



Consultative Commission on Industrial Change (CCMI)

Brussels, 22 February 2024

CCMI POLITICAL ACTION – GUIDELINES AND WORK PROGRAMME FOR 2024

INTRODUCTION

Industry is undergoing major changes. The green and digital transitions provided for in the EU Green Deal are underpinning these changes, notably through the decarbonisation of European industry and the acceleration of Artificial Intelligence (AI) uptake. These twin transitions have been accelerated by COVID-19 and the war in Ukraine. The latter has also underlined the importance of strengthening European strategic autonomy, putting this dimension on a par with the twin transitions.

The CCMI is particularly well placed to address these challenges, since our core business – anchored in our historical mission – is to analyse industrial change and to advise on how to transform the resulting constraints into industrial opportunities. The CCMI needs to continue focusing on and tackling all the phenomena that are today accelerating and shaping these changes on the industrial landscape.

As a result, the impact of the COVID-19 crisis and the war in Ukraine on European industry and service sectors must clearly be a major focus of the CCMI. While those crises were unexpected and exposed a certain lack of preparedness in many respects, dealing with their consequences and finding viable solutions fall firmly within the CCMI's core business of anticipating and managing change. The CCMI therefore has an important role to play in the comprehensive effort to shape EU policies in order to foster a strong economic, social and environmental recovery, securing the future of Europe's industry and services, and ensuring sustainability and resilience.

It is now clear that the impact of these changes is not the same for all sectors. Some have been harder hit than others and while COVID-19 and the Ukraine war have had a disruptive impact on some, for others it has provided new opportunities and a higher profile. In many sectors, existing structural changes have been speeding up to meet the challenges of digitalisation, automation, the introduction of AI, decarbonisation, the circular economy and strategic autonomy. The CCMI can provide expertise and long-established knowledge to the EU institutions for assessing the effects of those transformations and the needs they are creating in the different industrial sectors.

The CCMI is thus determined to continue its work of providing analysis, input and agenda-setting on issues linked to the key transitions EU industry is undergoing, namely the **green and digital transitions**. In addition, the CCMI has been instrumental in proposing the **EESC's Blue Deal flagship initiative**, since water is our most precious vital resource. Looking at this policy from an industrial perspective, it is worrying to see that the water dimension is neither embedded in horizontal industrial policy, nor included in the industrial transitional pathways. It is time to act. The CCMI will therefore use its expertise to explore the impact of these changes on the different industrial sectors/ecosystems, as well as on the different regions of Europe and on people's lives in general.

Furthermore, the CCMI will continue to contribute to the European Commission's flagship initiatives on **European industry, strategic autonomy and its overall competitiveness**. Despite measures taken by the EU and some Member States to support employment (short-term work, furlough, income compensation, etc.), mass redundancies are occurring in some sectors. Some industrial value chains are threatened by hostile takeovers from non-European companies and many, otherwise viable, companies are facing critical raw materials shortages, a liquidity cliff and excessive financial leverage.

The instruments to pursue these objectives are at hand. Thanks to its membership and role, the CCMI can rely on a very broad in-house pool of expertise made up of its members and delegates, while also seeking to step up cooperation with the other sections of the EESC to maximise its contribution. At the same time, the CCMI has always had a strong commitment to dialogue with external stakeholders, which is a key feature in the formulation of its recommendations and conclusions. Equally importantly, the CCMI will pursue actions that clearly define its specialisation in matters of industrial change and analysis of sectoral industrial policy, thereby enhancing its complementarity with the other EESC sections. It must capitalise on its unique assets and emphasise the essential nature of the work it undertakes in reaching out to specific sectors of industry.

The CCMI will continue to make full use of the whole range of instruments at its disposal when carrying out its work. First and foremost, it must continue to make full use of own-initiative opinions: a tool that has proven essential for performing its role and identifying new areas of development, such as the EU Blue Deal and the metaverse. Referrals from other institutions, notably the European Commission's and Council presidencies' exploratory requests, are likewise part of the EESC's "core business". Supplementary opinions have also proven to be essential for ensuring consistency and cooperation with the various EESC sections. Lastly, these "statutory" instruments will be complemented by direct dialogue with civil society, including conferences, roundtables, debates and hearings.

