



Council of the  
European Union

Brussels, 19 July 2023  
(OR. en)

12012/23

---

---

**Interinstitutional File:  
2023/0081(COD)**

---

---

**COMPET 773  
IND 402  
BETREG 15  
MI 639  
DIGIT 147  
ECOFIN 791  
EDUC 323  
ENER 452  
ENV 876  
POLCOM 168  
RECH 360  
CODEC 1397**

#### **COVER NOTE**

---

From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	7613/23
Subject:	Net Zero Industry Act proposal and Commission communication on the Green Deal Industrial Plan - <i>Opinion of the European Economic and Social Committee (EESC)</i>

---

Delegations will find attached a copy of the above-mentioned opinion.

This opinion is available in all language versions on the following website : [DM Search v4.6.0 \(europa.eu\)](#)



# OPINION

European Economic and Social Committee

## Green Deal Industrial Plan

- a) Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on A Green Deal Industrial Plan for the Net-Zero Age  
[COM(2023) 62 final]
- b) Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)  
[COM(2023) 161 final – 2023/0081 (COD)]

INT/1027

Rapporteur: **Sandra PARTHIE**

[www.eesc.europa.eu](http://www.eesc.europa.eu)

EN

Referral	a) European Commission, 27/03/2023 b) Council, 11/05/2023
Legal basis	a) Article 304 of the Treaty on the Functioning of the European Union b) Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	29/06/2023
Adopted at plenary	13/07/2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	193/3/3

## 1. **Conclusions and recommendations**

- 1.1 The European Union (EU) must remain an industrial location. It has to be assertive about its place as a global player and identify the political tools, measures and instruments it needs to become faster, more innovative and attractive once again for investors, while maintaining its social and environmental values, such as functioning social dialogue and social welfare systems, respect for the rule of law and stable institutions.
- 1.2 The global economic context has changed for the EU, with the multilateral rules-based system in decline and protectionism on the rise. Competition for international investments has become stiffer, not least due to the US Inflation Reduction Act (IRA), but also due to fiercer competition for raw materials, energy price developments and changes to global supply chain set-ups. The EU therefore has to reassess its policy priorities to improve its structural and sustainable competitiveness. In view of the need to strengthen the competitiveness of EU businesses, a competitiveness check must be embedded in the EU's decision-making processes, ensuring a balance between the economic, social and environmental dimensions of the decision-making processes for legislative proposals.
- 1.3 The European Economic and Social Committee (EESC) is convinced that it will not be possible for either the Green Deal, the Digital Decade, or the industrial, space or automotive sectors to be successful in the future without a strong industrial base. Nor will it be possible without secure and sustainable sources of critical raw materials. As a priority, the EESC asks for an audit to be carried out to identify how the EU can control and improve its value chains and avoid excessive dependencies.
- 1.4 The EESC underlines that we cannot reach the 2050 climate goals without building a competitive circular economy. Thus, Europe should find ways to become more resource- and material- efficient, by widely rolling out demand-side management measures to reduce demand: ecodesign and circularity, energy efficiency, strengthening the sustainability of products, and supporting targeted innovative practices and techniques.
- 1.5 Ensuring the existence and development of a diverse industrial sector, with a wide range of sectors and producers and "industrial ecosystems", including SMEs and social economy actors, should be the basis for Europe's industrial policy. It is important to avoid focusing too narrowly on promoting certain technologies and on picking alleged "winners" through regulatory actions. Instead, a comprehensive innovation and research support policy is needed.
- 1.6 The EESC calls on the Commission and the Member States to ensure that the EU industrial plan helps create quality jobs with fair working conditions and good pay, and promotes democracy at the workplace, collective bargaining and respect for collective agreements.
- 1.7 Public procurement and decisions on how to disperse public funding are important tools for steering industrial policy. It must be ensured that the respective decisions by EU Member States, including State aid and subsidies, do not distort the single market or threaten economic convergence and social cohesion across the EU, but rather target regional development. The

EESC criticises the fact that the current Commissions proposals on the Green Deal Industrial Plan (GDIP) and the Net-Zero Industry Act (NZIA) do not take this sufficiently into account.

