Federal Ministry
for Economic Affairs
and Energy

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National Industrial Strategy 2030

Strategic guidelines for a German and European industrial policy

Foreword:

This draft for the first time develops a coherent national and European industrial strategy based on fundamental considerations. It is intended to provide a rational response to one of the most important questions in today's world:

> **How can we sustainably maintain and develop our high level of private and public prosperity under the conditions of increasing globalisation, hugely accelerated processes of innovation and the expansive and protectionist industrial policy of other countries?**

Our state has directly assumed responsibility for the creation and maintenance of prosperity since the times of Ludwig Erhard. His programmatic approach of "**prosperity for all**" formulates a far-reaching political pledge to all citizens across all strata of society.

In over seven decades it has been possible to fulfil this promise to an extent that was impossible to foresee at that time. Today, Ludwig Erhard's prosperity pledge has – alongside freedom and security – become part of the national interest of the Federal Republic of Germany. It is guaranteed jointly by the economic sector, social partners and the state.

Our high level of prosperity was facilitated by the Social Market Economy which has become established as the world's most successful economic model. It was and is superior to any form of planned economy. Elements of a market economy were even introduced in China forty years ago. Since the end of the Cold War, the market economy has been triumphant on a global basis.

In Germany, the state has nevertheless intervened time and again in the economic sector with its industrial policy: from the establishment of Airbus in 1969 through the "rescue attempts" for individual companies (Salzgitter, Holzmann, Opel, Quelle) to the settlement of photovoltaic enterprises or the production of semi-conductors and microchips. Some interventions failed because they fell short and the state is not in principle the better entrepreneur. And because – unlike the case with Airbus for example – they were aimed at isolated effects, triggered misallocations but did not satisfy any strategic function.

A completely different approach has therefore been selected for this industrial strategy. It defines those cases in which state activity is justified by way of exception or may even be necessary to avoid serious disadvantages for the country's economy and for the prosperity of the nation as a whole. It also represents a contribution to shaping a future-proof market economy and foundation for a political debate that must be held.

Global economic forces are moving quickly. The world market is in a process of rapid and far-reaching change - through the acceleration of globalisation and innovation on the one hand and through the increase in state interventions and an abandonment of multilateral agreements on the other. This affects countries and companies alike. Old stakeholders are disappearing whilst new ones are moving to the fore. Trade flows are altering. There are many winners – but also huge losers. The cards are being reshuffled throughout the world. And we are only at the beginning of this phase of change.

The question facing Germany is how to react to these new developments and shifts and what action is to be taken. As a globally successful industrial location, German must actively and successfully help to shape this development instead of passively tolerating, enduring and letting it happen because one thing is certain: competitors do not sleep and there is a lot to play for:

If key technological skills were to be lost and as a result our position in the global economy damaged substantially, this would have dramatic consequences for our way of life, for the ability of the state to act and for its room for manoeuver in almost all areas of politics – and sooner or later also for the democratic legitimacy of its institutions.

The successful management and shaping of the new global challenges and developments is in the direct national and European interest of Germany and all member states of the European Union. We wish to promote innovative technologies to a greater extent and to protect strategically important areas.

Merely waiting and doing nothing are not enough; adopting false practices does not come into question. In many cases the strengthening and revitalisation of the market economy is the best answer to inexorable new technological and industrial changes. The principle applies that we need more, not less, market economy if we are to maintain the future viability of our economic sector.

In some cases we are finding that the totality of individual business decisions made by the companies in a country is not sufficient to balance out and prevent shifts in forces and prosperity. This is because a company has its sights set on its own advancement and not that of the entire country. It is in these cases – and only in these cases – that activating, promoting and protective industrial policy finds its justification. If the market forces within a country's economy cannot maintain its innovative strength and competitiveness, then it is the responsibility and task of the state to step in.

The strategy presented is based on the tried and tested principles of the Social Market Economy and develops criteria using which the necessity of state action can be justified in exceptional cases or usually negated. This serves to effectively limit state interventions as well as to legitimise them in those cases in which they are required under higher ranking economic considerations.

