

RIVISTA QUADRIMESTRALE  
DI  
DIRITTO DELL'AMBIENTE

NUMERO 1 - 2021

STEFANO PORFIDO

*Pragmatic Considerations vs Normative Goals. The New EU Industrial  
Strategy*



G. Giappichelli editore

ISSN 2239-964X

STEFANO PORFIDO\*

***Pragmatic Considerations vs Normative Goals. The New EU Industrial Strategy***

TABLE OF CONTENTS: 1. *The Green Deal: is the European Union a normative actor?* - 2. *Preparing the Ground for the New Strategy: the Quest for a Structural Change.* - 3. *Nothing New Under the Sun?* - 4. *The Normative Ethos of the Communication: Toward a New Paradigm of Prosperity?* - 5. *Behind the Tension: The Commission's Strategic Leadership.* - 6. *Conclusions.*

***1. The Green Deal: is the European Union a normative actor?***

Even though the European Union (EU) has embedded environmental concerns in its policies since the 1990s,<sup>1</sup> it is still debated whether the EU has risen as a green normative power in the global governance.<sup>2</sup> Indeed, while the adoption of EU strict environmental policies has brought some scholars to enthusiastically welcome the EU as a “normative actor” in the international arena,<sup>3</sup> others suggest a more pragmatic and context-based view. Among the latter, Falkner argues that crucial evolutions in the environmental field should be read and understood through the lens of economical political analysis.<sup>4</sup> As a matter of example, Falkner points out that the leading role played by the EU in granting a sever regulation on agricultural biotechnology for food purposes was

---

\* Ph.D. candidate in Law, Sant'Anna School of Advanced Studies, Pisa, Italy. Email: stefano.porfido@santannapisa.it.

<sup>1</sup> The first Community environmental competences were established by the Treaty on the European Union OJ C 191, 29.7.1992 and Treaty of Amsterdam amending the Treaty of European Union OJ C 340, 10.11.1997.

<sup>2</sup> See F. VON LUCKE, *Green principled pragmatism: How the EU combines normative and consequentialist motivations in its climate policy*, 2019, at <https://blogs.lse.ac.uk/euoppblog/2019/05/01/green-principled-pragmatism-how-the-eu-combines-normative-and-consequentialist-motivations-in-its-climate-policy/>.

<sup>3</sup> I. MANNERS, *Normative Power Europe: A Contradiction in Terms?* in *Journal of Common Market Studies* 40(2), 2002, p. 235. The Author refers to normative power as a power of an «ideational nature characterized by common principles and a willingness to disregard Westphalian conventions», at p. 239. As such, Europe should be conceptualised as a changer of norm, acts to change norms, and should act to extend its norm at the international level (p. 252). Similarly, Welsh refers to the EU as ‘principled actor’ in I. WELSH, *Values, Science and the European Union: Biotechnology and Transatlantic Relations*, in S. LUCARELLI - I. MANNERS (eds), *Values and Principles in European Union Foreign Policy*, London: Routledge, 2006, p. 74.

<sup>4</sup> R. FALKNER, *The European Union as a ‘Green Normative Power’? EU Leadership in International Biotechnology Regulation* 2006 at <https://core.ac.uk/download/pdf/148847672.pdf>.

due to consequentialist reasons deeply rooted in domestic economic interests concerning agricultural production, trade and competition with the far more developed USA's industrial power in the field.<sup>5</sup> Therefore, any attempt to conceive the EU as a green normative power, this is Falkner's point, should be first tested against geo-political and economic considerations.

The adoption of the EU's Green Deal, the ground-breaking political document core of the new EU Commission president Ursula von der Leyen's Agenda,<sup>6</sup> is doomed to fuel this debate even more. Presented as Europe's hallmark, the Green Deal finds fertile political ground in the rampant quest for more environmental justice stemming from civil society, as the young generations movement 'Friday for Future' has made clear by capturing the political scene worldwide. Together with very ambitious normative goals, the most notable of which is the achievement of climate neutrality by 2050,<sup>7</sup> the Green Deal seems to be characterised also by more pragmatic concerns, among which on how to preserve the EU economic and geo-political interests vis-à-vis global competitors, mainly USA and China.<sup>8</sup>

This paper aims to discuss the tension between pragmatic considerations and normative goals in the framework of the EU Commission's 'Communication for the New Industrial Strategy', that addresses a sector, i.e. the industrial one, which is fundamental for the achievement of the climate neutrality by 2050.<sup>9</sup> More analytically, this article will first discuss the reasons behind the quest for a structural change in the EU's approach to industry. Coherently with this background, in part three the article argues that the Strategy is mainly propelled by context-based and state-centric interests. However, part four will also claim that the Strategy pushes for a nuanced supranational vision on a different way of production, and that this vision reflects a normative change in the conception of prosperity. Part five suggests that the tension between States' interests and

---

<sup>5</sup> ID., *ibidem*.