The work of the CCMI will be based on three key pillars and one cross-cutting activity, discussed in more detail below:

1. A green transition for European industry
2. A comprehensive effort to digitalise Europe's productive sectors
3. Steps to enhance the global competitiveness and strategic autonomy of EU industry
4. The EESC's call for an EU Blue Deal (cross-cutting activity).

1. A GREEN TRANSITION FOR EUROPEAN INDUSTRY

Industry has played, and continues to play, a key role in Europe's prosperity and development. However, industrial sectors are now facing a need for urgent action to mitigate the negative effects of industry on climate and the environment. The objective of reducing EU greenhouse gas emissions by 55% by 2030, under the "Fit for 55" package, is a challenging one and requires a clear roadmap for a just transition over the coming decades. Energy-intensive industries in particular will deliver the most effective levers to reduce CO₂ emissions on a large scale. A key condition for the success of the energy and climate transition is that Europeans embrace it; as a consequence, access to quality jobs and affordable products should be ensured.

The CCMI is the heir to the European Coal and Steel Community. We are now witnessing the phasing out of coal in most EU Member States, which is an important step in reducing CO₂ emissions and reaching the goal of climate neutrality. As a result, industrial sectors such as steel and many others, both in industry and related services, are facing the challenge of decarbonising their output and value chains while, in some cases, also increasing their production to meet decarbonisation needs – for instance, the materials needed to build windmills. If we add to that the water dimension, waste reduction through implementation of the circular economy and industrial symbiosis criteria, preservation of the environment, sustainable production and the protection of workers' – and the general public's – health, it is clear that all industrial sectors are undergoing profound changes that have to be accompanied by steps to secure both adequate financial support and the availability of a skilled workforce.

The transition to a carbon-neutral EU economy largely depends on industry's ability to decarbonise while being locally and globally competitive. The current economic challenge is considerable, with severe and immediate downturns in key sectors, such as steel, car, aviation, fuels, construction and mechanical engineering, as well as shocks along several international supply value chains and a spike in energy prices. The CCMI should therefore act to ensure that the financial means at hand, including the EU Recovery Plan, serve in particular to preserve the competitiveness of European industry and quality jobs and pave the way for a climate-neutral industry, including investment in infrastructure (such as grids for energy transportation) to achieve the required objective and ensure a sustainable, affordable energy supply for the EU and its industry.

The transformation to low-carbon and water-efficient processes requires massive investment and entails costs that the industry and its related services cannot shoulder alone in the face of global competition. For a successful transition, concrete support is needed in the form of lead markets for green steel and raw materials and low-carbon energy and fuels, temporary financial support for low-carbon processes, and investment in hydrogen, carbon capture, storage and usage infrastructure, a Blue Deal transition fund, mixing public and private financing at EU level and potentially rethinking state-aid and competition rules accordingly. To this end it is necessary to promote the transition of the banking and financial sector to increase the focus on support for sustainable and innovative projects. The need to develop and strengthen EU industrial ecosystems, Important Projects of Common European Interest (IPCEI) and EU-wide industrial alliances in line with the EU's long-term policy objectives (including the European Green Deal, the "digital age" and the EU Blue Deal) should not be overlooked. It is equally important to secure complementarity with other funding schemes on both national and EU levels, such as the ETS Innovation Fund, Just Transition Fund and IPCEIs, and to adopt Public Private Partnerships under the upcoming Horizon Europe research and innovation programme, such as the already established Clean Steel Partnerships. The CCMI should also consider the impact of the proposed carbon

border adjustment measures (CBAM) and the extent to which these will efficiently complement existing carbon leakage measures, including the potential for negotiations in the WTO on this subject.

Clearly, none of these processes can happen without society buying into such a transition. This can only be brought about through civil society and social dialogue and by focusing on workers, the resilience of labour, a comprehensive European industrial policy and a new skills agenda that pays due attention to the workers and regions that risk losing out in the transition, as well as by exploring the contribution that can come from new industrial models such as the social economy.

