The path to our industrial future

SERIES OF EVENTS

June 2021 - March 2022
The industrial strategy supporting Europe’s recovery

On 10 March 2020, the European Commission presented its Communication on “A new industrial strategy for Europe”. The strategy aimed to support the twin transition to a green and digital economy, make European industry more competitive globally and strengthen Europe’s strategic autonomy. The day after this new strategy was presented, the World Health Organization declared COVID-19 a pandemic, marking the start of the most serious economic crisis in Europe’s history. The COVID-19 crisis, and now the geopolitical crisis, have laid bare the EU’s strategic dependencies, and created a more pressing need to accelerate recovery and ensure that Europe can take a leading role in green and digital technologies. The update to the new industrial strategy announced on 5 May 2021 responded to these needs and to European leaders’ call for an ambitious European industrial policy to make EU industry more sustainable, greener, more globally competitive and more resilient. The role of civil society is crucial in this context: only joint cooperation between Member States, European institutions, the social partners and civil society organisations will create the right environment for European industry to grow.

The path to our industrial future – series of events

Between June 2021 and March 2022, the EESC held a series of events on the updated new industrial strategy. Each event was organised by a different section of the EESC and focused on a specific aspect of the strategy, with the aim of hearing the views of civil society organisations on the future of European industry.

13 July 2021
Webinar on “The role of Critical Raw Materials to form a strong industrial base”

15 September 2021
Webinar on “The EU’s industrial strategy – which indicators to track its progress?”

18 October 2021
Webinar on “Channelling financial resources into investments that comply with environmental, social and governance criteria”

26 November 2021
Webinar on “A Just Transition for workers in European industries: fostering opportunities for reskilling and upskilling”

10 December 2021
Webinar on the “Farm to Fork Strategy – Aligning the food industry with the European Green Deal’s climate neutrality objectives and the UN Sustainable Development Goals (SDGs)”

28 January 2022
Webinar on “Clean energy sources for the transition to a carbon-neutral economy”

21 February 2022
Webinar on “Sustainable supply chains and the case of reshoring”

4 March 2022
Closing conference on “A sustainable future for European industry”
13 July 2021

The role of Critical Raw Materials to form a strong industrial base

Key findings

• **Sourcing primary raw materials** in Europe must be one of the solutions here, in order to enhance resilience. However, social dialogue, public acceptance and sustainable and environmentally respectful practices must go hand-in-hand with this. An effective raw materials strategy will only fully succeed if it is accompanied by a fully-fledged mining policy and strategy.

• **Funding** is needed for green and sustainable projects in the mining and extractive sector, and should be accessible to companies that are already green but also to companies that are not yet green but have seriously committed to this goal.

• It is essential to map the secondary resources that can come from waste. To this end, it is crucial to avoid further delays in the review of the waste shipment regulation.

• The creation of a secondary raw materials market (following the example of the batteries proposal based on responsible sourcing, recycling targets and minimum recycled content requirements) is crucial, along with research and development and innovation, fostering substitution and reduced demand.

• The EU must work in a multilateral framework to ensure strategic partnerships that can reduce raw materials dependency on a single player. This international engagement aimed at increasing resilience must not harm other countries in the world, especially vulnerable ones, and EU legislation on mandatory human rights due diligence is therefore needed.

• Dependency on raw materials must be tackled at its root, and the strategy on critical raw materials must clearly state the need for systemic efficiency measures to reduce demand, alongside recycling efforts.
The EU’s industrial strategy – which indicators to track its progress?

Key findings

• Implementing the industrial strategy must be accompanied by quantifiable targets, together with a transparent and concise set of key performance indicators (KPIs). This approach will bring the strategy to life and help to keep track of progress and correct course when needed. Only if we monitor, measure, adjust and seize opportunities will we truly be able to strengthen the EU’s industrial competitiveness in a significant way.

• The EU needs to select a limited number of indicators and rank them: rankings attract attention. It is also crucial to be extremely transparent on the methodology, so that we cannot be accused of blackboxing.

• Indicators are not only important for the shaping of the industrial strategy but also from the foresight point of view, i.e. defining our long-term vision and what we want to achieve.