When my intention to elaborate an industrial strategy was published last autumn, I received a great deal of approval from people I was not expecting: from industry, society and politicians across party boundaries. There were also critical reactions. Both strengthened my conviction that an industrial strategy and the associated debate are useful and urgently necessary.

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Objective:

- **The aim of the "National Industrial Strategy 2030" is to make a contribution, together with stakeholders from industry, to securing and regaining economic and technological competence, competitiveness and industrial leadership at a national, European and global level in all relevant areas.**

- **This is a necessary requirement to lastingly secure and extend the economic power of Germany on the whole and therefore the jobs and prosperity of its citizens.**

- **One aim here is to gradually extend the share assumed by industry in gross value added to 25 per cent in Germany and 20 per cent in the European Union by 2030.**

- **The means of choice to achieve the goals are rooted in a market economy, private sector and responsible approach. State activity can only come into question as an exception, temporarily, and only in cases of fundamental importance once all other options have proven to be inadequate.**

- **By firmly opposing arbitrary interventions of others in the processes of the market economy and systematically preserving our own economic interests, Germany and the European Union also make a long-term contribution to the development of a Global Social Market Economy which can lead to more market and greater prosperity for all.**

Starting situation:

Germany's current strength in international competition is largely based on the strength of its industry. With industry assuming a share of 23 per cent in the gross value added, Germany leads all countries in the EU and occupies an excellent position also internationally.

We are also so successful as an industrial nation by international comparison because we have steadfastly adhered to our industry-based economic model. German industry is highly competitive and innovatively strong. In 2015 it invested some EUR 53 billion in research and development, corresponding to 85 per cent of internal expenses of the private sector in total which is almost four times as much as its share in gross value added.

The key industrial areas in which Germany already or still takes a leading position include the following.

- Steel, copper and aluminium industry
- Chemicals industry
- Mechanical engineering and plant construction
- Automotive industry
- Optical industry
- Medical device industry
- GreenTech sector
- Armaments industry
- Aerospace industry, as well as
- Additive production (3D printing)

Without its large share of industrial jobs, Germany could not maintain its high level of income and its high level of education, environmental protection, social security, healthcare and infrastructure. This is why strengthening the country's industrial base is in the national interest and a task of national importance for which the state needs suitable instruments and means. A debate is required in this context and on the requirements and limits of their use which must be conducted frankly, without prejudice and in a results-oriented manner.

Challenges:

The excellent economic starting situation is not God-given. It is put into question time and again by international competition and by arbitrary interventions of other states and enterprises and must therefore be constantly won and confirmed anew:

- The advantage of far lower wage and production costs in important threshold countries has so far been contrasted by German industry's large lead in terms of **technology and quality**. However, this lead is slowly evaporating because the countries concerned are quickly catching up and extending their skills through comprehensive concepts for the development of technological expertise, joint ventures or through company take-overs in Europe. This causes the competitive pressure to increase also in areas in which German enterprises have so far been without competition. This shift is compensated for in part only by the slow increase in wage and social costs in the emerging countries.

- Back in the seventies, Germany lost its hitherto leading position in the entertainment electronics sector, for example, to countries such as Japan and South Korea. Since then, this loss has been shown to be seemingly final.

- At a later date, this contributed to the inability of Europe to get a foothold in the new fields of telecommunications technology and computer electronics (including smartphones, tablets, etc.).

- Innovative carbon fibre materials are largely produced outside of Germany.

- The automotive industry, whose success is of great importance for the future of Germany as an industrial location, has for same time been faced with considerable challenges which have not yet been successfully overcome: the circumstances surrounding high and manipulated exhaust gas levels, the development of alternative drives and of electro-mobility as well as the significant innovation of autonomous driving and the development of completely new mobility concepts.