It is also clear that each sector will face its own very specific challenges and will need to react accordingly. This is precisely the mission of the CCMI: ensuring that in this necessary process the EU does not stick to a "one-size-fits-all" approach, but rather zooms in on individual industrial sectors through a bottom-up approach tested and applied successfully in many cases, and proposes specific measures and support instruments. This is exactly the approach proposed for implementing the EU Blue Deal. It requires a clear mapping of sectoral needs and the development of sectoral action plans for strategic sectors. This holds true in particular for the energy-intensive and resource-intensive (including water) industries, and for the services identified in the Commission's Communication on the Green Deal: steel, chemicals, cement, construction, textile and plastics. These are all sectors on which the CCMI has a solid standing thanks to the expertise of its members and delegates, and on which there is a history of successful initiatives. Similarly, the CCMI can leverage its expertise to zoom into the effects of such policies in the different industrial regions of Europe. Here again, every region has a different background and is affected in a different way, and this should likewise be taken into consideration.

These are essential starting points for the CCMI to develop its contribution in the coming year to the green transition and to deepen its analysis of the forthcoming Blue transition. The CCMI could also aim to continue and strengthen its contribution to several sectoral social dialogue committees organised by the European Commission. It participates in the European Raw Materials Alliance and could become a member of new relevant industrial alliances.

2. A COMPREHENSIVE EFFORT TO DIGITALISE EUROPE'S PRODUCTIVE SECTORS

The digital transition has been a reality for EU industry and services for more than ten years now, as it has become clear that many technological advancements can have a positive spillover into industrial activity and into competitiveness and production in industry and services. This is a process that is evolving on a daily basis, just as technological discoveries are advancing at the same rate. It started with the possibilities opened up by e-commerce and digitalisation of the logistics chain and continues with current discussions on the application of Artificial Intelligence, machine learning, self-driving machines, block chain, robotics, etc. The COVID-19 crisis and the war in Ukraine are considerably accelerating the need to support and diffuse the digital transition and have clearly shown that an ability to adopt digital solutions has allowed some industries and services to be more resilient in dealing with the consequences of these situations.

Such changes completely open up new scenarios for EU industry and for services as a whole and bring about new types of challenges. To name just one: support instruments must be devised to ensure that EU industry, large and small, has an equal footing in the acquisition of these new technologies, which

means financial support as well as preparation for the "jobs of the future", which are actually already the jobs of the present! This means, for instance, also rethinking the way that companies protect themselves from data breaches, cyberattacks and digital espionage. Last, but not least, it entails a strong focus on industrial relations and the future of industrial jobs, in order not to avoid, but rather to manage, the changes that these processes, notably AI, will bring about in our industries and society, and to foster a just transition and a people-centred approach to these changes.

In this field, too, the CCMI has already started an important process of expertise gathering and sharing over the past few years. It has looked, for instance, at the impact of the acquisition of artificial intelligence in the automotive industry in the context of the European Commission's overall policy action on the topic. In addition, the CCMI has tackled issues connected with digitalisation in several sectors, including the financial services industry, mining and extraction of raw materials and the Industry 5.0 transition, as well as the role of non-standard employment and platform cooperatives.

The CCMI is building on these experiences to continue examining the relevant trends and the impact of the digital transition on EU industry. Taking into account current developments in Artificial Intelligence, notably the forthcoming legal framework, a first tranche of work could consist of opinions where the CCMI will be able to contribute by *zooming in on the impact of AI on the different industrial sectors*. The CCMI will also need to play a role in ensuring that industrial sectors and services, including SMEs, are fully equipped to respond to this wave of change, while ensuring that *no one is left behind in this digitalisation process*. The CCMI could also assess emergency preparedness strategies for a blackout in power and communication systems. Lastly, the CCMI will continue its examination of key and edge technologies, including topics such as the metaverse, robotics (by means of a high-level conference on the subject) and drones. As already mentioned for the green transition, the CCMI could likewise seek involvement in relevant industrial alliances.

3. STEPS TO ENHANCE THE GLOBAL COMPETITIVENESS AND STRATEGIC AUTONOMY OF EU INDUSTRY

Securing the overall competitiveness of European industry has been a key objective of the Commission's industrial policy for several years, and even more so under the updated EU Industrial Strategy. In addition to the internal dimension, many issues relating to the external dimension clearly have a major impact on the EU's industrial competitiveness. These include: the debate on European industrial champions and competition rules; the reform of the WTO and the multilateral trading system; the impact of the proposed carbon border adjustment measures (CBAM) and the extent to which these will efficiently complement existing carbon leakage measures; and more generally the issue of trade distortion practices and trade pressures that prevent a level playing field in global competition, which in turn hinders the competitiveness of European industry. Here the EU needs a more proactive and effective pro-European industry approach to trade policy; this includes applying the full force of existing trade legislation, especially anti-dumping laws, anti-subsidy laws and the screening of foreign investment. Establishing a level playing field in competition is particularly essential in this phase: as EU industry is engaged in an unprecedented transformative effort, it is particularly vulnerable to "climate dumping" competition from other world regions.