<sup>6</sup> URSULA VON DER LEYEN, *A Union that strives for more – My Agenda for Europe' Political guidelines for the Next European Commission*, 2019-2020.

<sup>7</sup> The hallmark for Europe, in von der Leyen's words. ID., *op. ult. cit.*, (n 6).

<sup>8</sup> See S. SUBOTIC, *A Geopolitical Commission – What's in the Name?*, 2019 at <https://cep.org.rs/en/blogs/a-geopolitical-commission>; S. BISCOP, *A Geopolitical European Commission: A Powerful Strategy?*, in *Clingendael Spectator*, 2019 at <https://spectator.clingendael.org/en/publication/geopolitical-european-commission-powerful-strategy>.

<sup>9</sup> M. Lucchese – M. Pianta, *Europe's alternative: A Green Industrial Policy for sustainability and convergence*, 2020 at <https://mpira.ub.uni-muenchen.de/98705/>.

supranational vision reflects the Commission's strategic approach for preserving its leading role in pushing for ambitious climate policies in fields that are very sensitive to member states. In light of this role, part six concludes by outlining two main challenges that the Commission has to tackle in order to direct industrial policies toward the fulfilling of the Green Deal's objectives.

## *2. Preparing the Ground for the New Strategy: the Quest for a Structural Change*

The EU Commission released its 'Communication on the New Industrial Strategy for Europe' (the Communication) in March 2020.<sup>10</sup> The strategy pursues the twin challenge to ensure climate neutrality and digital leadership. To reach such goals, several mutually intertwined sub-objectives are outlined, namely: deeper and more digital single market; global level playing field; supporting industry towards climate neutrality; building a more circular economy; embedding a spirit of industrial innovation; skilling and reskilling; investing and financing the transition.<sup>11</sup>

The 'Communication on the New Industrial Strategy' is primarily based upon economic and political considerations, the roots of which can be traced in the European industrial approaches over the past decades.<sup>12</sup> That of European industry is a story of technological decline.<sup>13</sup> Following the triadic structure of industrial policy as encompassing trade, competitiveness, and technology,<sup>14</sup> this last side has been put aside for the sake of enhancing competitiveness regulations and the European single market. This was particularly true during the 1990s, when the faith in the market as an entity that could have channelled investments in technology proved to be flawed, public investments being dramatically

---

<sup>10</sup> COM (2020) 102.

<sup>11</sup> Communication, §3.

<sup>12</sup> For an overview of industrial policies, see K. AIGINGER - D. RODRIK, *Rebirth of Industrial Policy and an Agenda for the Twenty-First Century*, in *Journal of Industry, Competition and Trade*, 2020, p. 189.

<sup>13</sup> See F. MOSCONI, *The New European Industrial Policy. Global Competitiveness and the Manufacturing Renaissance*, Routledge, 2015.

<sup>14</sup> As defined by E. J. COHEN - H. LORENZI, *Politiques Industrielles pour l'Europe - Rapport 26*, Conseil d'analyse économique, Paris, 2000.

reduced due to withdraw of states' role in steering risk-based technological developments for industries.<sup>15</sup>

The EU has never been able to fully recover from such a decline. The 2008 crisis has further mined public investments in technologies also due to austerity policies put in place to counter public debts crisis.<sup>16</sup> This contributed to a manufacturing collapse on many 'southern' European economies, increasing disparities among member states.<sup>17</sup> Globally, the European industry has faced violent and unbalanced competition by industrial interventionist policies such as those of China and the USA,<sup>18</sup> that had consequently benefited more from the so-called Manufacturing Renaissance wave. As such, and even though the EU is still a strong industrial hub,<sup>19</sup> the lack of a global level playfield has turned competitiveness rules into detrimental constraints for European industries to compete globally. The highly controversial Commission decision to reject the merger between Alstom and Siemens in 2019 in the name of competition imperative, thus impeaching the creation of a global European champion, is paradigmatic of such tensions.<sup>20</sup>

The Franco-German Manifesto,<sup>21</sup> approved late 2019 by France and Germany in the wake of the Alstom-Siemens affair, acknowledges such limits and fiercely quests for a structural change of the European approach to industry. Massive investments in technology at the EU level, austerity measures loosened, market barriers put in place against external competitors and above all competitiveness rules revised as to allow State interventions are aspects urged by

---

<sup>15</sup> For a detailed account of different phases of the European industrial policies see F. MOSCONI, *The New European Industrial Policy*, cit. at n 13, p. 10 ff. See also M. LANDESMANN – R. STÖLLINGER, *The European Union's Industrial Policy in The Oxford Handbook of Industrial Policy*, OUP, 2020.