- Globally successful internet companies of the platform economy are currently developing almost exclusively in the USA and in China but not in Germany and in the majority of countries in the EU. This situation does not look like changing so far. There is a need for action here.

- In the area of Artificial Intelligence (AI) we still occupy a good position in research. However, there is already much catching-up to do in the commercialisation of practical applications. The gap to the leading internet companies would currently appear to be growing rather than shrinking: no German company invests as much in this field as every one of the large US platform/software/mobile hardware enterprises. Germany must pool its entrepreneurial, scientific and political strengths in the area of Artificial Intelligence. The competitive gap behind the major technology group must be closed, data sovereignty created and the economic potential of the new key technology exploited to the full.

- There is a risk of Europe failing to catch up with international developments in new biotechnologies or losing touch with them again if they do catch up.

- New, large and globally successful companies are arising in almost all high innovation areas, particularly those of digitalisation and AI, with huge capital and market force that exceeds that of individual DAX companies. This trend has so far passed Germany by. Successful German and European start-ups in this field are increasingly financed by venture capital funds in the USA starting from a certain size. They therefore gradually become US-American companies – all the more so and faster, the more successful they are.

So far, it has been possible to compensate for the losses in all of these fields by growth in other, traditionally strong areas. For example, the German automotive industry has hugely extended its top position in recent decades. In the premium segment, some 80 per cent of cars sold are made by German companies worldwide. This process has at least meant that the number of industrial jobs in Germany could be maintained at a high level. All in all Germany currently has more jobs than ever before in its history.

It is precisely in areas of traditional strength that the sweeping consequences of innovation and digitalisation will become ever stronger. The hitherto lack of success in the future technologies mentioned will therefore become a direct risk to future long-term success in the traditionally strong areas. Our traditional strength in the core industrial areas can only be maintained if we are also strong in the new future areas.

The changes are moving quickly:

- **Based on scientific studies, we can assume that the number of jobs on the whole will increase rather than decrease but that a large number of existing jobs will be affected by the transformation.**

- **However, in view of the disruptive nature of many changes, the risk exists that new, innovative and future-viable jobs will not necessarily be created in countries and regions in which existing jobs are lost as a result of technological progress and increases in productivity.**

- **This leads to a risk for Germany and Europe of a considerable loss in value added if they are not successful in achieving a leading positon in the disruptive technologies.**

If the future viability and competitiveness of German industry is to be maintained in the long term, it must be possible to recognise and estimate global development lines in good time. Knowledge of current strength may not lead to blindness to coming changes. The Japanese Sony group celebrated its largest sales of music CDs at a time when the zenith of this sound carrier had already been reached and was soon to wane and the opportunity was then no longer seen to technologically heave the Walkman to iPod level.

We need an independent, comprehensive and ruthless analysis of the strengths and weaknesses of all economies in the European Union, including the German economy. The available studies are frequently incomplete or their assessment criteria opaque. We must know where we stand so that we can master the future together.

Other countries that count among our main competitors already reacted and repositioned some time ago. Examples of this, without the need to copy, are as follows in particular:

- In the **USA,** the technological development is primarily driven by large technology groups such as Apple, Amazon, Google, Microsoft and General Electric. Together, they invest three-digit billion sums in research and development for AI, digitalisation, autonomous driving and biotechnology. The previous US administration at least provided extensive support for this development. The current administration is at effort to revitalise and protect traditional industrial sectors such as steel, aluminium, automotive industry and agriculture with its 'America First' policy and to relocate lost shares in value added to the USA.

- The strengths of the **Japanese** economy include in particular AI, networked machines and robotics alongside the automotive industry. The Japanese group Softbank has set up an investment fund (Vision Fund) for network technologies (Artificial Intelligence, networked machines and robotics) which is to grow to USD 100 billion within a decade.