Another whole chapter concerns raw materials and strategic autonomy, something that was highlighted in the context of the production and supply of medicines and masks in the early days of the pandemic,

and that has been at the centre of all EU action since the start of the war in Ukraine. The EU is currently dependent on imports for many raw materials (RM) (between 75% and 100% of supply) and is therefore exposed to vulnerabilities along supply chains. The EU produces less than 5% of world production of mineral RM. China alone provides around 75% of global production capacity of lithium-ion battery cells and hosts the world's top ten suppliers of photovoltaics (PV) equipment. In contrast, only about 3% of global production capacity of lithium-ion battery cells is based in the EU.

The question of how public funds and state aid can be mobilised to support industry in a non-distortive way also needs to be addressed, as do the criteria for the use and allocation of such funds (e.g., support for industrial corporations that agree to relocate capacity to European territory, use of public procurement to support socially responsible enterprises that respect collective bargaining, workers' rights etc.). To avoid distortion of competition between competitors, the extent of any support should be independent of the location of the respective sites in Europe.

All these debates open several scenarios that the CCMI must be able to anticipate and contribute to. One aspect is surely the implementation of the Critical Raw Materials Act, aimed at enhancing Europe's industrial and strategic autonomy. Here again, each sector and each case has a history of its own, and lithium cannot be compared to magnesium, neither in its industrial use nor in its supply chain. In this aspect, the CCMI can again provide a bottom-up contribution, investigating the needs and opportunities present in all industrial sectors, also in the framework of its participation in the European Raw Materials Alliance. Another aspect where the expertise of the CCMI will be useful is the analysis of the industrial sectors that are essential for Europe's path towards enhanced strategic autonomy, such as the defence, pharmaceutical, medical technical device, agri-food, low-carbon energy, fuels and batteries industries and the clean tech sector. The CCMI will focus on strategic value chains such as the low-CO₂ emission industry, as set out by the Commission's Strategic Forum on Important Projects of Common European Interest (IPCEI), including hydrogen, CCS and CCU infrastructures, strengthening industrial ecosystems and creating new ones. Last, but surely not least, it will be vital for the CCMI to monitor the developments linked to the recently announced European Chips Act, and more generally those linked to EU industry's strategic autonomy, with particular reference to the global dimension of the subcontracting of industry sectors.

These are all fields in which CCMI has already consolidated internal expertise, as well as external credibility. The action it has taken includes the drafting of opinions on sector-specific industrial policies supporting greater strategic autonomy and a more resilient, competitive and sustainable Europe. In the health sector, the CCMI is working on the availability of medicines, the EU biotech and biomanufacturing industry (identified as critical technologies) and the contribution of the robotics metaverse in the medical sector. Additionally, the CCMI is working on an important set of opinions relating to defence and security topics: on the drone industry, as a case study for strategic autonomy, and on the European defence industry programme and the European defence industrial strategy. These ongoing actions underscore the CCMI's commitment to advancing strategic autonomy and will continue to shape its follow-up action in these crucial areas.

Linked to this, the CCMI will concentrate on several aspects of *industrial competitiveness and strategic autonomy vis-à-vis the global scene*. This could include, for instance, an involvement in the continuous mapping of strategic dependencies. The CCMI should also prompt the Commission to apply Trade Defence Instruments (appropriate to the new global reality) in certain sectors without inhibition, in order

to effectively address third-country trade distortions and their domestic industry support schemes. It should also be involved in collateral activities that support overall EU industrial competitiveness, including participation in industrial alliances along the lines of its participation in ERMA, and activities relating to the revision of waste shipment rules and to the Roadmap on security and defence technologies. Lastly, the CCMI should participate in the EU policy debate on the social aspects of the energy and climate transition, leveraging its expertise to identify challenges and propose solutions for a fair deal for Europeans in terms of employment and affordable products, energy and services for all.