<sup>16</sup> R. VEUGELERS, *The World innovation landscape: Asia Rising?*, Issue 2003/02, Bruegel policy contribution, 2004.

<sup>17</sup> See M. PIANTA – M. LUCCHESI – L. NASCIA, *The policy space for a novel industrial policy in Europe in Industrial and corporate change*, Vol 3, No. 29, OUP, 2020, p. 780.

<sup>18</sup> The USA, far from rejecting interventionism, have kept industrial policy common at the federal and national level. In this respect, K. AIGINGER - D. RODRICK, *Rebirth of Industrial Policy*, cit. at n 12, p. 194.

<sup>19</sup> See Report McKinsey, *Manufacturing the Future: The Next Era of Global Growth and Innovation*, 2012, at <https://www.mckinsey.com/business-functions/operations/our-insights/the-future-of-manufacturing#>; *Scenario Report*, Centro Studi Confindustria (CSC), 2013.

<sup>20</sup> See European Commission, Press Release 6/12/2019, at [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_881](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_881).

<sup>21</sup> <https://www.gouvernement.fr/en/a-franco-german-manifesto-for-a-european-industrial-policy-fit-for-the-21st-century>.

the Manifesto and can be found in the Communication. Political and economic motivations underpin such quests, rather than the purely normative ambitions.

### 3. *Nothing New Under the Sun?*

With this background in mind, the 'Industrial Strategy' appears propelled by pragmatic domestic interests rather than supranational normative aims. Particularly, the Communication's focus on new technologies is coherent with the political-economic context-based aim to reverse the EU industry structural technological stagnation and hence to ensure the long-term global competitiveness of EU industry. This is indeed confirmed by the text of the Communication, which § 3 states that innovation is urged in all policy making, to invert the European industrial decline on research and development while the U.S.A. and Chinese counterparts increased. Furthermore, Communication's § 4 is entirely dedicated to pragmatic geopolitical considerations as to ensure industrial and strategic autonomy.<sup>22</sup>

In this respect, while it is true that research and innovation are functional to the achievement of the ambitious green-house gases reduction targets,<sup>23</sup> they can hardly lead by their own to a novel normative project entailing a shift in the conception of production. This consideration might find support when considering the Communication's emphasis on innovation under the lenses of the so called 'Environmental Restoration Movement'.<sup>24</sup> This Movement, which roots can be traced in the early 20<sup>th</sup> century as a response to rapid industrialisation, proposes a conception on how humankind ought to live in relation to natural world which lies upon the main assumption that humans share the moral responsibility to restore harmed place to a pre-harm condition.<sup>25</sup> This assumption is justified by a wise and far-looking use of natural resources for the sake of

---

<sup>22</sup> For the economic relevance of the EU defence industry, as potential competitor of NATO, see D. FIOTT, *Defence industry, industrial cooperation and military mobility*, in *Report NATO and the EU: The essential partners*, NATO Defense College publisher 2019, p. 55.

<sup>23</sup> In this vein, F. VON LUCKE, *Green principled pragmatism*, cit. at n 2.

<sup>24</sup> On this Movement, see D. BALDWIN – J. DELUCE – C. PLETSCH (eds), *Beyond Preservation: Restoring and Inventing Landscape*, University of Minnesota Press: Minneapolis, MN, 1994. See also F. BESTHORN, *Restorative Justice and Environmental Restoration - Twin Pillars of a Just Global Environmental Policy: Hearing the Voice of the Victim*, in *Journal of Social and Societal Policy*, no. 3, 2004, p. 33.

<sup>25</sup> L. JACKSON ET AL., *Ecological Restoration: A Definition and Comments*, in *Restoration Ecology*, Vol. 3, no. 1995, p. 71.

granting future generations' prosperity. More in depth, Environmental Restoration shapes the relation between humans and natural resources based on few basic tenets. Firstly, environment has merely instrumental value for human purposes.<sup>26</sup> Secondly, humans dominate nature. It is true that humans are organic living entities, but they are considered different and superior to any other natural creature. As a corollary of these two assumptions, environmental issues are understood as merely technical issues, that is problems that humans can solve by means of technological progress and scientific expertise. It also follows - and this is the main normative point of this environmental approach - that humans have a moral imperative to restore and repair the natural environment.<sup>27</sup> However, restoration is conceived as to be functional to future human exploitation: restore now to be able to consume tomorrow. The original autonomous value of nature *per se* is denied.

