



**State of the Industry:
AEGIS Europe's Insights and
EU Policy Recommendations**

September 2023

Executive summary

This paper reflects on the European Union's ambition to achieve carbon neutrality by 2050 and become a global leader in green industries, while maintaining fiscal discipline and economic stability. However, the EU faces a difficult choice in balancing these objectives, as other major economies (such as the United States and China) are providing significant subsidies to win the clean tech global race, reshaping global economies.

Section A discusses the EU Single Market and its crucial role in international competitiveness, job creation and growth, as well as the current challenges to its well-functioning, namely the economic stagnation and de-industrialisation, the lack of skilled people and the energy crisis.

The graphs show that the industry's contribution to GDP has been declining constantly over the past decade, further exacerbated by industrial closures, bankruptcies, geopolitical issues and the energy crisis. For the first time in 10 years, the EU has a large trade deficit in 2022, mainly if compared to China, showing a record dependency on imports and a loss of competitiveness and opportunities for EU exporters.

Furthermore, a fast-widening welfare gap between the US and the EU has further strained EU growth since the financial crisis. Economic stagnation and de-industrialisation in the EU are among the main factors, while the service sector is not offsetting such loss.

On the other hand, while turnover and employment data may lead to thinking that the manufacturing sector is performing well, this is due to factors such as inflation and the curtailment in production due to high (energy) costs. Indeed, the energy crisis is European-wide and will only accelerate the disappearance of manufacturing in the EU.

Therefore, AEGIS Europe calls for a real European-wide industrial policy that relaunches the Single Market, maintains the centrality of manufacturing in Europe, and promotes jobs and innovation.

Section B illustrates AEGIS Europe's goals and general principles, revolving around ensuring political and regulatory recognition of the European industry as vital for the EU's progress, economic prosperity, and bloc-wide growth.

It further proposes some guiding lines and policy areas for discussion in achieving a predictable and successful industrial policy at EU level, one that preserves the EU industry's global competitiveness, sustains the existing industrial base and its resilience and strategic autonomy, and promotes an integrated and sustainable value chain approach for a successful green and digital transition.

A. How do we relaunch the Industry and the Single Market in a decarbonised and subsidised global economy?

The European Union stands at a critical juncture, poised to make pivotal decisions in both economic and climate policies ahead of the upcoming EU elections next year.

The European Union aims to achieve carbon neutrality by 2050 and establish itself as a global leader in green industries while maintaining fiscal discipline. However, as recently stated by the reputed French economist, Jean Pisani-Ferry, 'accomplishing these objectives simultaneously is impossible, and the bloc must decide what it is willing to sacrifice'.¹ This difficult choice has been triggered by the ability and speed by which other major economies are supporting their economies to win the clean tech global race. The mega fiscal support adopted in the US via the Inflation Reduction Act (IRA) is only one example of how the subsidies-driven race will reshape the international and regional economies. Another well-known example is China, though less positive, whose government subsidies have fuelled unfair competition and unlevelled the playing field around the world for decades now.

This paper highlights the need to prioritise revitalising the EU Single Market, based on the critical role of manufacturing in line with the EU's sustainability and strategic autonomy objectives, and the implications for employment and innovation. Additionally, it underscores the necessity of reviewing critical policies that empower industrial sectors to create/participate in more sustainable value chains.

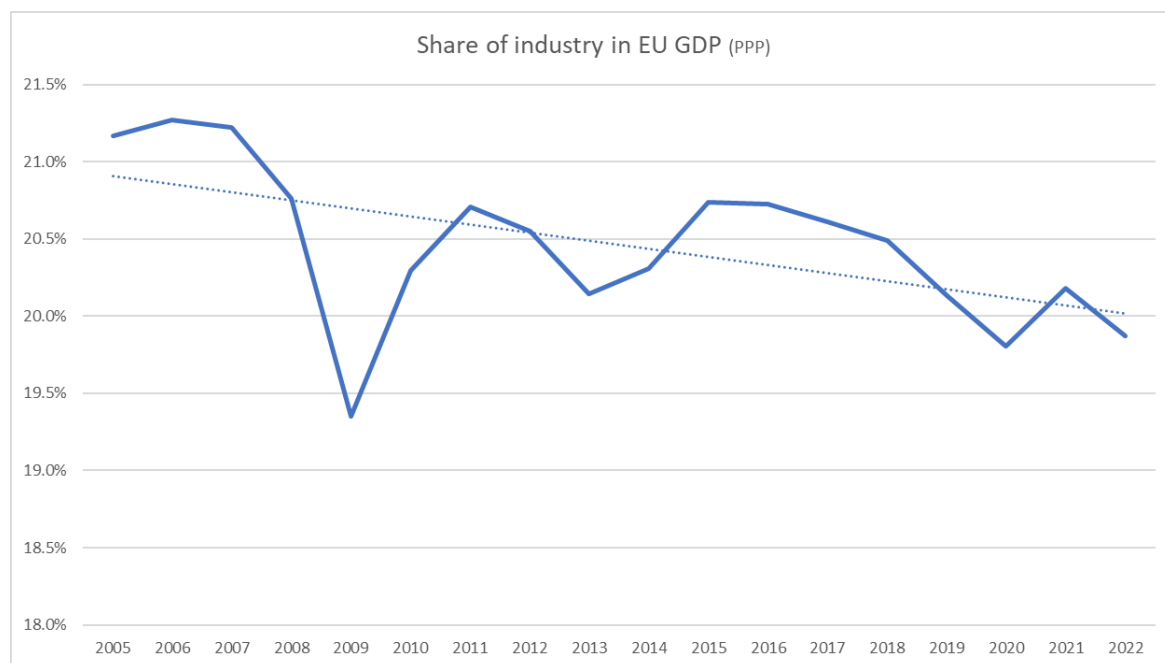
First, a well-functioning Single Market remains a fundamental precondition to compete internationally. With 30 years in operation, 500 million citizens and 26 million companies, the Single Market has helped to make everyday life easier for people and businesses, fuelling jobs and growth across the EU. It is undeniable that it is one of the EU's greatest achievements.

However, the Single Market has encountered significant challenges that have impacted various industries. Despite the economies of scale and the introduction of a single currency in most Member States, the GDP (Gross Domestic Product) of industry in the EU has been decreasing steadily. In the last years, the share of industry in the EU GDP went down from 21.3% in 2005 to 19.9% in 2022. The share of EU total value added went down from 22.6% to 20.6% during the first two decades of this millennium.² Industrial foreclosures and shutdowns, bankruptcies and insolvencies have permanently eliminated employment opportunities along with their corresponding areas of expertise. The invasion of Ukraine and

¹ Link to article 'Europe's Climate Quandary' by Jean Pisani-Ferry (1 June 2023) - [Europe's Climate Quandary by Jean Pisani-Ferry - Project Syndicate \(project-syndicate.org\)](https://www.project-syndicate.org/europe-s-climate-quandary-by-jean-pisani-ferry-2023-06)

² Eurostat Annual Review July 2023, p.46.

the energy crisis have accelerated partial curtailments and closures of fundamental industries in the EU, from metals to fertilisers. Based on our deep knowledge of the industry and our continuous dialogue with their representatives, we estimate that the share of industry in GDP this year will decline even further and should fluctuate around 19% in the best-case scenario.



Source: elaboration on UNECE data and Eurostat data.

