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Opinion of the European Economic and Social Committee

Sector-specific industrial policies supporting greater strategic autonomy

(own-initiative opinion)

(C/2025/766)

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1. Conclusions and recommendations

1.1. In line with its previous opinions, the European Economic and Social Committee (EESC) has highlighted the existence of common risks across very different industrial sectors. While the responses provided may often be identical, they should nevertheless be targeted. The EESC calls on the European Commission, as a matter of urgency, to resume sector-specific industrial policy analyses and prospect assessments through foresight exercises, with the aim of regaining competitive positions at global level.

1.2. The EESC calls on the European Commission to implement targeted measures swiftly to support the various strategic sectors: chemicals and its derivatives, metallurgy and cybersecurity.

1.3. For the EESC, the single market should not only secure greater autonomy from external dependencies in supply, process and product chains, but should also steer its 450 million consumers towards European products by defining sustainability, circularity and carbon footprint standards, thereby enabling the single market to further strengthen its legitimacy.

1.4. In order to combat industrial decline, the EESC believes that companies need access to banking institutions that support an industrial policy that is rooted in European regions, to ever more highly skilled workers, and to academic centres that promote innovation and research to create the jobs of the future.

1.5. In the field of chemicals, the EESC stresses the need to increase partnerships to stimulate innovation and investment, to relocate the chemicals industry and locate decision-making centres on European soil, to standardise quality standards for sorted/pre-treated plastic waste, and to establish a single and open secondary market so as to provide a continuous supply of plastic waste for use in operating chemical recycling plants.

1.6. On cybersecurity, in order to counter threats, the EESC recommends that heightened, continuous supervision be put in place, and that preventive technical assistance programmes be developed that are accessible to all companies.

1.7. In the EESC's view, any further decline in the metallurgical industry is unacceptable, as it risks seriously undermining the EU's strategic autonomy, all its industrial sectors (the rail, nuclear, maritime, space, automotive, defence industries, etc.) and, consequently, the future of EU industry. Now more than ever, Europe needs to establish an Industrial Deal to back up its Green Deal and its Circular Economy Action Plan; it needs to consolidate industrial alliances in the metal industry through 'important projects of common European interest', and to reindustrialise many abandoned regions in order to restore high-quality, locally based jobs.

2. **General comments**

2.1. Faced with permacrises, Europe has realised that it needs to do something about its strategic dependencies and structural weaknesses. Strategic autonomy can only be achieved if core and strategic industries, including energy- and water-intensive ones, remain in and invest in Europe.

2.2. The need to compensate for the unreliability of globalised networks and make supply chains more secure is becoming an economic and operational requirement. The deteriorating geopolitical and security situation, together with measures taken by certain third countries, have created the conditions for a quasi-monopoly on raw materials. In addition, huge subsidies for production are granted that distort trade and lead to unfair competition.

2.3. More than ever before, consumers are opting for healthy, sustainable and local products that are subject to stricter requirements in terms of short supply chains and traceability; this is also an argument in favour of relocating production to Europe. Our industrial sectors have a key role to play in the transition of the economy.

2.4. This own-initiative opinion demonstrates the importance of certain sectors in achieving strategic autonomy and shows how sector-specific industrial policies can support them. Many sectors are essential for our autonomy. To expand on the approach set out in the opinion *Towards a more resilient, competitive and sustainable Europe* ([1]), the opinion in hand focuses on the chemicals, cybersecurity and metal sectors from the viewpoint of the holistic approach set out in Versailles and Granada and then discussed again in connection with the Antwerp Declaration of 4 March 2024 ([2]).

2.5. An industrial action plan is called for that will serve as a basis for rethinking our sector-specific industrial strategies to enable us to undergo the transitions together and tackle the challenges they face. For our industries, it is imperative to:

— secure access to critical raw materials (CRMs) ([3]);

— manage companies in a carbon- and water-efficient way ([4]) in order to address the energy/water/CRM nexus;

— integrate progress linked digitalisation ([5]);

— access financial resources; and

— have a skilled workforce, ongoing training and retraining programmes, paying particular attention to SMEs, specifically through the introduction of a human and social roadmap ([6]).

([1]) OJ C, C/2024/4062, 12.7.2024, ELI: https://eur-lex.europa.eu/eli/C/2024/4062/oj.
([2]) https://cms.antwerp-declaration.eu/uploads/declaration.pdf.
([3]) OJ C 349, 29.9.2023, p. 142.
([4]) OJ C, C/2024/4062, 12.7.2024, ELI: http://data.europa.eu/eli/C/2024/4062/oj, and EESC opinion OJ C, C/2024/4659, 9.8.2024, ELI: http://data.europa.eu/eli/C/2024/4659/oj.
([5]) OJ C, C/2024/4062, 12.7.2024, ELI: https://eur-lex.europa.eu/eli/C/2024/4062/oj.
([6]) OJ C, C/2024/4659, 9.8.2024, ELI: http://data.europa.eu/eli/C/2024/4659/oj.

2.6. In order to keep companies competitive in a context in which they are not necessarily operating on a level playing field with their competitors, it will be necessary to revitalise the single market (as proposed in the Letta and Draghi reports), foster cutting-edge research and innovation in sectors such as artificial intelligence (AI), quantum technologies, biotechnologies, advanced materials and net-zero technologies, and improve supply and transport chains, while facilitating access to loans.