Therefore, this Movement is underpinned by a relative conception of planet's limits, rather than an absolute one. While it is recognised that natural resources are limited, it is proposed that technological expertise can either restore them (as for instance a forest can be replanted) or find new alternatives if restoration is impossible (e.g., renewable energies when fossil ones are exhausted). Coherently, the Environmental Restoration Movement does not put into discussion the conception of economic development as a linear process, sharing a restrictive interpretation of sustainable development in which the focus is indeed on human development rather than on balancing this latter with environment's autonomous value.

In light of this understanding, one could conclude that the Communication's aim is to satisfy a growing need of energy and thus to ensure, through technology, a linear understanding of economic growth, natural resources' constraints notwithstanding. If this is correct, it follows that the Communication underpins a quite conservative conception of prosperity based upon a very anthropocentric standpoint,<sup>28</sup> for which nature merely enjoys functional value.

---

<sup>26</sup> G. SESSION, *Deep Ecology for the 21st Century: Readings on the Philosophy and Practice of the New Environmentalism*, Shambhala: Boston MA, 1995.

<sup>27</sup> F. BESTHORN, *Restorative Justice and Environmental Restoration*, cit. at n 24, p. 38 ff.

<sup>28</sup> On Anthropocentrism see R. ECKERSLEY, *Environmentalism and Political Theory*, London: UCL Press, 1992, p. 51.

#### *4. The Normative Ethos of the Communication: Toward a New Paradigm of Prosperity?*

This reductive reading, however, does not seem to be conclusive. As Timmermans argued, the Green Deal does not merely mean greenwashing industries.<sup>29</sup> Although an organic analysis of the Green Deal goes beyond the scope of this paper,<sup>30</sup> the 'Industrial Strategy' certainly presents some deep normative ethos, in aiming to lead the global fight against climate change, coherently with the common but different responsibility approach.<sup>31</sup> Industry is indeed called to support the ecological transition as to allow Europe to be the first climate neutral continent by 2050, in compliance with the 2015 Paris Agreement. In doing so, the Communication highlights the EU industry's attitude in leading by example, being it in compliance with the «highest social, labour, and environmental standards».<sup>32</sup> Furthermore, the Commission states that the EU «will continue efforts to uphold, update and upgrade the world trading system»,<sup>33</sup> although «more established partners are choosing new paths».<sup>34</sup> Rhetoric aside, national economic considerations could not fully justify such emphasis on the social dimension of industry, which is urged to be the 'accelerator and enabler' of change and innovation.<sup>35</sup>

This ethos is particularly perceivable with reference to the circular economy sub-objective. Notably, circular model can be understood as 'the goods of today become the resources of tomorrow at yesterday's prices',<sup>36</sup> that is an economic model that refuses a linear conception of growth because of world's

---

<sup>29</sup> Frans Timmermans on the European Green Deal as a growth strategy at the Brussel Annual Meetings, Brussel 1.09.2020, at [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_20\\_1551](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1551), p. 4

<sup>30</sup> For a general overview on the Green Deal, see L. KRAMER, *Planning for Climate and the Environment: the EU Green Deal*, in *Journal for European Environmental & Planning Law*, no. 7, 2020, p. 267.

<sup>31</sup> C. STONE, *Common but Differentiated Responsibilities in International Law*, in *The American Journal of International Law*, no. 98(2), 2004, p. 276.

<sup>32</sup> Communication §2.

<sup>33</sup> Communication §2.1.

<sup>34</sup> *Id.*, *ibidem*. It is not difficult here to read a critic regarding the USA's withdrawn from the Paris Agreement decided by the D. Trump's administration.

<sup>35</sup> Communication §1.1. In the same paragraph, see also 'Europe's industrial strategy must reflect our values and social market traditions'. In § 2 'The European Pillar of Social Rights will continue to be our compass and to ensure the twin transitions are socially fair'.

<sup>36</sup> W. STAHEL, as quoted by I. FELDMAN ET AL, *The circular economy: regulatory and commercial law implications*, in *Envtl L RepNews and Analysis*, 46:12, 2016, p. 11009.



absolute limits.<sup>37</sup> A circular approach indeed focuses on the life-cycle of the product as to maintain it in the economy as long as possible.<sup>38</sup> As the European Commission stated, 'a circular economy preserves the value added to the products for as long as possible and virtually eliminates waste'.<sup>39</sup>