Economic stagnation and de-industrialisation in the EU

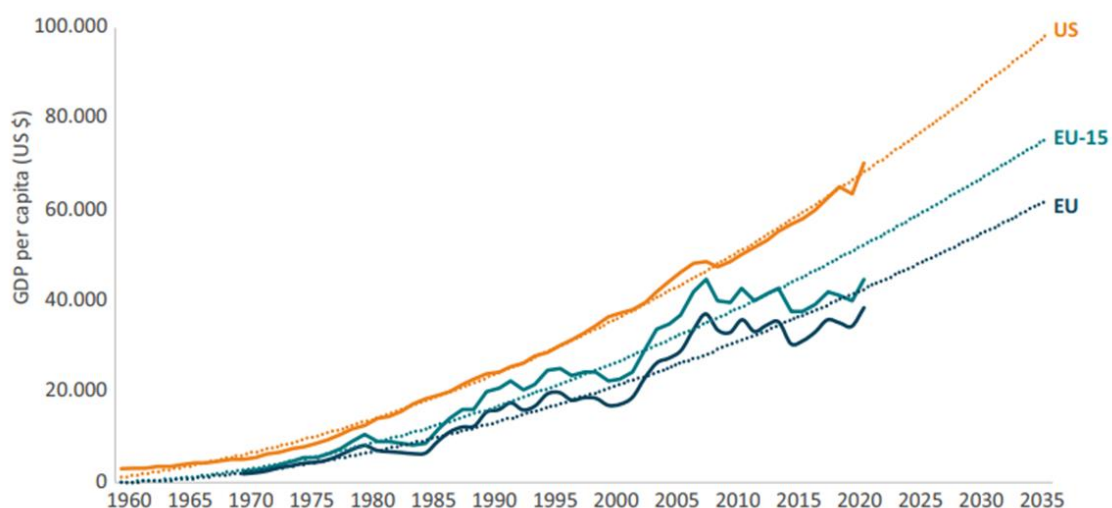
GDP per capita is a macroeconomic indicator for growth. This indicator has slowed down already since the financial crisis in the EU. The gap between the US is widening fast during the last decade: it is in the EU now almost one fourth lower than in the US. This is unprecedented.

The shift of economic activity to more services in the EU is not counterbalancing the loss in GDP per capita. The factor behind the stagnation is mainly caused by the productivity slowdown in manufacturing. In the US, the contribution to economic growth that comes from individuals, firms and markets adopting new technologies and business practices in our competitive and dynamic environment is much larger than in the EU³. The fact that in the past decade, the US domestic energy production has increased faster than at any other time in history⁴ also plays an important role in explaining the divergency with the EU, being in an energy crisis.

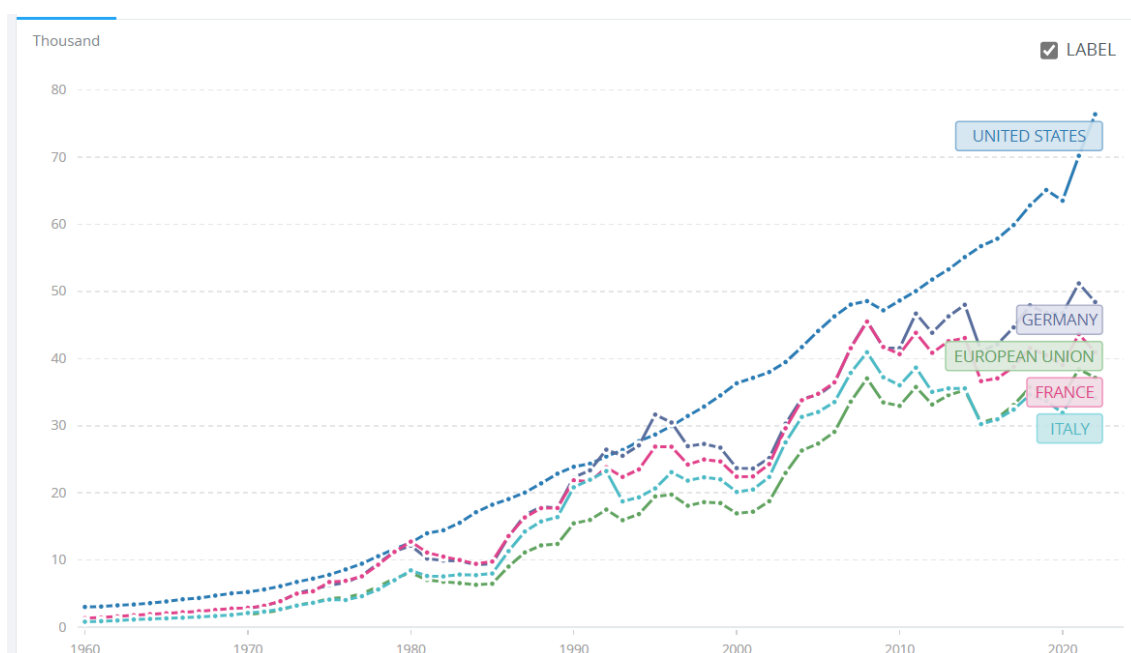
³ ECIPE: POLICY BRIEF – No. 07/2023, p.5.

⁴ The United States has been an annual net total energy exporter since 2019. Source EIA April 2023.

Widening gap of GDP per capita between EU and US.



Source: ECIPA July 2023



This chart from the World Bank (2022) shows clearly that the EU GDP per capita disconnected from the US GDP Per Capita in the late 2000s. France and Italy (2nd and 3rd largest Eurozone economies) followed this trend sharply. Germany resisted somewhat longer but with a strong sign of disconnection in the last years, too. Today, the US GDP Per Capita in US dollars is 76 398 vs. 34 158 in Italy, for example. In 2008, the US GDP Per Capita was 48 570 vs. 944 in Italy.

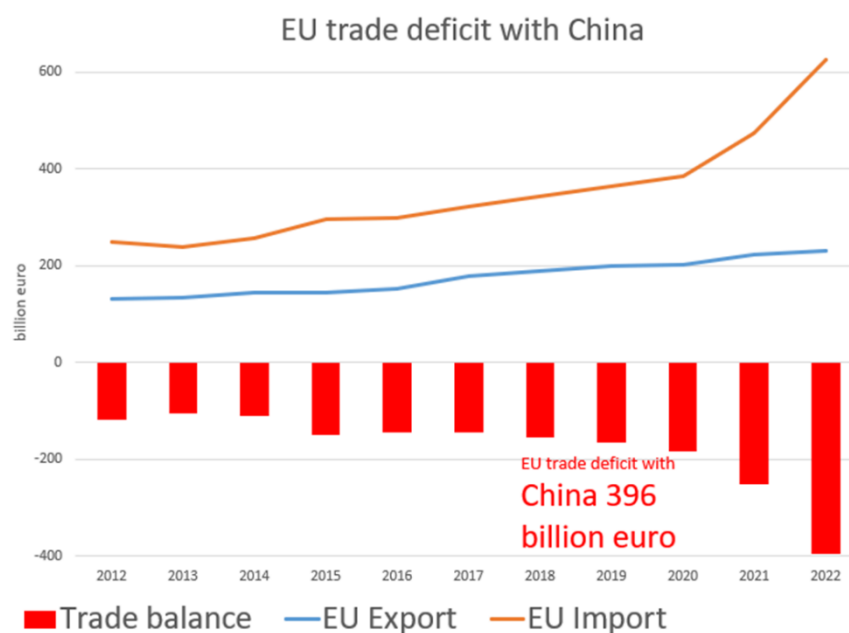
Globally, the EU is losing the race to maintain its welfare, and to keep a strong industrial basis.

In its July report, the European Commission published the trade balance for the year 2022⁵. It shows a large trade deficit, the first one in 10 years' time. Total imports overshoot largely the total exports, creating a trade deficit of 430 billion euros. This is a clear turning point showing an import dependency larger than ever before. The trend in EU exports is even more negative when looking at exports in quantity, considering that the effect of inflation often results in higher export values in 2022 compared to 2021, even if export quantities have fallen. Consequently, the real loss in competitiveness for EU exports is somehow hidden by the effect of inflation.



