



REX SECTION WEBINAR

21/02/2022 | 10:30 – 12:30

ONLINE EVENT



Event highlights

On 21 February 2022, the EESC Follow-up Committee on International Trade organised a **roundtable on Supply chains and the case of reshoring** to steer debates and confront ideas ahead of a major conference on the EU industrial policy taking place on 4 March 2022. The event focused on themes such as the motivations for strengthening supply chain resilience and what we understand under it, the content and the gaps of the EU toolbox, including reshoring, challenges faced as well as the future outlook.

Scene-setter by Moderator Marianne Schneider-Petsinger, Senior Research Fellow in the US and the Americas Programme at [Chatham House](#)



- The **COVID-19 exposed and enhanced EU supply chains' vulnerabilities** and prompted companies to shift from “just-in-time” to “just-in-case” and in some cases “just-at-home”. Despite supply chains holding up rather resiliently, trade flows remain disrupted, notably due to bottlenecks related to critical raw materials but also semiconductor shortages.
- The focus is shifting from reinforcing the efficiency of supply chains to strengthening their resilience, but without a common understanding of what this means. One thing is however clear, **beyond being agile, supply chains need to be sustainable**.
- Most developments will happen at firm level so there is an opportunity for **greater public-private cooperation**.

Sofia Bournou, Senior Adviser, [BusinessEurope](#)



- We must **give companies the right conditions** for them to weigh between the cost, benefits, risks and opportunities, to finally make the right decision when it comes to reshoring, near-shoring and diversification.
- A **multidisciplinary and coordinated approach, bringing together the EU's trade, industrial, environmental and digital policies and instruments**, should be promoted. We recommend the abolition of export restrictions adopted due to COVID-19, the harmonisation of travel rules, the promotion of digital solutions to bring down costs for businesses, including in customs and the promotion of regulatory cooperation with like-minded partners.
- So far, data collected did not show a high rate of reshoring. Companies were carefully considering their carbon footprint and sustainability was a strategic tool.



Benjamin Denis, Senior Policy Advisor, [industriAll Europe](#)

- The EU message of **reinforcing a strategic autonomy provided an answer to the wide range of profound historical and systemic dependencies** (in 2021, the EU had listed 137 strategic products at risk). Current dependencies also result of a series of policy choices and company supply strategies. Building the structural conditions for a strategic autonomy would take time, money and a variety of tools. See the example of developing an EU semi-conductor industry.
- In terms of strategic autonomy, **developing domestic decarbonised energy** must be the priority for the EU.
- **Reshoring is not always the best option** to enhance strategic autonomy and supply diversification and circular economy are also to be considered. It can also be challenging for some sectors like extractive industries and the related refinery activities, given the scarce raw materials in the EU, and one needs to consider the societal issues as well.
- **Mandatory due diligence legislation** is an important tool to monitor and control supply chains.
- Trade benefits and sustains around 40 million EU workers. Sustainable corporate management must thus build on **social dialogue to manage structural change**



Nick Meynen, Senior Policy Officer for Systemic Change, [European Environmental Bureau](#)

- There are no jobs on a dead planet. Any transition needs to be 'just'. If a dirty sector needs to shrink (e.g.. coal or meat), then all workers need to be 'bailed out' properly.
- **Instead of shifting problems, we need to start solving them, and quite urgently.** Resilience is not about changing drug dealer (e.g. swapping Putin's gas for Biden's gas); it's about committing to rehab. We cannot go back to pre-COVID ambitions. The old 'normal' was burning out people and the planet.
- **Not every sector should be reshored:** the EU does not need to make its own clothes or coffee, but it needs stronger actions and standards to raise the bar of sustainable production globally. EU citizens are not ready for "dirty" industries like uranium or fossil fuel mining to be reshored so we need to be bolder on the sustainable alternatives that we have here in Europe.
- **The solution will not come from companies alone,** but any public drive will have to rely on a clear democratic mandate for intervention. Some solutions are also stemming from workers like in the UK where miners are asking for training in renewable energies. Stepping away from the Energy Charter Treaty would also make a substantial difference, to unchain the locks that keep European governments from intervening in the energy market.

During a **rich interactive debate**, participants raised the following issues:

- the need for democratic decisions about the framework for change and just transition;
- how reshoring would feature in the ongoing reorganisation of global chains;
- the meaning of sustainable corporate governance for more strategic company decision making;
- the call on business, and the wider civil society, to become climate specialists;
- the role of regional trade agreements in reducing dependencies;
- how trade measures and agreements can mitigate in extraordinary times;
- the role of consumers;
- the opportunity for businesses to work together towards greater sustainability provided there are clear and fair competition rules;

In their **closing remarks**, speakers defined the "resilience" of supply chains as meaning: diversification, security, self-sufficiency, strategic reshoring, just transition and most of all sustainability. Going back to pre-COVID "normality"

just wouldn't cut it. All agreed that strong international cooperation was needed, either via bilateral means or at the global level.