## 2. **General comments**

- 2.1 The EU must remain an industrial location. The EESC calls for a regulatory framework that attracts, enables and increases industrial production in the EU in a sustainable and socially responsible way. This call applies not only to new technologies but also to manufacturing industries, which are a key component for the resilience of European economies and supply chains, etc.
- 2.2 The gross domestic product (GDP) is evidence of the deterioration in European competitiveness: GDP per inhabitant in the EU was around 70% of that in the US in the 2000s; currently it is only just under 66%. Only 5% of the world's gross investment took place in China in 1999; in 2020 it was 29% – more than anywhere else. In the US and the EU, the share has declined significantly in the same period – in the US from 29% to 20%, and in the EU from 23% to only 15%. The EU has the ability to change this: completing the single market could add more than EUR 700 billion in economic output over ten years, and a common digital economy could contribute another EUR 178 billion. Then the EU could also continue to successfully establish and promote European standards globally.
- 2.3 The EU is suffering more than its global competitors from extremely high energy prices and inflation, while at the same time, other global economies are subsidising and favouring their own industries. These are factors that create the risk of deindustrialisation in the EU. To successfully cope with these problems, and other current and future challenges, the structural and sustainable competitiveness and resilience of the EU economy must be strengthened. A fundamental prerequisite for Europe's industrial competitiveness is affordable energy prices and a secure energy supply.
- 2.4 The global economic context has changed dramatically in recent years; the EU can no longer rely on a functioning multilateral rules-based economic and trade system but faces increasing global market distortions, due to measures such as the US Inflation Reduction Act aimed at supporting US industrial players via tax credits, generous financial support and local content requirements to the detriment of non-US economic actors, or the longer-standing protectionist Chinese subsidy regimes, which also favour national players and follow a nationalist economic agenda. The EU has to respond forcefully and identify the political tools, measures and instruments it needs to become faster, more innovative and attractive once again for investors, while maintaining its social and environmental values.
- 2.5 Against this background, the EESC welcomes the European Commission's proposals for a GDIP and for the NZIA, which provide guidance and predictability to industrial actors in the EU and constitute a commitment to strengthening Europe's manufacturers and related ecosystems. The efforts involved in the transition to a decarbonised economy by 2050 amount to a second industrial revolution and must be understood as such, including the necessary political, economic and societal commitments.

- 2.6 In particular, the EESC supports the clear messages in both documents regarding the need for comprehensive investment in the transition towards a sustainable economy and society. The aim of green industrial policy should also be to achieve social welfare gains. We welcome the focus that the NZIA puts on the skills and human resources gaps that are currently slowing the transition down. However, how the stated goals and objectives are to be implemented, and what effective actions will be taken, remain unaddressed.
- 2.7 The EESC therefore calls on the European Commission to be more specific as to what effective actions it intends to undertake to improve locational factors and the competitiveness of Europe's economies and to set the EU apart from its systemic rivals. These actions should focus on improving connectivity within the Single Market for all Member States, including by developing and upgrading infrastructure and interconnections for transport and energy, including grids.
- 2.8 The EESC points out that the employers, workers and citizens alike are experiencing difficult times, with an energy supply shock, a labour supply shock, supply chain shocks and inflation; this creates a significant cumulative burden on everyone. The objective for the EU's GDIP and NZIA should thus be to reduce and not add to these burdens.
- 2.9 The EESC also sees a role for consumers in advancing the transition to net-zero by 2050. Their choices for or against products, and their support, tolerance or lack thereof for manufacturing and production conditions in the EU, but also in third countries, are an important element in bringing about change. The EESC supports their empowerment<sup>1</sup> and underlines the need for conscious decisions by consumers.