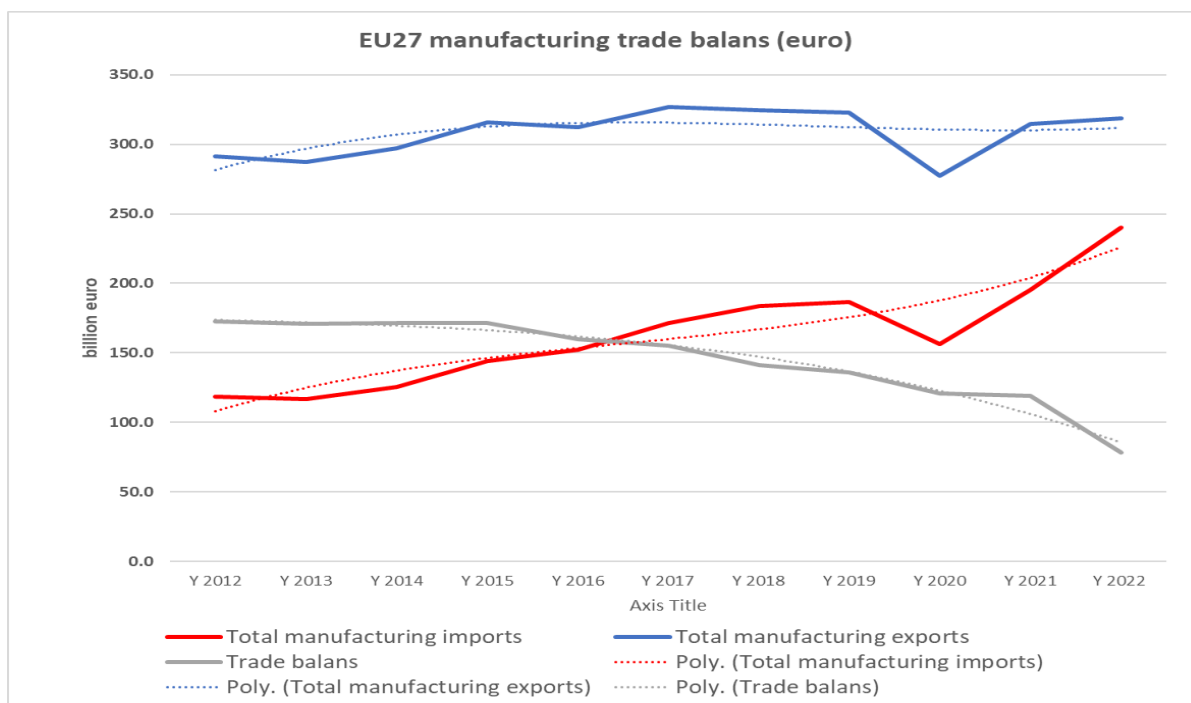
Source: Eurostat (online data code: ext_it_intratrd)

Around 92% of the total EU trade deficit is caused by China. After a steady structural growth of the trade deficit with China, the EU showed an exploding trade deficit of 396-billion-euro last year, showing an increased dependency on China.

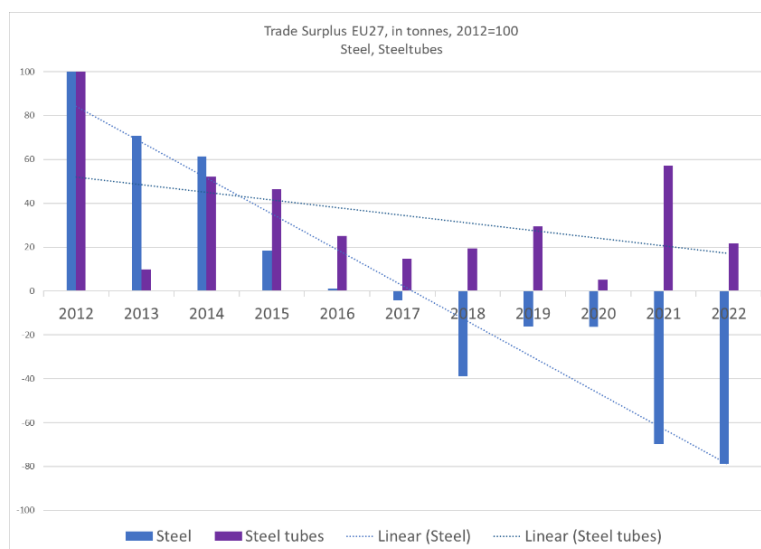


⁵ Eurostat annual review July 2023, p. 42.

When it comes to EU manufacturing⁶, the total trade balance is still positive, but the trade surplus has halved over the last decade. During the period from 2012 to 2015, the trade balance evolved relatively stable because exports and imports increased at a comparable pace. However, the overall trade surplus showed a constant decline over the past seven years, caused by a slight decline in exports and a strong increase in imports.

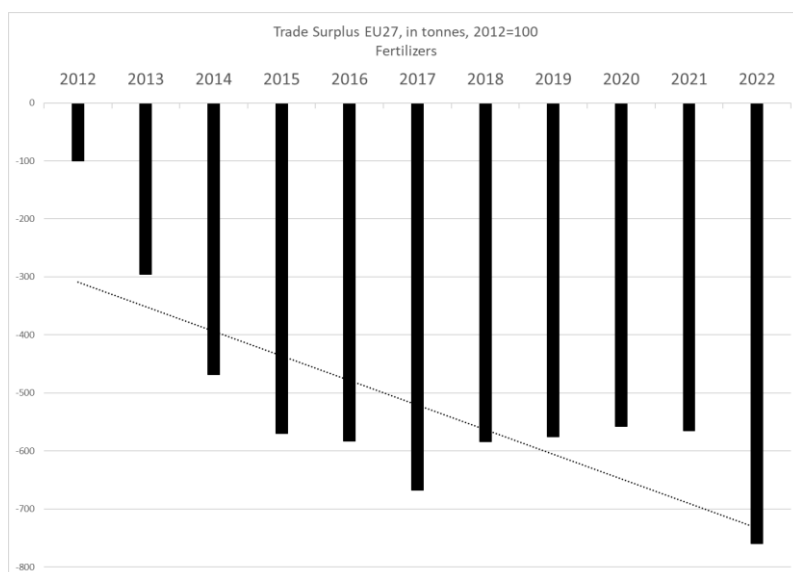
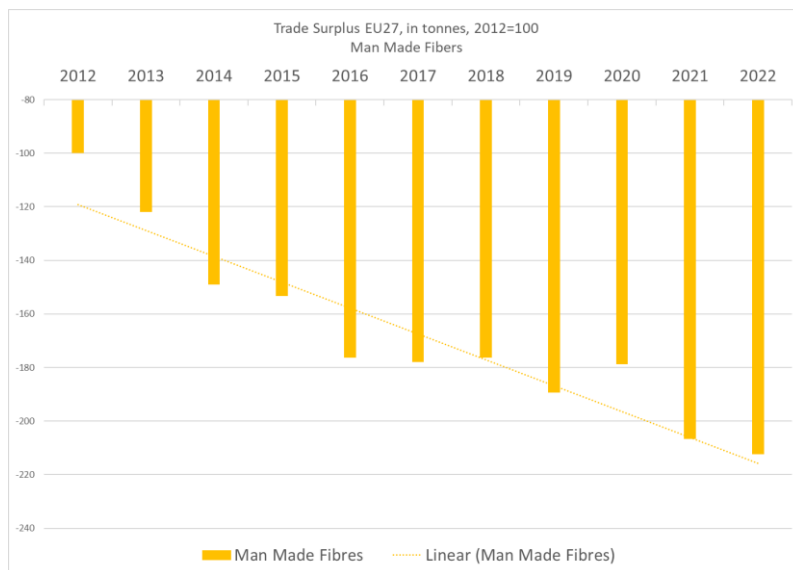
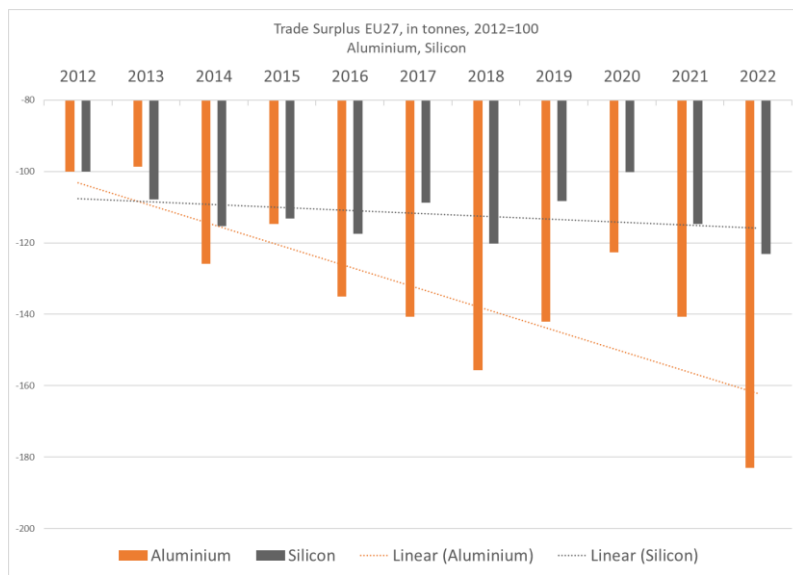