- A particularly successful country in terms of industrial policy is the **People's Republic of China** that decided its "Made in China 2025" Agenda in 2015 in which active industrial policy is intended to strengthen key technologies in ten sectors. These include information technology, high-end robotics, aerospace, maritime industry, electro-mobility, transport and railways, biopharmaceuticals and medical technology. In 2017 China announced that it sought to be the world leader in Artificial Intelligence by 2030. The Chinese state-owned group CMG decided in July 2018 to set up a technology fund worth 15 billion US dollars (China New Era Technology Fund) to invest in technology companies in China and also around the world. With the new Silk Road project, China is attempting to proactively secure sales markets and logistics. This strategy, that combines market economy principles with proactive and flanking policy, has so far proved most successful. Companies of international standing have emerged in China and entire industrial areas could become a technological monopoly of these companies in the coming years, with the result that functioning international competition would then no longer be possible.

It is evident from all of this that the challenges of the future were similarly recognised even considerably earlier in important countries with whom we compete and placed on the political agenda with far-reaching consequences also for Germany and Europe:

Industrial policy strategies are experiencing a renaissance in many parts of the world. Hardly a successful country exists that relies exclusively and without exception on market forces to manage the tasks at hand.

Strategies of rapid expansion quite evidently exist with the clear objective of conquering new markets for own economies and monopolising such wherever possible.

There are also trends towards sealing-off and protectionism, where it can already be seen that their success is doubtful.

Politics ignored the entirety of these developments for far too long. It is necessary to address them and to develop own concepts because our partner countries are also doing so at a political level and setting the path for the future.

A German and European policy that fails to consider the fundamental challenges of economic policy and leaves them unanswered would leave its own companies alone and weaken them in a difficult phase.

Ground-breaking innovations as game changer:

Innovation is a continuous process which has always existed and always will. However, “ground-breaking innovations” occur at lengthier intervals and have a fundamental impact on important or even all areas of an economy and its value added chains. Very frequently, these innovations are “disruptive”, i.e. they radically break with previous processes or technologies and replace them with new ones. They are an enormous challenge for any highly developed industrial country. Often they are also disruptive geographically and in terms of former market leaders and then lead to considerable distortions within a very short period of time.

Examples of this are the invention of the steam engine, the railway, the exploitation of electricity, the combustion engine and the automobile, the airplane, radio and TV, computer and internet.

Only those who have and command the new technologies can lastingly assert their position in competition.

The most important ground-breaking innovation today is digitalisation and in particular the rapid dissemination of Artificial Intelligence applications:

The development of a global **platform economy** at world market level is a logical and inevitable further development of market economy on a global scale in the age of the internet. It can increase availability and transparency of prices enormously and therefore contribute to the internationalisation of goods and services flows and to the development of more competition. Conversely, monopolisation by a few companies can also lead to less market.

The large internet platforms now have huge amounts of capital and data, are becoming the drivers of innovation in their turn and are changing value added chains throughout the world.

If a large economy is therefore to be successful on a sustainable basis it must participate appropriately in the value added by the platform economy. This has not so far been the case in Germany and Europe, representing a large risk of losing competitive positions also in other areas. The cards have not yet been dealt once and for all in the large and certainly relevant areas of mobility, healthcare sector and digital cloud learning (distance learning). However, many companies throughout the world are working on global leadership in these areas too.

The applications of **Artificial Intelligence** presumably represent the greatest ground-breaking innovation so far since the invention of the steam engine because they extend equally to all economic, industrial and service areas, to logistics and transport, to work, private and social life. Applications that are constantly optimised

and further developed through machine learning represent a new and additional acceleration of innovative processes. The decisive AI applications of the future include **autonomous driving** and **medical diagnostics**. Germany is still well positioned in the field of research but is distinctly lagging behind in practical applicability.

If the digital platform for autonomous driving with Artificial Intelligence were to come from the USA and the battery from Asia for the cars of the future, Germany and Europe would have lost over 50 per cent of value added in this area. The associated impact would extend far beyond the automotive industry itself. This problem therefore concerns not only the companies in the sector but all economic and state stakeholders equally.