### 3. **Specific comments**

#### 3.1 **The regulatory environment**

- 3.1.1 EU policymaking should rely on innovation, excellence and highly competent and skilled people, and focus on cutting red tape and reducing costs wherever possible. As one of the EU's cornerstones, the rule of law provides certainty and stability for the business environment and must be respected in all circumstances. A structured social dialogue on a tripartite basis between governments, trade unions and employers' organisations is indispensable in order to ensure stability, social acceptability and economic resilience.
- 3.1.2 The NZIA proposes a set of measures to improve the enabling conditions for net-zero technology manufacturing, including a simplified regulatory environment with e.g. faster permitting procedures and one-stop shops in the administration. It is critically important for these faster permitting procedures to apply throughout the value chain of net-zero technology projects, without prejudice to the social and environmental objectives set by the Regulation. While the EESC agrees with this approach, it urges the legislators not to limit these improvements to net-zero technologies but to make them the default for all economic sectors.

---

<sup>1</sup> [OJ C 443, 22.11.2022, p. 75.](#)

- 3.1.3 The EESC points out that, ultimately, transforming European industry goes well beyond clean-tech manufacturing, because Europe is home to a lot of energy-intensive heavy and primary industries that need to be decarbonised and are not included in the GDIP. A coherent industrial strategy for Europe consists of inclusive economic growth that ensures that all Member States and regions participate in and benefit from the green industrial transition. Therefore, it is crucial for the GDIP to avoid any fragmentation of the single market and to aim for cohesion between Member States and regions.
- 3.1.4 The EESC is convinced that it is possible to develop a green simplification agenda that improves permitting processes for green projects while complying with environmental laws. Increasing expertise, capacity and skills in local and national authorities is a necessary step, alongside digitalising and simplifying approval processes. Improvements to the efficiency of permitting procedures must be achieved through proper planning and by increasing the capacity of the relevant administrative levels, not least through more staff and trained personnel. In view of the need to strengthen the competitiveness of EU businesses, a competitiveness check must be embedded in the EU's decision-making processes, ensuring a balance between the economic, social and environmental dimensions of the decision-making processes for legislative proposals.
- 3.1.5 The EESC stresses that regulation must be complemented by other tools such as subsidies, in order to avoid a loss of GDP and welfare. Reporting requirements, notably across the EU's green, digital, and economic legislation, should be streamlined and, where possible, harmonised, in order to avoid a proliferation of rules, regulatory chaos and fragmentation of the single market.

## 3.2 Access to and facilitation of investment

- 3.2.1 Economic actors in the EU face fierce global competition. To improve competitiveness, time is of the essence. Therefore, the EESC underlines that decisions on financial support and access to funding must be reached more quickly, including in the context of the various European support programmes such as REPowerEU, InvestEU and other schemes. Lengthy and protracted procedures – an impenetrable funding jungle – will divert investors away from Europe and are detrimental to efforts to attract investments.
- 3.2.2 The EESC therefore highlights that funding support needs to be workable, timely, and more easily accessible for both operating costs and capital expenditure, for all sizes of enterprises, including SMEs. It calls for an evaluation of existing instruments with the aim of identifying and ramping up the most successful ones. The EESC believes that the GDIP needs to identify when and where public finance is essential for supporting the transition of important industries based on clear conditions, and conversely where private finance can fill the gap, provided the appropriate regulatory incentives are put in place.
- 3.2.3 The EESC wants to caution that simply relaxing State aid rules without providing additional EU-level financial mechanisms is likely to lead to further divergence across EU economies, as some EU countries may not have the fiscal space for investing in the green transition. Repurposing loans under the Recovery and Resilience Facility (RRF) and REPowerEU to clean industrial sectors can only have an impact if they are complemented by significant grant funding

for operations which will not necessarily yield returns on investment, for instance public infrastructure development, grants to households that do not have the resources for renovation and small-scale renewable investments, and education and re-skilling.