• Some social indicators such as the age, gender or skills profile of the workforce in the different ecosystems are essential to anticipate future change, but also to build an inclusive recovery, given that young people, women and precarious workers have been the hardest hit by the crisis. It is crucial that we focus on social aspects to ensure good working and production conditions and quality jobs, as part of our social market economy model.
18 October 2021

Channelling financial resources into investments that comply with environmental, social and governance criteria

Key findings

- **Sustainable finance** aims to help deliver on the objectives of the European Green Deal by channelling private investment into companies and projects that support the transition to a climate-neutral, climate-resilient, resource-efficient and just economy.
- The challenges this brings about should be addressed in a **joint effort** by the financial sector, businesses, regulatory authorities and citizens. Industry is set to face major challenges, and be affected by recent and upcoming measures adopted at EU level.
- We need to **redirect investments** towards contributing to the EU’s transition to a sustainable economy. The social partners and civil society need to be properly brought on board in the design and implementation of sustainable finance. The EU **green** bond standard has the potential to yield significant economic benefits for both issuers and investors alike and help the green transition.
- **Corporate behaviour** must change. Sustainability needs to be integrated not only into corporate governance and risk management of financial companies, but also into the treatment of **financial exposures**.
- Sustainable finance is not only “green finance”. We need to extend it through a **social dimension**, for example by looking at working conditions in supply chains both in the EU and in third countries.
- Investment in **transitional activities** is paramount. For activities that are not yet green, but need to become green, it is crucial to include them in the discussion, make support for the transition available and ensure access to finance.
26 November 2021

A Just Transition for workers of European industries: fostering opportunities for reskilling and upskilling

Key findings

• Digitalisation and the greening of the economy are bringing about profound changes in the world of work. Although bound to make many jobs obsolete, the twin transition will offer unprecedented opportunities for the creation of new ones. But to ensure that this transition leaves nobody behind, the EU will have to ensure that its workforce is equipped with the right set of skills, which is not currently the case.

• It is important to train and retrain workers, as well as provide lifelong education, to ensure that nobody – regardless of the sector in which they work, the type of contract they have or their geographical location – is forgotten on Europe’s path to going green and digital.

• According to recent figures published by the World Economic Forum, in 10 years’ time nine out of ten jobs will require digital skills. At the moment, only around 44% of Europeans have basic digital skills and only one in five Europeans have digital skills above the basic level. This will translate into a skills gap amounting to 1.67 million unfilled vacancies for ICT professionals by 2025.

• The pandemic has not helped. Participation in informal learning due to widespread shutdowns in economic activity is estimated to have decreased by 25%. In non-formal learning, the equivalent figure is estimated at 18%. The EU is not getting closer to the reskilling and upskilling targets set for 2025, but is in fact lagging behind pre-pandemic figures.

• Shortages in strategic value chains, as well as shortages of skilled workers, are undermining European industries’ abilities to recover rapidly from the pandemic. It is of concern to employers and should be tackled not only through reindustrialisation, the circular economy and trade policy, but also through skills-related measures.
Webinar on “Aligning the food industry with the EU Green Deal’s climate neutrality objectives and SDGs”

Key findings

• As the new industrial strategy defines **agri-food as one of the key EU strategic ecosystems**, the food industry needs to align with the European Green Deal’s climate-neutrality objectives and the UN Sustainable Development Goals (SDGs).

• Food businesses across the supply chain are already working to make progress on sustainability and to offer consumers healthy and sustainable products in line with the European Green Deal. Nevertheless, to get on track to achieve the SDGs more needs to be done.

• In particular, there is a need for an **enabling environment, in particular for SMEs**, to support and facilitate stronger engagement with the SDG agenda. While larger companies often have their own sustainability departments in place, it seems that SMEs often have only limited resources and capacities to embed sustainability in their businesses.

• The **EU code of conduct on responsible business and marketing practices** is a welcome first step; however voluntary approaches have limitations.

• Innovation needs to be scaled up, with a focus on SMEs. Digital technologies can be identified and implemented, as well as other innovations in the agri-food sector. The focus should be on greater impact and scale, with more investments and incentives for carbon-neutral agriculture.