Looking into the trade balance per sector in the long run, sectors like for example, steel moved from a large surplus to a large deficit during the last decade. Also, the steel tubes saw its trade balance deteriorate.

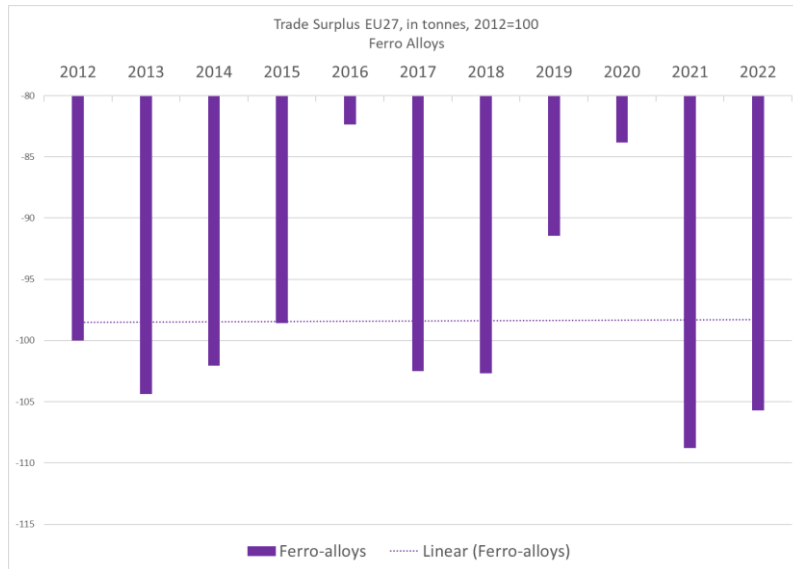


⁶ Elaboration on AEGIS Europe’s membership data and beyond: Aluminium, Ceramics, fertilizers, ferro-alloys, glass bottles, man-made fibres, pulp & paper, silicon, steel, steel tubes. Furthermore, without proper trade defence measures in place against China like in many of these sectors, the trade balance would have been negative for a long time. On top adding trade data of vehicles and chemicals will most likely not change the patterns of the most recent period.

Sectors like aluminium, silicon, man-made fibers and fertilisers moved from a large deficit to an even larger one.

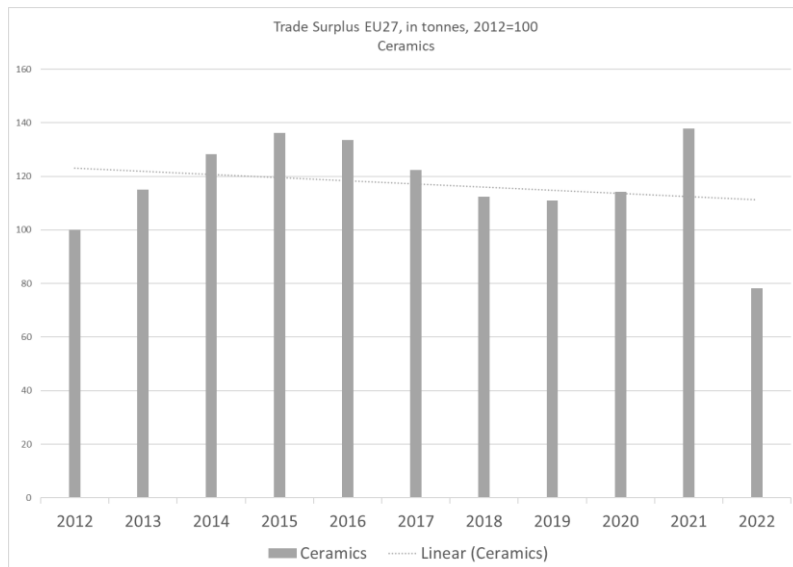


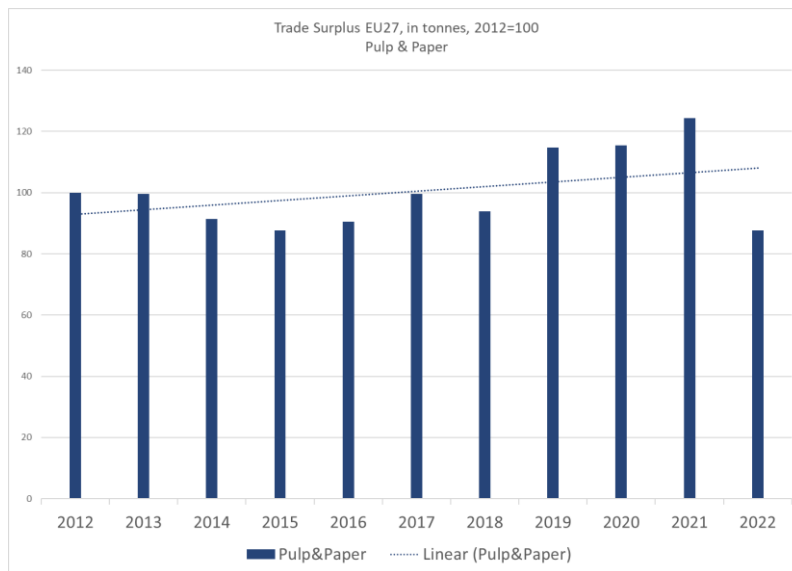
The situation of the EU Ferro alloy production was quite volatile last decade, but the 2 last years the trade balance deficit increased a lot.