The circular economy model is well recognised in the EU legal order as the EU Package I and II demonstrate.<sup>40</sup> It is true that the text of the Communication (§3.4) is quite generic in defining how the Commission will implement this sub-objective. However, the inclusion of circular purposes in the 'Industrial Strategy' for reaching climate neutrality could constitute a novelty of great political relevance, since it would secure an efficient inter-linkage among industrial processes, various industrial sectors, and activities, as to facilitate a scale development of circular passages from resource extraction to waste treatments. In short, it would lead to structural changes in the industrial system. In this respect, the inclusion of this sub-objective in the Strategy, even if quite synthetic, should be read conjunctly with the Circular Economy Action Plan,<sup>41</sup> published on the same day of the Communication. The EU Commission defined circular economy as an economy «where the value of products, material and resources is maintained in the economy for as long as possible and the generation of waste is minimised». <sup>42</sup> Coherently, the Plan purports a regenerative growth

---

<sup>37</sup> See World Footprint – Do we fit on the planet? at <https://www.footprintnetwork.org/>.

<sup>38</sup> Lifecycle is a policy principle adopted by the EU institutions since early 2000s. See for instance the conceptualisation proposed by the EU Commission "Integrated Product Policy – Building on Environmental Life-cycle Thinking" 2003 COM 302. This principle aims at reducing products' impact on environment. In this respect, see T. DE ROMPH – J. CRAMER, *How to improve the EU legal framework in view of the circular economy*, in *Journal of Energy & Natural Resources Law*, 2020, p. 245.

<sup>39</sup> Questions and answers on the Commission Communication "Towards a Circular Economy" and the Waste Targets Review, Memo 14/450, 2/7/2014, Brussels.

<sup>40</sup> EU Commission 'Closing the Loop' and EU Commission 'A European Strategy for Plastics in Circular Economy (2018) COM 28. See also the earlier 'Manifesto for a resource-efficient Europe' (2012), at [https://ec.europa.eu/environment/resource\\_efficiency/documents/erep\\_manifesto\\_and\\_policy\\_recommendations\\_31-03-2014.pdf](https://ec.europa.eu/environment/resource_efficiency/documents/erep_manifesto_and_policy_recommendations_31-03-2014.pdf). in which it is stated that «In a world with growing pressures on resources and the environment, the EU has no choice but to go for the transition to a resource-efficient and ultimately regenerative circular economy» (§1).

<sup>41</sup> A new Circular Economy Action Plan for a Cleaner and More Competitive Europe, at <https://ec.europa.eu/environment/circular-economy/>. For case studies regarding the Action Plan see the 'The EU's Circular Economy Action Plan – case study at Ellen MacArthur Foundation <https://www.ellenmacarthurfoundation.org/case-studies/the-eus-circular-economy-action-plan>.

<sup>42</sup> EU Commission 'Closing the Loop', cit., at n 38, p. 2.

model,<sup>43</sup> and it pleads for a sustainable product policy framework. Particularly, the Plan manifests the intention to go beyond producer self-regulation traditional approaches by imposing on producers and importers minimum constraints on how to produce goods as to meet circular economy's criteria.

While one could argue that the inclusion of circular economy model is justified by strategic considerations as well,<sup>44</sup> on the normative ground this is however relevant. Indeed, it represents a shift of paradigm from a linear conception of production to a radically new one, based on the closed-system idea. As such, it introduces in the 'Industrial Strategy', and more generally in the Green Deal, the revolutionary idea of prosperity without growth.<sup>45</sup> This may seem to be inconsistent with the statement that the Green Deal is a growth strategy.<sup>46</sup> However, it is arguable that a stark departure from current established conceptions would have been too radical and ill-placed in a general political document. Conceding merit to this interpretation, it is thus possible to suggest that alongside the twin transition the 'Industrial Strategy' seems to pursue a third more subtle and perhaps more radical transition, the one toward a new regenerative productive paradigm, entailing social and economic transformations. More precisely, the Commission, by acting as a principled actor,<sup>47</sup> seems to purport a shift from a pure anthropocentric understanding of production to one based on ecocentrism, in which human prosperity is conceived as strictly depending upon the respect of nature's inner value.<sup>48</sup> The message promoted by the Communication thus could be that 'Europe's industry (could)

---

<sup>43</sup> A model in which resources are at first taken from the environment but then they are kept in the system. That is waste becomes itself a resource to re re-used, i.e. re-cycled, multiple times. Therefore, a truly circular model of production in which the outputs become the inputs, as defined by T. DOMENECH, *Explainer: What is Circular Economy?*, 2014 at <https://theconversation.com/explainer-what-is-a-circular-economy-29666>.

<sup>44</sup> In § 3.4 the Communication outlines social advantages lined with circular economy. Also, geopolitical considerations play a role, as indeed circularity would reduce reliance on non-energy raw materials sourced from abroad, as indicated in § 4.