The interlinking of machine and internet (**Industrie 4.0**) is a further extremely important game changer. The division that has so far been in place between the "real" world of (production) machines and the "virtual" world of the internet is increasingly disappearing. Machines are connected with other machines and people via the internet. The internet is accorded a new dimension; industrial production without the use of the internet is no longer conceivable from the point of view of economic efficiency. The question as to which side will take the lead with this fusion of machine and network is anything but clear; the change has only just begun.

Further game-changing technologies of the future will presumably be nanotechnology and biotechnology, new materials and lightweight construction technologies as well as the development of quantum computing.

Speed of innovation as a game changer:

Compared with earlier periods, the speed of innovation has increased enormously today. The possibilities of television, fax and mobile telephony were already known in principle at the beginning of the 20th century. Nevertheless, it took many decades until the technical development made implementation and commercialisation possible.

The speed of innovation – particularly in the relevant digital and future areas – has accelerated radically over the past 15 years. This means that the risk of losing touch with such developments grows. Companies and economies to which this applies will change from "rule-makers" to "rule-takers", and become the extended workbench of those countries that acted in good time.

The speed of innovation will increase drastically once again by linking main aspects of the digital revolution with traditional research and implementation.

The use of AI applications will contribute greatly to this. Decisions as to whether to enter into the innovation competition in a certain area must be taken in future far more quickly within a narrow time window, and are far less reversible than was the case in earlier innovation cycles.

Points of reference for a national industrial policy:

- The issue of **industrial and technological sovereignty and capacity** of our economy is the decisive challenge to maintaining the future viability of our country. Our economy must be able to withstand global competition in all main areas also in future, particularly where key technologies and ground-breaking innovations are concerned.

- The **share of industry assumed in gross value added** is a quantitative objective and is not solely sufficient as a point of reference. However, it is an important indicator as to whether the development is going in the right or wrong direction. An increase to **25 per cent** of gross value added is viewed to be expedient and possible in Germany. The task is considerably more difficult for the EU as a whole because the process of de-industrialisation is still in full swing in many countries. A trend reversal is in the German economic interest, however, because important momentum for all countries is to be expected from an industrial renaissance in Europe. Perspectively, the industrial share in the EU as a whole should therefore increase to **20 per cent** by 2030.

- **Maintaining closed value added chains** is highly important: if all parts of the value added chain exist in an economic area from the production of basic materials, through finishing and processing, to distribution, services, research and development, the individual links in the chain will be more resistant, and it becomes more probable that a competitive lead can be achieved or extended. This is why we need a holistic approach and analysis as to where former value added chains have already been broken or are endangered, as well as an agreement on suitable measures to prevent or reverse further erosion.

- We must **extend existing strengths** and at the same time launch a **catching-up process** in areas in which we are better than the others. Experience has shown that once "lost" to other competitors, industrial areas are very difficult to regain. This is why we must fight for every industrial job. It is misdirected to make the wrong distinction between "old and dirty" industries and "clean new ones".

- **Strengthening industrial small and medium-sized enterprises** is of central importance because it is here that the special strength of our country is to be found. Many such companies have "conquered" parts of the world market with highly specialised products and applications (hidden champions), have enormous technological expertise and are highly competitive. However, they are faced with huge challenges as a result of the rapid pace of innovation and in particular digitalisation because their special technological capabilities are frequently to be found in other areas. More than ever before, they need customised offers and support.

- **National and European champions: size matters!**

A question that increasingly arises from the emergence of a comprehensive global market in an increasing number of areas is that of the critical mass necessary for an industrial stakeholder to successfully participate in international competition or to be able to offer certain products and services. Large commercial aircraft are built by companies only from a certain size. The creation and modernisation of the railway system leads to large projects of USD 30 billion and more. Large internet platforms that are successful on the world market need enormous quantities of capital. The same can be said of plant construction, the international financial and banking sector and of many other tasks: they all call for large and strong stakeholders at eye level with competitors from the USA or China.