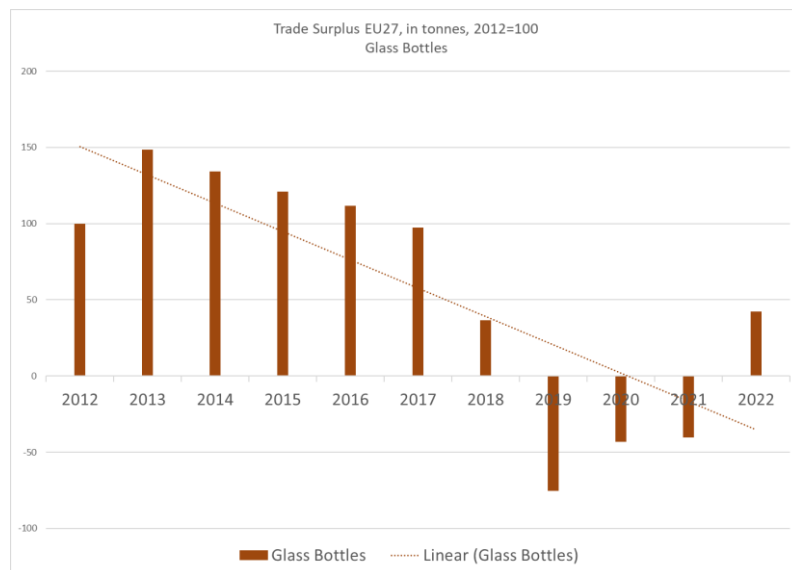
In sectors like railway equipment, the share of the surplus has shrunk. The recovery year 2021 after Covid was an outlier. Structurally, the trade surplus in this sector tends to diminish continuously.

Only a few sectors, like pulp and paper and ceramics, maintain a positive trade balance, but the situation is deteriorating quickly in the last quarters.





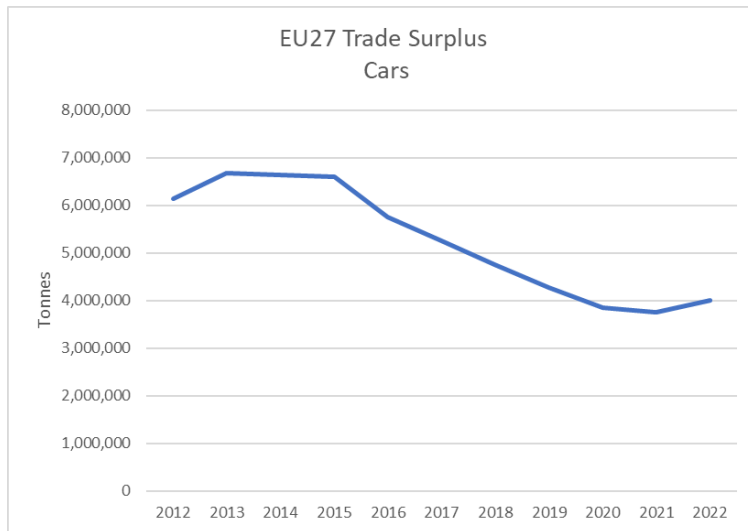
For glass bottles, the year 2022 shows a positive trade balance, but the long-term trend shows a change from a surplus to a deficit.



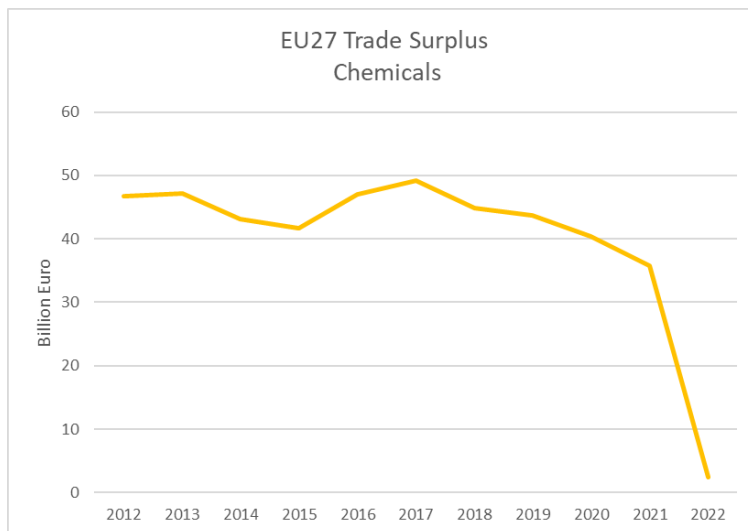
Most of the above sectors have some trade measures in place for certain of their products to restore the level playing field. A lot of these measures appear to be insufficient to preserve competitiveness. And without measures these sectors would have lost most of their production in the EU already before.

Two large sectors were for a long-time strong holder in EU exports: the automotive and chemical sectors. EU-based car production has struggled in the last years with several crisis, such as the distortion in the supply chain of semi-conductors, Diesel Gate or a soft demand due to the COVID crisis. The EU27 trade surplus in cars has been declining fast during the last seven years. And the presence of fast-increasing imports of Chinese ELVs will even accelerate this trend⁷.

⁷ Politico mentioned on June 15th that the European Commission would consider an anti-dumping investigation on imports of Chinese ELV's.



Another sector losing its competitiveness rapidly is the chemical sector. After a peak in 2017, the trade surplus declined steadily, followed by a real collapse last year due to the energy crisis. The value of imports of chemicals in EU grows much faster than before.

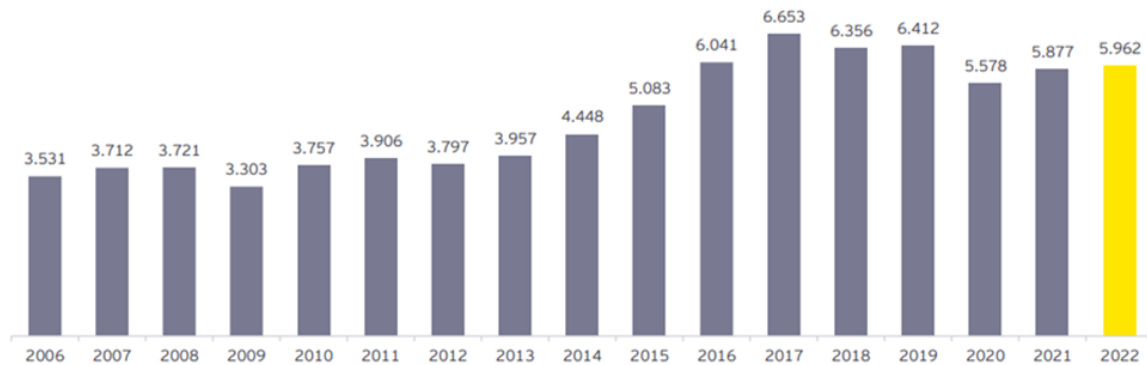


In general, one can state that EU-based production facilities have been falling behind in competitiveness over the last decade. Export opportunities are lost, and imports grow fast and create even more dependencies. Radical improvements are needed, especially in energy supply, to improve competitiveness and ensure sustainable growth potential for industry in Europe.

Foreign direct investments (FDI) reflect the attractiveness of the EU economy. The outlook is subdued: the FDI level in the EU is currently around 10% lower than the peak year 2017⁸. The number of announced projects increased by 1% in '22 but stayed 7% lower than the pre-Covid levels. In Germany, the largest economic engine of the EU, the number of investment projects carried out by foreign companies decreased in 2022 for the fifth year in a row. The hope that the level of FDI would fully recover after the covid crisis seems idle. Certainly, because a lot of investment decisions were postponed during the health crisis, and a large

⁸ Ernst&Young: European Investments Monitor May 2023, p. 3 and further.