<sup>45</sup> In doing so, the Commission would embrace and support social systemic transformative goals determining the qualitative nature of growth. In this respect, see M. MAZZUCATO et al., *The economics of change: Policy and appraisal for missions, market shaping and public purpose*, 2018 at <https://www.ucl.ac.uk/bartlett/public-purpose/publications/2018/jul/economics-change-policy-and-appraisal-missions-market-shaping-and-public>.

<sup>46</sup> Communication §2.2.

<sup>47</sup> See note no. 3.

<sup>48</sup> On ecocentrism see R. ECKERSLEY, *Environmentalism and Political Theory*, cit. at n 28, p. 57; D. PEPPER, *Eco-socialism: From Deep Ecology to Social Justice*, New York: Routledge, 1993, p. 33.

lead the twin transition and drive our competitiveness'<sup>49</sup> only by embedding such conception of prosperity in the industrial policies. This latter aspect would constitute the real normative novelty of the Communication.

### 5. Behind the Tension: The Commission's Strategic Leadership

The 'Communication on the New Industrial Strategy' balances strong pragmatic considerations propelled by Member States (MSs) with normative aspirations campaigned by the Commission beyond domestic interests. The circular economy project, which implementation should bring to a transition toward a new growth paradigm and thus to a new concept of prosperity, is one of those normative objectives.

In this respect, it is appropriate to stress that such tension reflects the Commission's strategic behaviour in pursuing its normative ambitions while operating in fragmented and politically sensitive fields such as the industrial one. This field indeed is difficult to handle because of the asymmetrical preferences of MSs regarding the industrial sector, on the ground of both the internal deep polarisation of industrial policies and the external fierce competition with major global players. In such contest, pushing unilaterally toward audacious changes could result into a failure if Member States' concerns are not sufficiently met. A more cautious and nuanced approach is therefore more likely to lead to results, for instance by means of repackaging policies<sup>50</sup> as to facilitate holding parties accountable to already existing commitments by pushing for higher standards.<sup>51</sup> Under this perspective, the 'Strategy' label adopted by the Communication is not meaningless, as indeed it makes clear the Commission's specific *modus operandi* by purporting its objective without jeopardising MSs interests.<sup>52</sup>

The strategic approach does not mean that the Commission intends to refrain from undertaking its leadership by accepting a subsidiary role before

---

<sup>49</sup> Communication §1.

<sup>50</sup> As for example Communication's §3.3 'Supporting industry towards climate neutrality' seems to do, by proposing a reviewing of already existing regulations, such as the Trans-European Network Energy regulation.

<sup>51</sup> B. SKIAERSETH, *The European Commission's Shifting Climate Leadership*, in *Global Environmental Politics*, 17(2), MIT Press, 2017, p. 97.

<sup>52</sup> The Commission adopted a strategic approach also in 2014, in order to overcome Member States' asymmetries that risked hampering the deliberations for the new 2030 climate-and-energy framework. In this respect, see B. SKIAERSETH, *The European Commission's Shifting Climate Leadership*, cit. at n 51, p. 93 ff.

Member States. Rather, the Communication's constant reference to the European Industry and not to the industries of the European States reflects the Commission's attitude in presenting itself as the leader of a geopolitical unity, as opposed to other global industrial realities such as those of China and of the USA.<sup>53</sup> In this respect, the Communication makes clear that the Strategy will be «entrepreneurial in spirit and in action».<sup>54</sup> By that, the Commission reveals the intention to carry out precisely the so-called entrepreneurial leadership,<sup>55</sup> that is to fulfil the task to identify the means and to guide others toward a common end.<sup>56</sup> In short, in leading stakeholders, in both the private and public spheres, by shaping their preferences and crafting their consensus. Using the Communication's wording «In the entrepreneurial spirit of this strategy, EU institutions, member States, regions, industry and all other relevant players should work together to (...) ensure our industry is a global frontrunner».<sup>57</sup> Furthermore, given that the circular economy is not yet a very well established concept, it is likely that the Commission will enhance its entrepreneurial spirit by also acting as an 'intellectual' leader,<sup>58</sup> that is by gathering the necessary expertise as to advance the transition. This explains the Communication's emphasis on promoting networks, cooperation, innovation, and reskilling. In this regard, the industrial Alliances<sup>59</sup> can be understood as powerful governance tools to channel consensus over the Commission's principled stances, as they indeed constitute a middle ground between economic interests, political considerations,<sup>60</sup> and

---

<sup>53</sup> The Communication refers numerous times to the 'geopolitical reality' in which industry is framed. See for instance Communication § 2.1. or § 4. About the geopolitical role of the Commission, see note n. 8.