• We must also address the **root causes of unsustainability**, which make food and environmental systems unequal and unsustainable. Unfair competition in international trade and across the food chain also needs to be addressed. This has a huge impact on vulnerable players and small farmers.
28 January 2022

Webinar on “Clean energy sources for the transition to a carbon-neutral economy”

Key findings

- Clean energy sources are vital for the transition to a carbon-neutral economy in the European Union, and civil society organisations must play a real part in the process and have the opportunity to express their views on the future of European industry.
- The EU has taken up the challenge of becoming a carbon-neutral economy by 2050. The question is now what the expected energy mix on the way to a carbon-neutral economy might look like, taking into consideration the different needs of the different players at national and local levels.
- The sharp spike in energy prices is mainly the result of the increased global demand for energy at large, in relation to the recovery. We must not forget that bioenergy, and in particular biogas, is an important renewable energy source and can play a major role in the clean energy mix of the future.
- Investment in renewables should be speeded up in order to address the gap between industrial emissions and emissions from the power sector. We need ambitious binding targets for innovative technologies and industry: between 2012 and 2018, industrial emissions covered by the EU Emissions Trading System (ETS) stagnated and only fell by 1%, whereas emissions from the power sector had fallen by more than 50%. 
Key findings

• COVID-19 exposed and exacerbated EU supply chain 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.

• A multidisciplinary and coordinated approach, bringing together the EU’s trade, industrial, environmental and digital policies and instruments, should be promoted. We need to abolish export restrictions adopted due to COVID-19, and work on 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.

• Reshoring is not always the best option to enhance strategic autonomy. Supply diversification and the circular economy should also be considered. It can also be challenging for some sectors like the extractive industries and related refinery activities, given the scarce raw materials in the EU, and the societal issues also need to be considered.

• 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.
Highlights

On 4 March 2022, the European Economic and Social Committee and the European Commission co-hosted a conference on *A sustainable future for European industry*. The event closed a series of webinars held between July 2021 and February 2022, and focused on specific aspects of the industrial strategy. The main objective of the conference and the series of events was to look into civil society’s contributions towards rebuilding a sustainable and green digital Europe – a Europe that does not lose sight of long-term growth and investment strategies, and at the same time ensures fairness and leaves no one behind, especially in these times of geopolitical crises.

Welcome address

Christa Schweng
President of the EESC

Current circumstances have put us in an even worse situation than before. Russia’s aggression against Ukraine comes first and foremost with the human suffering of the Ukrainian people. It will also impact the EU economy – in particular through higher global energy prices which will affect countries, businesses, and individual people. Together we must build a sustainable, just and inclusive future for Europe, for the benefit of businesses of all sizes and of our people, and to *boost the EU’s strategic autonomy*. 
Keynote speeches: Strengthening Europe’s open strategic autonomy

Thierry Breton  
Commissioner for the Internal Market

We should strive for a Europe that invests in cutting-edge products and technologies to remain competitive and generate quality jobs. A European leader in the markets of the future, and a ‘factory’ Europe that equips itself not only to meet its own needs but also to conquer world markets.

Thomas Courbe  
Director-General for Enterprises  
French Ministry of the Economy, Finance and the Recovery

We need a deep transition of our industrial operations, which will require significant investments and time. The successes of the batteries industry have proven that stakeholders are able to mobilise very quickly if policy-makers launch supporting projects in a timely manner.

Panel debate: Reconciling strategic autonomy with sustainability in Europe’s industrial policy

Carlo Calenda  
Member of the European Parliament and rapporteur on A new long-term strategy for Europe’s industrial future

New emerging factors – inflation, debt, defence, and energy – are changing the industrial strategy that we need to pursue. It is now necessary to rethink the transition’s objectives and how to reach them. Strategic autonomy – especially when it comes to energy and raw materials – and defence investments must be our new priorities.

Sandra Parthie  
Rapporteur for the EESC’s opinion on Updating the new industrial strategy, EESC,  
Director of the Brussels office of the German Economic Institute

Skills are the key factor in enabling people to benefit from this transition. Shortages in value chains and shortages of skilled workers are undermining Europe’s ability to recover rapidly from the pandemic and become truly resilient. A strong single market that is not hampered by short-sighted national interests is also necessary for keeping Europe’s industry relevant at global level.