- 3.2.4 The EESC suggests that the GDIP should also focus on developing green public procurement, as this makes public authorities buyers of green products. Resources under the GDIP, including updated national recovery and resilience plans, could cover costs linked to green public procurement, until it becomes a common requirement under EU law. Public support should be subject to conditions which aim to improve environmental protection, support companies in offering quality jobs, promote access to training and create high-quality apprenticeships. Furthermore, it is important to make public procurement calls more accessible for SMEs. To this end, the EESC calls on the Commission to set-up an easy-to-use database.
- 3.2.5 By tackling market failures and sectors with insufficient private funding, new joint EU funding should provide effective support to various segments of the clean technologies industry, in particular SMEs. It should avoid any distortions of the internal market and should help improve economic cohesion across the EU. In this context, the EESC underlines that temporary exemptions to the State aid rules should remain temporary and should also be targeted. It should also target worker reskilling, training and just transition to ensure a future-proof skills base.
- 3.2.6 The EESC is conscious of the fact that additional EU-level funding is hard to generate. For the medium term, a serious debate should be launched regarding new EU own resources, and the EU Sovereignty Fund, separately from the next MFF negotiations. In the short term, the financing available through the ETS Innovation Fund should be frontloaded and directed towards breakthrough technologies in hard-to-abate sectors.

### 3.3 **Markets and supply chains**

- 3.3.1 In 2021, the European Commission published a list of "industrial ecosystems" as part of its industrial strategy. It aims to get a better understanding of both the inter-linkages and the gaps in Europe's economic structures and supply chains. Against this background the EESC calls on the European Commission to recognise the interdependencies between value chains and the role played by chemicals, raw materials, and in particular primary industries and processes in the transition to a net-zero and circular economy. The focus on net-zero technologies must not lead to the creation of new gaps in the European supply chains due to a lack of focus on the needs of other sectors, such as energy-intensive ones. If their concerns, such as high energy prices, are not addressed, the EU risks losing important, perhaps even strategic, parts of industrial ecosystems.
- 3.3.2 The EESC also wants to underline the need for access to energy and to raw materials at a competitive price. Such policies should be supported by trade agreements and global raw materials outreach. At the same time, the EESC recognises that a global race for raw material resources is not sustainable. Therefore, Europe should find ways to become more resource and material efficient by widely rolling out demand-side management measures to reduce demand: ecodesign and circularity, energy efficiency, strengthening the sustainability of products, and supporting targeted innovative practices and techniques. As a priority, the EESC asks for an

audit to be carried out to identify how the EU can control and improve its value chains and avoid excessive dependencies.

3.3.3 The EESC stresses the need to build stronger trade relationships with third countries, advancing the work on free trade agreements, which also promote our values, while continuing to develop and use trade defence instruments, such as anti-dumping, anti-coercion and foreign investment screening.

3.3.4 Access to energy and raw materials at competitive prices is crucial for keeping industrial production and related activities in the EU. When developing its competitiveness, resilience, and global influence, the EU should rely on the open market economy and open societies as its fundamental assets, and refocus its action on the essential conditions for creating prosperity and well-being.

### 3.4 **Enhancing skills for quality job creation in net-zero technologies**

3.4.1 The EESC supports the principles of effective lifelong learning systems and improved anticipation of future skills needs. Against this background we call for the structural involvement of social partners in the planned net-zero academies. Furthermore, the EESC believes that an improved regulatory framework for the joint recognition of qualifications should not be limited to jobs related to net-zero technologies but be extended to all sectors and skills. The EESC points out that the way to support European industry is by investing in and supporting its workers, including by protecting employment and helping those in short-time work schemes.

3.4.2 The EESC is convinced that up-skilling and training will be needed to support the transformation. In general the risk sectors related to high emissions represent a small threat, but in some European regions the impact in the short term could be devastating. Only investing in enhancing skills, providing access to (re-)training and promoting economic diversification towards greener activities will make the transition manageable, making it possible to deal with the current tight markets and to improve labour market reallocation. Restructuring needs can be better anticipated and managed through the early involvement of all stakeholders concerned, including organised workers' representatives<sup>2</sup>. The EESC calls on the Commission and the Member States to ensure that the EU industrial plan helps create quality jobs with fair working conditions and good pay, and promote collective bargaining and respect for collective agreements.