<sup>54</sup> Communication § 1.

<sup>55</sup> P. M. BARNES, *The role of the Commission of the European Union: creating external coherence from internal diversity* in R. WURZEL – J. CONNELLY (eds) *European Union as a Leader in International Climate Politics*, London, Routledge, 2010, p. 41. O. YOUNG, *Political leadership and Regime Formation: on the Development of Institutions in International Society*, in *International Organization*, no. 45 (3), 1991, p. 281.

<sup>56</sup> B. SKIAERSETH, 'The European Commission's Shifting Climate Leadership', cit. at n 51, p. 86.

<sup>57</sup> Communication § 2.2.

<sup>58</sup> O. YOUNG, *Political leadership and Regime Formation: on the Development of Institutions in International Society*, cit. at n 55.

<sup>59</sup> See Communication § 5. Regarding the first Alliance, The European Clean Hydrogen Alliance, see [https://ec.europa.eu/growth/industry/policy/european-clean-hydrogen-alliance\\_en](https://ec.europa.eu/growth/industry/policy/european-clean-hydrogen-alliance_en).

<sup>60</sup> As for instance, geopolitical resilience by securing raw-material sources.

normative goals.<sup>61</sup> It is thanks to its capability to steer policies and to achieve convergences, that is to «pool its strengths to do collectively what no one can do alone»,<sup>62</sup> that the Commission can refer to the EU as the enabler of this transition.

## 6. Conclusions

The implementation of the circular economy paradigm is particularly challenging since it requires a system-based response. This is due to the fact that the regenerative industrial system (make-remake-use-return) implies a level of cooperation among all stakeholders, consumers included, that the linear economic logic (take-make-use-dispose) does not require.<sup>63</sup> In this respect, while a discussion on the implementing tools falls outside the scope of this article, it is appropriate to stress that the Commission's should exercise its leadership to tackle two main challenges,<sup>64</sup> in order to embed the circular model across the system without hampering national interests.<sup>65</sup> These challenges are the reduction of internal polarisation between Member States and the orchestration of the ecosystem-wide transformation to the circular economy paradigm,<sup>66</sup> while at the same time improving EU firms' competitiveness at the global level.

As for the first challenge, consistently with the Communication's commitment «no one shall be left behind», the Commission should attempt to reduce divergences among Member States, and precisely between those States that have innovated more and those that mainly rely upon conventional carbon-based industrial systems. Efforts in this direction would reduce the gap between different national priorities and they would create the structural conditions for the

---

<sup>61</sup> Since Alliances would facilitate the achievement of the Green Deal ambitious targets. For instance, the Hydrogen Alliance promises to reduce mobility reliance on carbon-based energy sources.

<sup>62</sup> Communication § 2.3.

<sup>63</sup> On these productive models, see P. GHISELLINI - C. CIALANI - S. ULGIATI, *A review on circular economy: The expected transition to a balanced interplay of environmental and economic systems*, in *Journal of Cleaner Production*, 114 (2016), p. 11–32.

<sup>64</sup> For an analysis of public policies that Europe should implement in the industrial field, PIANTA ET AL., *The policy space for a novel industrial policy in Europe*, cit., at n 17.

<sup>65</sup> That is in a way consistent with the strategic behaviour discussed above.

<sup>66</sup> On this point, see V. PARIDA ET AL., *Orchestrating industrial ecosystem in circular economy: A two-stage transformation model for large manufacturing companies*, in *Journal of Business Research* 101 (2019), p. 715.

spread of new markets supporting circular economy.<sup>67</sup> In this regard, the Just Transition Fund is a valuable tool.<sup>68</sup> However, the Just Transition Fund operates through horizontal measures only, which are likely to benefit states or joint public-private partnerships with long-standing expertise in the field.<sup>69</sup> Therefore, to make the Fund more effective and coherent with its rationale to improve cohesion, Member States that lag behind should benefit from dedicated funding, under the condition of implementing circular economy models. In addition, competition rules should be lessened as to permit state aid support for private investments in innovation.<sup>70</sup> In doing so, the Commission would achieve uniformity of action in implementing the circular economy project by leveraging the single market potentialities.

As for the second issue, the whole global value chain system of which European based firms are component should embed the circular paradigm.<sup>71</sup> Particularly, closed-loop global value-chains should be arranged for circular project to have a global significant impact. In this regard, the Commission should operate on three aspects.<sup>72</sup> To begin with, laws should facilitate the implementation of the life-cycle principle across the whole value-chain. Moreover, already established public-private partnerships should be encouraged to cooperate as to involve closed-up supply chains in public procurement and regulatory direction of performance of services. Finally, measures should be created as to encourage costs and revenues to be fairly shared among the closed-loop value chain. Such closed-loop value chains are promising tools for providing EU firms with a competitive advantage over international partners, thanks to EU

---

<sup>67</sup> The Action Plan stresses the need to create specific markets for fostering circular economy. See for instance, Action Plan § 3.

