework condition**, including simplification, reduced energy costs and measure for resilient supply chains.
- **Create a harmonized and simplified regulatory framework or EU strategies** for key technologies to support the market readiness and commercialization, e.g. horizontal approach for the EU Biotech Act in 2026.
- We welcome the Commission's intention to take forward the review foreseen under the **Regulation on CO_2 emissions performance standards** for cars and vans, and calls for the swift presentation of this proposal taking into account technological neutrality and European content.
- **Deployment of zero and low emission vehicles** with an expansion of charging and H2 tanking infrastructure all over Europe, and technologically neutral measures to incentivize, support and accelerate the decarbonisation of company fleets while avoiding additional financial and bureaucratic burden for companies.
- **Supporting key technologies within machinery industry:** Need to foster the scalability of key technologies, where Europe is still ahead in R&D, e.g. robotics

Policy goals of Member States and EU need to be aligned in ECF

For a strong European industry, EU member states and the European Commission need to work together implementing the above-mentioned policy measures. With respect to financial support, where needed the European Competitiveness Fund (ECF) in coordination with Horizon Europe, Innovation Fund and other pillars of the new MFF can and should be a key instrument to promote European technological and industrial leadership. As a coherent approach and coordination of national and European measures and coordination is vital, we see the urgent need of a stronger involvement of Member States who must play a sufficient role in the strategic management of activities. Among other things, the examination procedure should be used throughout the adoption of work programmes, not only in the Security/Defence policy window.

Key measures:

- **Strong role of MS/the Council in governance** and the strategic management of the ECF: MS need to be involved especially with respect to the work programmes, the single rule book and the overarching distribution of funds.
- Inter alia, the **examination procedure needs to be consequently implemented** in comitology.

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