3.4.3 Regarding the proposal for net-zero academies, the EESC points to existing, well established qualification and vocational education structures in the EU and underlines that there is no legal basis to introduce (professional) training policy provisions of this kind via a regulation. The draft regulation does not reflect the reality in companies and in the EU Member States, which is also demonstrated by the fact that no continuous involvement of the social partners, nor other relevant organisation is envisaged. While the EESC therefore advocates that education and training aspects of the proposal for a regulation should be dealt with in the framework of a

---

<sup>2</sup> [OJ C 228, 29.06.2023 p.43.](#)

recommendation, as is standard practice in this policy area, the Committee calls on the EU institutions to at least actively involve social partners as well as the European chamber network in the activities of European Net Zero Industry Academies and Net-Zero Europe Platform.

3.4.4 Calculations by the European Commission show that there is significant job creation potential in net-zero technology, with 180 000 workers needed in fuel cell hydrogen manufacturing, 66 000 in photovoltaic solar manufacturing and 800 000 in battery production. The EESC therefore asks the Commission and Member States to not only support framework conditions for the necessary skills development within the EU, but to also speed up and standardise work permits for qualified workers coming from outside the European Union.

### 3.5 **Innovation**

3.5.1 Innovation capacity is yet another way to increase productivity, and is essential for the development, adaptability and renewal of businesses. Both private and public investment in research and innovation are necessary for the EU's success in the future. Cooperation between businesses, universities and innovation organisations needs to be facilitated as an important practical way of enhancing productive innovation. Worker involvement can also contribute positively to realising the full potential of innovation and envisaged change.

3.5.2 Currently, most EU funding is geared predominantly to the early stages of technological development and to the uptake of these technologies by downstream users. Support for manufacturing capacity and for scaling-up remains scarce. The EESC believes that this needs to be rectified.

3.5.3 The EESC acknowledges that the relevance of critical raw materials for the EU's industrial activities cannot be overstated. In this regard, innovation should, as a priority, focus on substitutes, products and materials that can reduce the EU's dependency on critical and raw materials it cannot easily access.

### 3.6 **Governance**

3.6.1 Chapter VII of the NZIA proposals sets up a structure, the Net-Zero Europe Platform, intended as a reference body in which the Commission and Member States can discuss, exchange information, and share best practices on issues related to this Regulation. However, the EESC wants to underline that the Commission should seek input not only from experts but predominately from representatives of the net-zero industry and related trade unions. The EESC welcomes the push for better coordination and should be involved in the platform, to structurally contribute the views of workers, employers and civil society to its work.

### 3.7 **Strategic net-zero technologies**

3.7.1 The EESC welcomes the approach to priority investment in and support for clean technologies. However, the list of technologies supported by the NZIA proposal largely ignores the decarbonisation of energy-intensive industries and the circularity dimension. We cannot reach the 2050 climate goals without building a competitive circular economy: using waste, captured

carbon or renewable resources as feedstock are all viable ways to reduce emissions across all industries and cut the EU's dependence on raw materials imports. The EESC therefore calls on the legislators to expand the list of strategic net-zero technologies accordingly.

3.7.2 The EESC supports the setting of clear targets and objectives for manufacturing capacity in Europe, in particular the goals of covering 10% of the extraction of our strategic minerals, with a strong commitment to continued environmental protection, of reaching 40% of materials refinement, including advancing in mining capacity and thereby creating real added value, and of achieving a 15% recycling rate by 2030.

3.7.3 The EESC points out that there is a high risk of an increase in the cost of production because nearly 25% of emissions come from hard-to-abate sectors, which will not decarbonise at the desired speed without incurring higher production costs. This could lead to a supply shock and an inability to cover the needs of the market. Until new technologies are taken up an increase in the production cost is highly likely, causing shortages and resulting in higher prices that are transferred to other products in the value chain.

Brussels, 13 July 2023

Oliver RÖPKE

The president of the European Economic and Social Committee

---