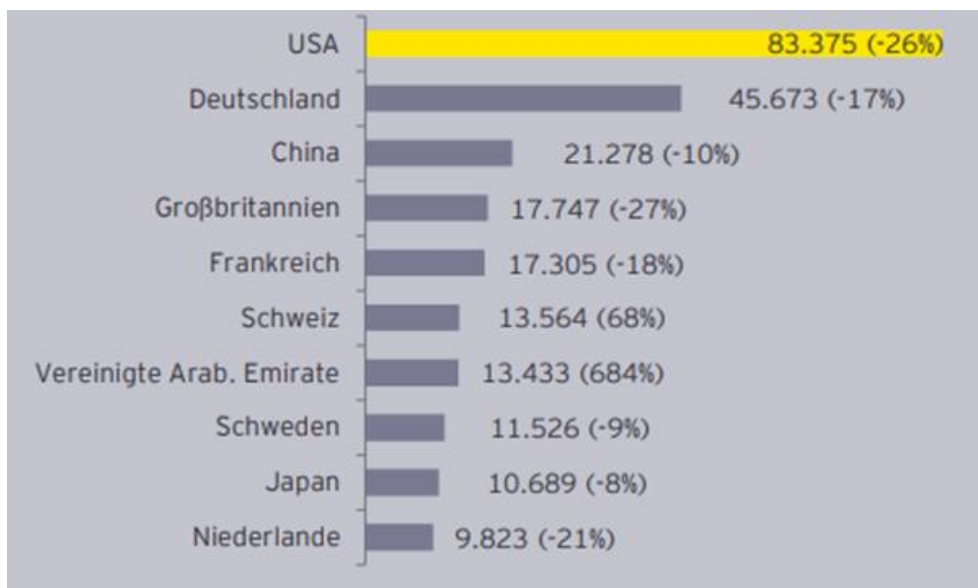
shrunk of investment plans appears to be abandoned. Otherwise, the level in the period 2021-2022 should have overshoot largely the pre covid level.



Foreign direct investments in EU.

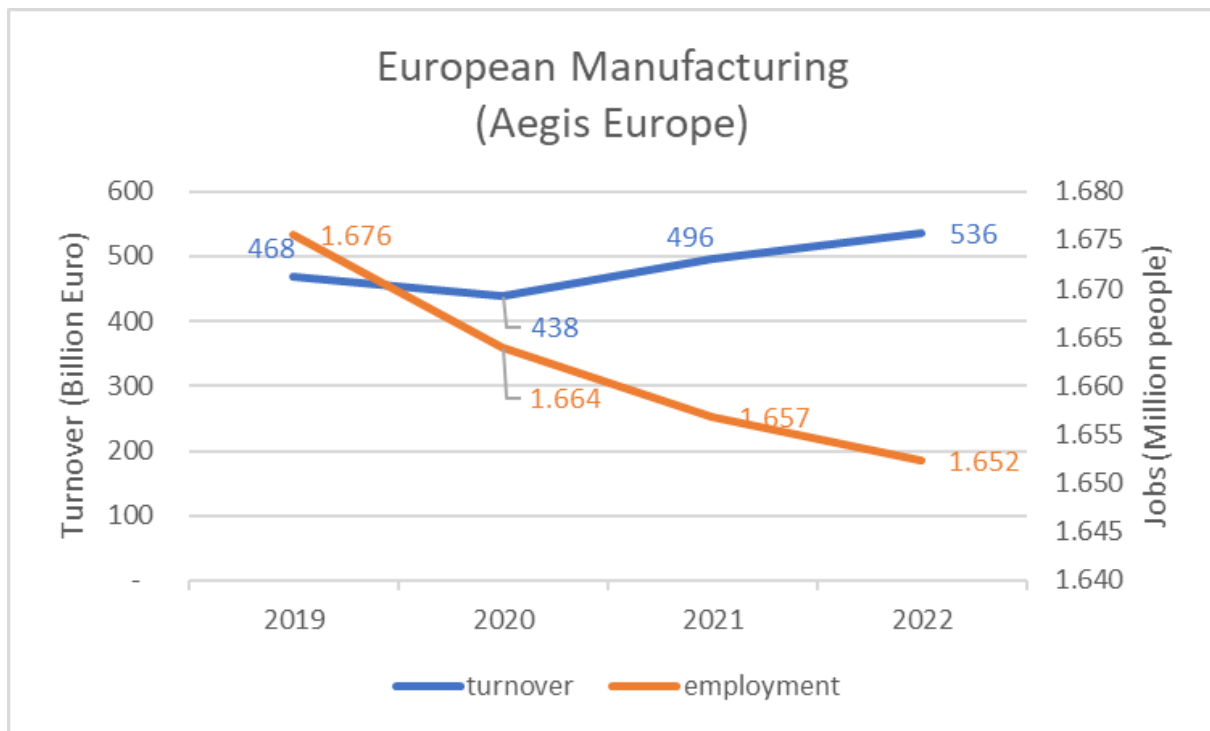
Source: E&Y May 2023.

More investment projects do not automatically mean more new jobs: although US, German and British Companies have announced more projects in 2022 after the recovery year 2021, the number of jobs in announcements declined: 16% less job creation is expected in the EU than before.



Foreign direct investments in EU: number of new jobs in 2022 compared to 2021.

Source: E&Y May 2023.



The turnover of AEGIS Europe members generally increased last year because of the price inflation. Employment data, however are on the decline because curtailment in production due to the high-cost levels take place. Around 25.000 jobs in manufacturing were lost between the pre-Covid period and now. More jobs could have been lost as many sectors have kept workers on board despite lower production rates because of the lack of skilled persons on the market.

Lack of skilled people

The problem of skills and re-skilling in an evolving economic world has been deeply commented. In order to avoid this issue, certain measures⁹ can be enforced to:

- Ensure access to training for all at sectoral/regional level (e.g., local skills observatories) and at company level (e.g. strategic skills planning, including career guidance)
- High-quality training leading to qualifications that are validated (quality assurance) and recognised (a qualifications framework comparable between Member States)
- Make significant public and private investments in vocational education and training
- Fully involve trade union in all skills initiatives/strategies developed at company, local, sectoral and national levels.

The industry has also had difficulties finding and attracting the right workforce in Europe. The Single Market is not a guarantee of adequate distribution of skills across Europe and Europe is becoming less competitive to attract talents compared to other regions of the world. While innovation starts in the manufacturing facilities, access to capital and de-

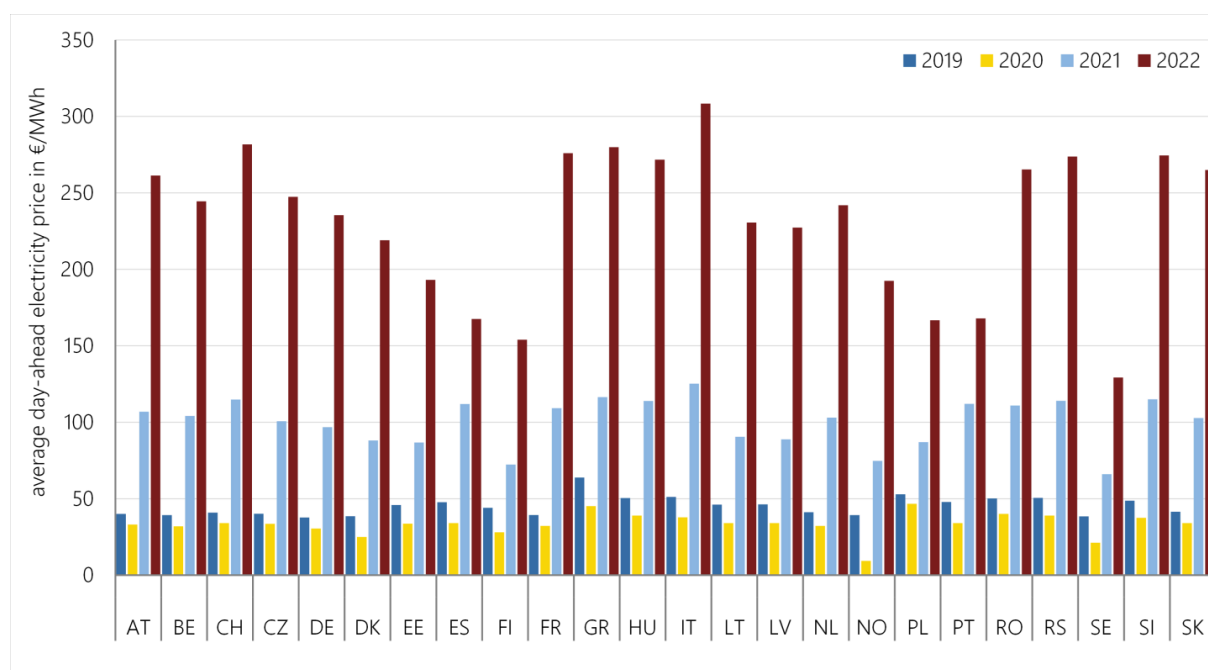
⁹ Extracted from the [IndustriAll position paper](#) on training in the context of the European Year of Skills.

risking opportunities for innovation projects are being dwarfed by other major economies. The US, Canada and China are offering massive retention programmes to attract innovation and technology development partners. The regulatory costs on industrial sectors and the lack of a level-playing field with international competitors, further contributes to the decrease of the competitiveness of the European industry and its attractiveness towards prospective skilled labour.