<sup>68</sup> The internal cohesion represents one of the main challenges the Green Deal as to deal with. In this regard, see M. LANDESMANN – R. STOLLINGER, *The European Union's industrial Policy: What are the Main Challenges*, 2020 at <https://wiiw.ac.at/the-european-union-s-industrial-policy-what-are-the-main-challenges-p-5211.html>.

<sup>69</sup> As Rodrick puts clear, indeed, horizontal measures produce *de facto* inequalities «In practise most interventions, even those that are meant to be horizontal, necessarily favour some activities over others». In this way, D. RODRIK, *Industrial policy: don't ask why, ask how*, in *Middle East Development Journal* 1(1), 2009, p. 6.

<sup>70</sup> State should shoulder the risks of initial investments as to encourage private sectors in engaging in innovation and in entering in new markets.

<sup>71</sup> As affirmed in Communication § 2.2. «All industrial value chains, including energy-intensive sectors, will have a key role to play», to reach climate-neutrality.

<sup>72</sup> As proposed by R. FELDMAN in I. FELDMAN ET AL, *The circular economy: regulatory and commercial law implications*, cit. at n 36, p. 11021.

dedicated funding, shared expertise and the coordination granted by the single market. Also, these chains would be a mean to export the EU normative standards globally, coherently with the Commission's aim to make the EU a global leader in circular economy.<sup>73</sup>

In order to implement these two lines of actions, benchmarks and indicators should be adopted as to monitor compliance, progresses and to incentivize public and private actors' competition for better circular performances.<sup>74</sup>

Only time will reveal whether and to which extent the Commission will be able to achieve the foregoing ambitious normative goals, thereby confirming its attitude in leading the EU environmental policies.<sup>75</sup> The expectation is that in addressing the aforementioned tension between intergovernmental pragmatic considerations and supranational normative goals, the Commission will carry out a true entrepreneurial role,<sup>76</sup> being a dynamic engine behind social, economic, and structural changes. In this respect, as Timmermans argued,<sup>77</sup> the hope is that the dramatic impact of the COVID-19 pandemic will constitute an opportunity for, rather than an obstacle to, the implementation of the Green Deal.

---

<sup>73</sup> As also suggested by the Action Plan § 7 where it is stated that 'Free Trade Agreements reflect the enhanced objectives of the circular economy'.

<sup>74</sup> F. BONVIU, *The European Economy: from a linear to a circular Economy*, in *Romanian J Eur Aff* 14:4, 2014, p. 78.

<sup>75</sup> On the leading role of the Commission, see B. SKIAERSETH, *The European Commission's Shifting Climate Leadership*, cit. at n 51, p. 84.

<sup>76</sup> Here the reference is to the M. MAZZUCATO, *The Entrepreneurial State: debunking Public vs. Private Sector Myths*, London, Anthem Press, 2014.

<sup>77</sup> Frans Timmermans on the European Green Deal as a growth strategy at the Brussel Annual Meetings, at n. 29.

**ABSTRACT**

Stefano Porfido - *Pragmatic Considerations vs Normative Goals. The New EU Industrial Strategy*

This paper analyses the EU 'Communication on the New Industrial Strategy for Europe' adopted in March 2020 in the frame of the new EU Green Deal. The Green Deal is the European Union's hallmark, which paves the way for a long-term growth strategy that aims at making the EU the first neutral climate continent by 2050. In light of this, the paper explores the role that the EU industrial policies are expected to play in the next future as to be coherent with the ambitious goals pursued by the Green Deal. In this respect, this article argues that the 'Communication of the New Industrial Strategy' is primarily based upon economic and political considerations mostly rooted in Member States' attempts to invert the slowly but steady EU zone industrial decline in the face of global competitors, namely China and the USA. However, it is also asserted that the 'Communication' offers the momentum for the EU Commission to push for a shift toward a new sustainable paradigm of production consistent with a circular understanding of growth. Hence, this contribution argues that the 'Communication' is an attempt to balance state-based pragmatic interests with supranational normative aspirations. The paper thus frames this duality in the Commission's strategy to carry out a leadership role in guiding Member States toward a deep transformation of the EU industry for the achievement of the Green Deal's goals.

**KEY WORDS:** *EU Green Deal; New Industrial Strategy; sustainability; circular economy; EU Commission.*