4. **THE EESC'S CALL FOR AN EU BLUE DEAL (cross-cutting activity)**

In Europe, we have taken access to water for granted for a long time. But the world and our continent are facing growing challenges, such as water scarcity and severe droughts. For instance, in 2022, we saw the worst droughts in Europe for 500 years. Major rivers such as the Danube and Rhine were seriously affected, with low water levels. Several European countries such as Spain and Italy had to impose restrictions on water usage. In France, dried-up rivers and water scarcity led to disruptions in energy supply. It is simply not acceptable that around 10 million people in the EU have no access to safe drinking water at home. As recognised by the United Nations, access to water is a fundamental right. Without action, water challenges will impact ever-larger parts of our society, with implications for economic, social and political stability, here in Europe as well. **The crisis already exists and the general public, farmers and our ecosystems are feeling it. We need to take urgent action now.**

Over the course of 2023, the EESC delivered a [set of own-initiative opinions](#) on a future EU Blue Deal, calling for a new water strategy for Europe. In September 2023, the initiative gained political momentum with a **joint call by the EESC and the European Parliament, expressed in a jointly signed letter to EU Heads of State and Government**, calling on the Member States to support and adopt an ambitious EU Blue Deal. Furthermore, in September 2023, **EESC President Oliver Röpke wrote to EC President Ursula von der Leyen and called on her to make water a high priority on the European Commission's agenda**. This was followed by the inclusion of an initiative on water resilience in Ms von der Leyen's letter of intent for 2024 (adoption planned by mid-March).

In October 2023, the EESC presented its call for an EU Blue Deal. The [President's Declaration](#) recaps the **15 principles and 21 actions defining the EESC's call**. It underlines the need for a more comprehensive and strategic approach to water in the EU. This new vision calls for coherent action to tackle water challenges, with the aim of securing access to drinking water and sanitation, protecting ecosystems, wetlands and biodiversity, reducing our water footprint (in agriculture, industry and household consumption), updating water infrastructure, and making the necessary investment to deal with the major water-related challenges that lie ahead.

The EESC urges decision-makers to address water as a strategic priority for the EU, on a par with the European Green Deal. The first principle of the Declaration states that all EU policies must be aligned with the new water policy.

There is indeed a difference in nature between the two policies. The main objective of the Green Deal, decarbonisation of our continent by 2050, aims to combat climate change. The Blue Deal will also contribute to this, as water is one of the dimensions of climate policy, but **water policy cannot be**

limited to a purely environmental policy. The Blue Deal and the Green Deal overlap, but retain different fields of action.

There is also a difference in approach. To take the example of the industry, the Declaration does not recommend that all companies reduce their water consumption by X % in the next 15 years so as to achieve a zero-water impact by 2050, since some industries could do so much faster, if the necessary technologies existed, while others – such as the textile and nuclear industries – will need much more time for this. If the EU does not want these sectors to be forced to relocate – through it adopting too high standards – it is important to adopt a tailor-made, sectoral approach to defining transition paths by industrial branch. The most water-consuming companies need help in order to succeed in their transformation. Thus, while “brown” sectors such as aviation have sometimes struggled to obtain financial aid to decarbonise, it is necessary to help the most water-consuming industries gradually reduce their consumption, through financial assistance and strong support for research into clean technologies, taking into account the consumption of water, energy and critical raw materials. This approach will preserve employment and create new career opportunities for workers, especially in the clean technology sector. Like any industrial change, the Blue Deal will only be successful if it has the resources to implement it, both in terms of capital and human resources. A just transition is needed.

The initiative has been very well received by stakeholders, who are actively engaging with the EESC to work on the topic, as well as by the press (coverage from Financial Times, Politico and Euractiv, as well as by national and specialised media) and in social media, where the Blue Deal has gained a high profile. The CCMI is in charge of coordinating the Blue Deal follow-up that will pursue the following goals:

- To continue to influence the agenda of the future European Commission (taking up office in late 2024) and to include the EU Blue Deal as one of its priorities in its upcoming term of office.
- To crystallise the role of the EESC as a driving force in positioning water challenges higher on the EU agenda: pursuing our close institutional cooperation with the European Parliament and the Committee of the Regions. As regards the Council of the EU, work will continue with the presidencies of the European Union.
- To monitor the development and implementation of the principles and action included in the October 2023 President's Declaration, entitled "A call for an EU Blue Deal".
- To continue engaging with the wider stakeholder network, including the UN, Member States' players and civil society organisations, in order to garner further support for the EU Blue Deal and include stakeholder feedback in the process of creating a new European water strategy.