Energy crisis, high energy costs & access to clean energy sources

Furthermore, the Single Market is struggling to protect industries and production capacities against external shocks in the international economy. While average European day-ahead electricity prices in 2022 were around 235 €/MWh, price volatility in 2022 was on average, six times higher than in 2020 and more than doubled compared to 2021.

Undoubtedly, the energy crisis has massively hit the European economy and hence triggered a political reaction to contain the impacts on vulnerable households and, partially, industrial consumers. Urgent mechanisms have been applied differently and both wholesale electricity and gas prices were far from convergence (see chart below) with peaks that the continent never experienced before.



Source: ENTSO-E

The Single Market and the governance of a patchy industrial policy in the EU did not lead to a solid response to the ongoing energy crisis but to consistent fragmentation and multiple solutions at all levels. The Iberian cap proposed by the Spanish government, the German idea to introduce a regulated tariff for industries and the divergent subsidisation of energy bills for households have shown the discrepancies around the bloc. This divergence has created more tension in the common market and relying only on state aid can push the frictions to unexpected levels.

The threat of further industry curtailments and site re-location to the US or China in the last ten months has triggered the adoption of a new legislative act: the Net Zero Industry Act (NZIA), whose scope should be further expanded to other sectors essential for the green transition. Such a proposal has opened the debate around how those industries that provide clean technologies will be supported to create a more robust and predictable manufacturing future in the EU. The debate regarding the Critical Raw Materials Act (CRMA) is of equal importance since the EU will need massive amounts of strategic raw materials in the coming years to meet the requirements of the twin transition while preserving Europe's strategic autonomy.

While these legislations represent an opportunity, the scope, the financial arm and the overall architecture of the legislative and policy frameworks will require a more ambitious and sophisticated reflection. In other words, we strongly believe that the EU needs an efficient and holistic industrial policy to ensure a viable future for our industrial value chains.

The task will not be easy, but we suggest looking into all the policy, regulatory and financial areas that can steer the future of industrial policy. Public and private funding and unlocking existing EU funding will also have a fundamental role to play in the future.

The opportunity is also linked to a new political cycle that will start next year with the European elections. A new European leadership will have to assess the state of the Union's policies, including all the recent Regulation that was adopted between 2019–2024, and consider new pathways to make Europe's more competitive, resilient, and sustainable.

We believe that this policy exercise will need to be accompanied by updated data reflecting the performance and integrity of the industry within the EU Single Market and how specific industrial sectors are evolving with clear KPIs and goals in the next decades: 2030, 2040 and 2050. Such a process can mirror the architecture of the National Energy and Climate Plans with a constructive monitoring of the European Commission and other institutions.

This paper hopefully represents the starting point of such an important and strategic reflection for the future economic and societal reality of the Union.

B. Framework conditions for a robust Industrial Policy in the EU

The main goal that AEGIS Europe pursues is to ensure the political and regulatory recognition of the entire European industry as a vital component of EU's future progress, economic prosperity, and growth of the bloc. Such a goal will encompass the introduction of a comprehensive strategic plan with mandatory targets for the EU and all Member States as well as a comprehensive indicative timeframe for those. Another primary goal will be to discuss and collect relevant data about industry and its role in the EU's economy as a whole. Evidence will be fundamental in proposing policy and financial options.

A successful industrial policy vision will need to be driven by the following principles:

- Preserve EU industry's global competitiveness and production capacities through a true level playing field within and beyond the EU Single Market while supporting EU's climate goals
- Sustain the existing EU industrial base and facilitate its expansion through an integrated and sustainable value chain approach, with the introduction of new goals of resilience and strategic autonomy and implementation of dedicated measures
- Promote an integrated and sustainable value chain approach to strengthen and achieve a successful green and digital transition

How to get there? Areas and Policy Pathways to Achieve Our Goals

This section illustrates the different areas for discussion in achieving a predictable and successful industrial policy at EU level. That implies supporting regulatory predictability (long-term thinking with clear goals, which in turn will give investors trust and security to maintain their assets in Europe) and overarching policy consistency that works in a positive synergy with one another. In other words, policies need to move away from silo thinking and hence be designed coherently, avoiding contradictory designs and goals.

AEGIS Europe recommends to open-up a debate around the following recommendations in the different policy areas:

1. Single Market and Industrial Policy

- Introduce a new binding target for industrial production in the EU that entails the entire economy – similar to energy and climate packages 2020/2030 – this may include KPIs in the next years 2025, 2030, 2035, 2040 etc¹⁰.

¹⁰ In 2012 Antonio Tajani, European commissioner for industry at that time, announced the Commission's goal to raise industrial activity by 4 percent points in the share of the EU gross domestic product by 2020, taking it back up to pre-crisis levels. A same kind of ambition is more needed than ever.

- Include targets in a masterplan with important innovative elements including fiscal policy and better coordination of national taxes and Regulation including a more impactful European Semester that goes hand in hand with common EU objectives
- Introduce EU Regulatory brakes should the EU be impacted by external crisis or shocks (e.g. health crisis, financial crisis, war)
- Complete the NZIA through the introduction of clear definition of value chains including all materials, subcomponents, and downstream sectors critical and strategic for the decarbonisation of the EU's economy
- Promote the CRMA as a pillar of an industrial strategy for European raw material sectors and related value chains
- Ensure complementarity between the CRMA and NZIA for a fast and successful deployment of net-zero technologies
- Enhance Europe's strategic autonomy on raw and constituent materials for strategic applications and reduce dependency on unpredictable, unreliable and unsustainable trade partners by scaling up European mining & processing
- Strengthen EU funding sources into a more strategic support in critical industries for economic purposes
- Adopt policies that favour EU content in critical sectors and their value chains
- Promote a high ambition for self-sufficiency for raw materials and their processing for strategic applications. To that extent it is important to promote and boost both primary and recycling production in Europe
- Continue the establishment of raw material partnership with like-minded trade partners (e.g. such as US, Canada, Norway etc.)
- Define a plan for industrial renaissance around the need for Europe to produce industrial goods to be economically resilient and autonomous in strategic sectors including for the energy production, security and defence, etc.

2. Energy Policy and Regulation – ensure security of supply and access to affordable low carbon electricity, gas and fuels needed for industrial production

- Elaborate national plans for energy intensives with key targets to access respecting energy mixes across Europe
- The industry needs energy prices which allow manufacturing companies to stay competitive
- Ensure access to secure, low carbon energy sources at reasonable and competitive prices
- Improve demand response incentives for those industries that can help with flexibility
- Secure easy access to PPAs, including for SMEs, in all regions in Europe
- Secure energy infrastructure investment for key industrial sites
- Secure the necessary financial support for industries contributing to the energy transition, and EU security and defence policy in line with ASAP programme unveiled by the EC president

- Funding and support schemes for both CAPEX and OPEX to boost reduction of carbon emissions, in particular EU funding, state aids, tax incentives and carbon contracts for difference. Application processes for such schemes should be simple and predictable.