If a country lacks enterprises of a requisite critical mass to realise significant projects and assert itself in international competition against large competitors, this leads de facto to being shut out of an important and growing part of the global market.

It is therefore worrying that hardly any new enterprises of this magnitude have emerged in Germany for years and that instead former world leaders such as AEG or Grundig have long lost their position. Numerous large global market players have developed in the USA and in China, particularly in the area of telecommunication technologies, the internet and digitalisation. This has led to an enormous growth in value added for these countries in some areas.

German or European mergers which are useful and necessary with a view to the global market frequently fail due to the focus on national and regional markets in prevailing law. European and German competition law must be reviewed and changed where applicable so that international competition “at eye level” remains possible for German and European companies.

Existing champions such as Siemens, Thyssen-Krupp, automotive manufacturers or Deutsche Bank have existed for 100 years and longer in some cases and have since become established global players. Airbus is a large more recent success story but even its beginnings go back 50 years.

The long-term success and the survival of such enterprises is in the national political and economic interest because they make a substantial contribution to value added and in many cases are also co-responsible for the excellent image enjoyed by the German economy and industry throughout the world.

- Many companies try to improve their position on certain markets by **taking over enterprises** in other countries. Germany was and is an open country in which take-overs of this kind will be possible and desirable also in future because this is commensurate with our understanding of market economy.

The state prohibition of company take-overs by foreign competitors must be based on strict requirements in future too and may only happen if this is necessary to defend against risks to national security, including the area of critical infrastructures.

Where take-over attempts concern technology and innovation leadership rather than primarily following the state interest in security, it is above all a matter for the private German sector and its stakeholders to prevent such take-overs by suitable bids. In these cases, the state can provide encouragement and support.

Only in very important cases should the state be able to act as buyer of shares for a restricted period of time. All in all the stake held by the state may not increase in the long term, however, which is why the creation of a national **participation facility** comes into consideration with the requirement of reporting to Parliament on a regular basis about the extent of any participation. The taking-over of new stakes must in principle be balanced by the privatisation of others.

- Whether and the extent to which the state makes use of the options available to it in principle must be assessed and decided on in accordance with a **new economic principle of proportionality**:

    1. The smaller the economic significance of a process, the less the state may intervene in the economic process.

    2. The larger the economic significance of a process, the greater the room for manoeuvre for the state must be for active and activating involvement. Where challenges arise that are of existential importance to an economy, this can extend to the time-limited taking-over of shares and the granting of subsidies.

    3. In principle, every intervention is to be restricted to the extent that appears necessary and suitable to achieve the economic objective.

    4. In terms of the question of battery cell production of great importance to the value added chain, state assistance through to support in the formation of syndicates, for example, would appear to be useful and sufficient.

5. By contrast, with respect to the eminently important issues of platform economy, Artificial Intelligence and autonomous driving, a direct state involvement – as in the case of Airbus at the time - to achieve the objective would appear necessary and justified (AI-Airbus).

Principles of regulatory policy:

- **The framework conditions for industrial production** in Germany must be the subject of constant political review and improvement.

In recent decades these framework conditions have altered considerably in part through state intervention such as for reasons of environmental protection, climate protection, energy transition, and social policy. This has worsened the costs and therefore the competitive position compared with countries in which this is not the case.

Where the state compensates for interventions necessary for higher ranking political reasons in terms of their damaging effects on competition, this is not subsidising but restoring comparability in competition. This must be possible in line with EU law.

Areas where there is a need for action are, for example:

- Electricity and energy prices

- Level of corporate taxation

- Social security contribution ratio (must be guaranteed at below 40 per cent on a permanent basis)

- The state may never encroach upon **business** decisions of individual companies. Every company must be able to decide itself which strategy to follow and which investments to make. This is borne of a compelling unity of decision-making and responsibility. It is therefore a matter for every individual company to decide whether to invest in new technologies or not. Success and failure as the outcome of entrepreneurial activity must be equally possible if market economy is really to succeed.