Prof. Padmashree Gehl Sampath,  
Berkman Klein Center, Harvard University

We need to recognise the great level of interconnectedness between health care, digitalisation, and the energy transition. Market growth can only happen by keeping new firms in the market. We need more targeted interventions. Our next challenge is to select some sectors and take actions to see how global cooperation can help solve future challenges.
Baiba Miltoviča  
*President of the section for Transport, Energy, Infrastructure and the Information Society, EESC*

European investments must be compatible with the 2050 climate neutrality goals, or they will risk creating lock-in effects in fossil-based and environmentally harmful technologies. In this regard, we must develop a **solid industrial policy for renewables** that includes both supply-side and demand-side policies.

Eddy Van Hijum  
*Rapporteur for the European Committee of the Regions’ opinion on the SME Strategy*

In order to truly become more resilient, we need to address the impacts that recent developments have on our local businesses, and deliver a strategy that works for them through a **place-based approach**. We also need to connect the ecosystems at European level and work together to contribute to the industrial strategy.

Panel debate: Unleashing an industrial policy for Europe’s green and digital transitions. What role does civil society play?

Daniel Montalvo  
*Head of Group – Sustainable resource use and industry, European Environment Agency*

We need to boost the **circular economy** to increase the resilience of European Industry, protect the environment, and deliver prosperity for our citizens. A circular economy is critical in meeting climate goals and also helps industry to compete globally, and may be an important component of strategic autonomy.

Stefano Palmieri  
*President of the section for Economic and Monetary Union and Economic and Social Cohesion, EESC*

We are far from strategic autonomy in our energy consumption. Every day we pay millions of euros to the Russians for oil and gas. This shows us the need to move forward with the green deal, towards more alternative energy sources, to reduce this very one-sided energy dependence that puts us in a weak position now.

Véronique Willems  
*Secretary General, SMEunited*

After the COVID pandemic SMEs are now confronted with the impact of the Russian invasion in Ukraine, adding on the already high **energy prices** and **disruptions in the supply chain**. At the same time, SMEs have to adapt to the digital and green transition. They request a clear and stable legal framework, providing reasonable investment timeframes and a facilitating environment.
Luc Triangle  
General Secretary, IndustriAll Europe

The twin transitions will bring about a huge social transformation. Skills are key, but the transitions are not going to happen only by retraining people. There is also a regional and sectoral dimension to the transitions. Jobs will disappear and new jobs will be created, but these two things are going to happen in different regions. We need policies to create jobs where they will disappear.

Mari-Ann Fonseca  
Co-Founder & COO, Gelatex (Green Alley Awards winner 2019)

The pandemic and the new Ukraine crisis have made us realise how fragile we are. Some essential things must remain in the EU. From the policy perspective, we need to make this easier and support innovation in the EU by simplifying regulations and reducing taxes, as well as through adequate funds.

Closing remarks

Alain Coheur  
President of the section for the Single Market, Production and Consumption, EESC

Economic operators often perceive sustainability requirements as a complication and a burden rather than as new opportunities. To remedy this, we should develop a discourse that is easier to understand – a kind of ‘sustainability grammar’.

Pietro De Lotto  
President of the Consultative Commission on Industrial Change, EESC

The new crisis confronts us yet again with the urgent need to analyse and address strategic dependencies in each and every industrial sector. The supply of primary raw materials must be one of the solutions to building European resilience by combining social dialogue with environmentally friendly practices.

Margrethe Vestager  
Executive Vice-President of the European Commission

We must recognise that a crisis, regardless of its nature, can cause major supply or demand shocks that affect our industries and can fragment the single market. In strategic areas ranging from technology to food and health, Europe’s industrial policy must find ways and means to reduce one-sided reliance on others. Concretely, this means deepening and completing our Single Market, as well as strengthening its resilience in times of crisis. It also means protecting our Single Market against external influences, whether in the form of distortive foreign subsidies or coercion attempts by foreign governments.