3. Climate Policy and Regulation

- Introduce an industrial chapter in the 2040 EU climate targets in order to better assess the impact of the climate policies on economy and industry
- Enforcing a robust CBAM that helps the industry remain competitive means a workable and defensible export solution at the WTO level and firm application of the anti-circumvention rules are needed. This must be reflected in the review report to be submitted by the European Commission by the end of 2025, which should assess the extension to other sectors based on a proper evaluation while acknowledging CBAM cannot work for all ETS sectors
- Integrate CBAM impacts into a competitiveness report in which production and exports are constantly evaluated before the full system comes into effect. It is imperative that all loopholes in CBAM are closed before 2026, and importers must be made subject to the same requirements for Monitoring, Reporting and Verification as the EU industry
- Enforce complementary measures to address the risk of carbon leakage resulting from the EU ETS for the sectors where the CBAM cannot be a suitable solution
- Promote international platforms where sustainable materials production and national carbon pricing measures can be discussed and compared
- Make a thorough assessment of the entire Fit for 55 and its impacts on competitiveness taking key assumptions
- Strengthen EU funding sources into a more strategic support in critical industries for economic purposes linked to the green transition & ensuring that application processes to receive funding are simple and predictable
- Introduction of Carbon Contracts for Difference (CCfD) as an instrument to boost the transformation of the EU industry
- Allow the companies to reinvest the carbon costs into decarbonisation projects contributing to concrete reductions of CO₂ emissions
- Indirect cost compensation must be broadened to include all the energy-intensive sectors with a potential for electrification in decarbonising their production processes and it should remain in place as the main carbon leakage protection instrument for scope 2 emissions until the EU power system has been de-carbonised
- Continue providing carbon leakage protection to all beneficiary industries as a moratorium
- Scale up green public procurement commitments and increase transparency on standards, to help create markets with meaningful demand for low-carbon products
- The EU-ETS must recognise the role of Carbon Capture Storage (CCS) and Direct Air Capture with Carbon Storage (DACCS).

4. Trade Policy – anticipating post-war scenarios and trade flow dynamics will be essential

- Ensure a level playing field with third countries through much more robust and faster enforcement of existing trade defence mechanisms and the introduction of new measures and instruments
- When trade defence measures are in place, conduct effective custom controls of imports to prevent circumvention
- Ensure reciprocity in market access and, investment possibilities (including in the context of the FDI Regulation revision), and market diversification through high-standard Free Trade Agreements with enforceable provisions and similar environmental and social standards, and the introduction of mirror clauses for industrial goods
- Address challenges related to enforcement of ongoing FTAs that do not deliver for EU businesses, for instance through the appointed European's Commission Chief Trade Enforcement Officer (e.g. Japan and South Korea constraints on public procurement)
- Enforce more stringent rules of origin that promote the development of industrial value chains within the parties of the agreement, avoiding misuse through imports from third countries
- Revise the EU trade policy approach to close the gap and level the playing field with third countries by implementing stringent sustainability and labour-related standards in Free Trade Agreements
- Make use of the new autonomous trade tools like the International Procurement Instrument and the Foreign Subsidies Regulation to tackle market access issues and unfair competition in the EU market. However, these tools need to pass the "practice test" for the benefit of the EU industry and balance effectiveness and administrative burden
- Open up to new approaches until the WTO is reformed and agrees and impose stronger industrial subsidies discipline and tackle overcapacities
- Setting up a European Export Credit Facility and a robust and comprehensive EU strategy on Export Credits to support industrial players and SMEs abroad in view of the massive competition in financing
- Trade defence in times of crisis should allow for the more active use of the existing Safeguard instrument. This does not require legislative change. However, the Union has been reluctant to use the Safeguard instrument.¹¹ As an alternative, a new 'emergency break' instrument should be developed on similar lines to the Safeguard instrument but allowing for the peculiar circumstances of the crisis – economic or political or military. An emergency break instrument can be based on GATT Article XXI (Security) and the empirical experiences of recent major crisis situations, i.e. the

¹¹ This is, in part, because Safeguards have often been found to be incompatible with WTO in dispute settlement. However recent WTO case law shows a greater openness to the use of Safeguards.

financial crisis 2008/2009, the COVID-19 in 2020 and the Ukraine War in 2022 and the associated energy crisis.

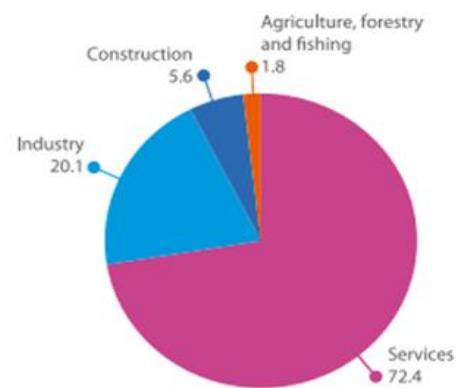
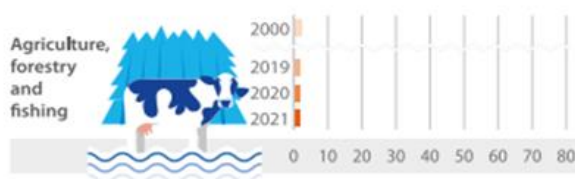
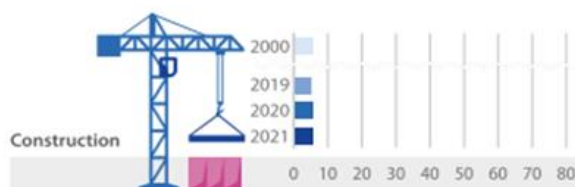
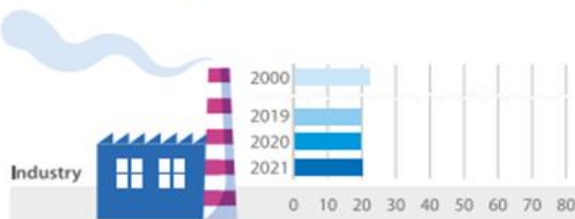
- Introduce a new framework for state aid for competitiveness linked to strategic industries for the EU – this may replace the existing temporary frameworks. This framework should facilitate and accelerate access to funds.
- Public procurement rules should be further enforced and, in the future, revised to ensure a more competitive industrial policy in which Europe will not offer more opportunities to companies from third countries that are closing competition to EU companies abroad in tender processes (i.e. rail sector). This should include the systematic use of the Most Economic Advantageous Tender (MEAT) principle understood as Best-Price Quality Ratio (BPQR) and of EU localisation requirements by contracting authorities when EU funds are involved.

Annex: Eurostat Annual Review July 2023

Business

Developments for the sectoral structure of value added

(%, share of total value added, EU, 2000 and 2019–2021)



Between 2000 and 2020, the share of EU total value added that was generated within the services sector rose from 69.2 % to 73.1 %, mainly due to increases in the output of professional, scientific and technical activities. By contrast, the relative share of some other parts of the EU economy contracted between 2000 and 2020: industry's share went down from 22.6 % to 19.5 %, while the share of agriculture, forestry and fishing fell from 2.5 % to 1.8 % and that of construction from 5.7 % to 5.5 %.

The share of services within the EU's total value added decreased between 2020 and 2021, falling from 73.1 % to 72.4 %; at least some of this contraction may be explained by the COVID-19 crisis. While most activities in the business economy rebounded strongly in 2021, the pandemic had a disproportionate impact on several service activities.