- The state should also not intervene arbitrarily in the **competition** between individual companies, neither in national nor in international competition. Only in this way can the process of optimal resource allocation succeed, the better supplier win and the greatest value added be achieved for all.

- The principles of the market and of the comparative advantage (Ricardo) continue to apply unaltered. It is in the interests of all stakeholders to observe and assert them. They mean that the success of an individual economy is not to be to the detriment of another economy. Rather, all can grow and become stronger together if these principles are recognised and applied.

- Germany is therefore committed to the **principle of free and open international markets**, also in those cases in which this principle may disadvantage its own companies. We wish to reduce and abolish global customs duties and taxes, particularly for industrial products in all areas.

- We wish to strengthen and extend **multilateralism** because it is the best guarantee against protectionism of any kind and also makes a substantial contribution to creating economic and political stability.

- Free and open markets require **comparable framework conditions** for all market players and competitors (level playing field). They are not created automatically especially since some states do not play according to existing rules. In the interests of its economy, Germany must therefore work intensively on eliminating existing inequalities and disadvantages.

- If it is not possible to create a level playing field for the Global Social Market Economy in the foreseeable future, Germany and Europe must take action against distorted competition from other countries more actively than it has done in the past. Otherwise, there is a danger that efficient companies will be disadvantaged and ousted out by the interventions of other countries. This means:

    1. Reviewing and possibly reforming existing **law on subsidies and competition.**

    2. Facilitating time-limited **subsidies** in areas of innovation with highly innovative ground-breaking impact in which the achievement of competitiveness is in the interest of the economy as a whole.

    3. Taking a more effective stance against dumping and abuse of market-dominant positions.

    4. Facilitating company mergers in areas in which size is an absolute necessity for entrepreneurial success.

The European dimension:

In view of the great achievement of the European single market, German industrial policy must always also be European industrial policy. The following basically applies: those states belonging to the single market have common economic interests because higher value added in one of these states also benefits the economies of all other member states of the single market.

This is why the European Union also needs an industrial strategy which must build on the strategies of the most important EU industrial countries. Our aim must be to strengthen the industrial competitiveness of Europe as a whole. The process of de-industrialisation in many EU countries must be gradually stopped and reversed. This will only be successful if the EU member states commit jointly to this goal.

So far there has been much discussion and decision-making in the European Union and in the Eurozone about fiscal issues but far too little on fundamental issues of economic policy. There are several different council formations in which individual aspects of economic policy are discussed (Competitiveness Council, Trade Council, Telecommunication Council, Energy Council), but no centralised European instance that brings together, discusses and decides on all different aspects.

The European format of “Friends of Industry“ was a first step in the right direction. In addition to this non-binding exchange, the European Union needs a **“Council of Industrial Ministers“** in future by which the number of existing individual councils are not to be increased, however, but reduced.

Further procedure:

A convincing and successful development and implementation of an industrial strategy requires the interaction of all main stakeholders. They must jointly agree areas of focus and measures. This does not affect the overall responsibility of the state for the prosperity of its citizens.

This draft is therefore a first step. It does not claim to be complete or to enjoy undivided endorsement. In the coming weeks it will be the subject matter of intensive discussion with the relevant stakeholders from industry, the economic sector, trade unions and the academic world, and similarly with the political parties of the German Bundestag and the Laender.

The revised strategy is then to be agreed within the Federal Government and decided on by the Federal Cabinet.

Similarly, a road map with specific implementation steps where statutory amendments and other measures are necessary (e.g. competition law, participation facility).

On the basis of the National Strategy, the Federal Government will then commit to the rapid preparation and adoption of a corresponding EU industrial strategy and advocate an intensive dialogue on subjects of industrial policy in the remaining member states.

If the strategy is to be successful, it is important for a focused assessment of the actual development of industrial policy and appropriateness of the policy of the Federal Government to take place at regular intervals without involving a new, complicated and elaborate monitoring process. I propose the beginning of 2021 as a suitable starting date for this.