2.7. These huge challenges come at a time when companies are facing the most severe economic slowdown in a decade, demand is falling, production costs are rising, and investments are shifting to other regions. More than ever, businesses urgently need clarity, predictability, and trust in Europe and its industrial sectoral policy.

2.8. As pioneers in climate action, our companies – including those operating in strategic sectors – could be placed at a competitive disadvantage owing to them being subject to more stringent environmental standards than those imposed on other global players. To address this, the industrial sector could be put on an equal footing with its competitors by implementing policy measures that are able to reduce the risk of carbon leakage, while at the same time paving the way for leadership in industrial technology.

2.9. The transition to a sustainable economy offers the EU the opportunity to become a leader in emerging clean technology sectors, as well as serving as a catalyst for modernising its industry. Two such opportunities include vying for technological leadership in renewable and water-efficient energy sources and introducing a more circular economy.

3. **Resilient and competitive industrial sectors**

3.1. For industrial sectors, the challenges lie in:

— adapting their capacity to integrate new competition-related imperatives and to demonstrate greater resilience;

— absorbing shocks, reacting flexibly to changing market requirements;

— applying their overall strategy by going beyond cost criteria, to take proper account of aspects relating to service and quality, environmental protection and the preservation of human resources (good-quality jobs);

— improving their performance in terms of energy and materials use, while optimising their competitiveness on global markets; and

— maintaining a significant level of investment in technological innovation;

— having easier access to European and national venture capital.

3.2. To meet these challenges, companies need access to financial institutions that support European industrial policy. Making funding from the private sector and banks available will be crucial. Despite the high levels of debt and inflation that limit its room for manoeuvre, the public sector must continue to play a key role in access to finance; however, private sector resources should also be used, by channelling household savings – where appropriate – towards more lucrative financial assets.

3.3. There should be a focus on the Recovery and Resilience Facility and the structural and regional funds in order to lose no time in integrating and building world-class European energy, digital, carbon capture, utilisation and storage, and recycling infrastructure, as they are ‘important projects of common European interest’ (IPCEI). Congestion in cross-border transport must be relieved, trans-European networks developed and barriers to permits for industrial transformation projects removed.

3.4. The ongoing transformations will also require a significant number of increasingly skilled workers. However, skilled workers in the renewable and digitalised energy domain in the EU are rare, their propensity to be mobile is sometimes low, and employers face fierce competition from adjacent sectors. It is estimated that this labour shortage is likely to worsen amongst both workers and managers. At the same time, the development of AI offers possibilities and challenges that are still difficult to assess, since it will outperform humans in data collection and analysis and even in design-related tasks. This is a new industrial revolution, requiring a new cultural framework and new skills essential for new, highly skilled jobs.

3.5. The needs expressed at sectoral level should be aggregated in order to obtain a consolidated overview of the skills needed, taking into account the inversion of the demographic pyramid and the number of workers entering and leaving the labour market.

3.6. The European Commission should carry out reliable studies in this connection. Where necessary, social measures could be introduced to ensure that these transitions are successful, in order to optimise positive transformations and minimise negative disruption in society. At the same time, centres of excellence should be developed with the aim of providing skilled labour.

3.7. Growing global competition due to the emergence of new economies offers opportunities to further exploit the potential of the EU single market, of smart specialisation, and of expanded connectivity and global value chains. However, this goes hand in hand with an increased risk of economic dependency being used for geopolitical purposes and of extremely powerful global monopolies being created.

3.8. For this reason, steps should be taken to increase the resilience of the EU's strategic economic assets, protecting intellectual property rights and critical infrastructure, in order to avoid foreign control thereof and to rebalance economic power, so as to regain ownership of stable, secure supply chains. The EU needs to strengthen its capacity to set common economic goals and act independently.

3.9. Coordinated diplomatic efforts will be decisive in ensuring that the transition to a sustainable economy becomes a global effort. The EU has a huge opportunity to leverage and preserve its leading position in climate diplomacy, as long as it maintains its role as driving force behind the sustainable transition and supports a global movement for responsible change.

4. **The chemicals and health products sector**

4.1. The chemicals sector is one of the sectors crucial for strategic autonomy and also one of those most in decline due to the slowdown of the global economy, shrinking local markets and a loss of competitiveness as a result of higher energy and raw materials prices in Europe. Only those chemicals sectors related to health and, in particular, pharmaceuticals have responded to this situation.

4.2. The European chemicals industry must strive for climate neutrality; it plays a key role in managing change for many industrial sectors. The EU must maintain a balance between its ambitions in terms of the environment and competitiveness, while ensuring that its chemicals legislation is effective and promotes innovation, and that its approach is based on risk rather than on large-scale product bans, where necessary employing a 'regulatory sandbox' approach.

4.3. Chemical recycling is not yet sufficiently developed, due to the lack of an appropriate legislative framework. The full potential of chemical recycling should be exploited, through measures in support of innovation, a level playing field, recycling chains and clear pathways to 'recover' post-use plastics that would otherwise be exported, incinerated, landfilled or wasted.

4.4. EU rules to support chemical recycling as a complementary solution to mechanical recycling are needed to attract investment in these technologies and help the EU achieve its targets for recycled content. The mass balance method, which entails gradual steps to replace a percentage of (non-renewable) fossil fuel content with products from circular resources, is essential.

4.5. To ensure that chemical recycling is ramped up and deployed in full, guiding principles such as those set out below should be adhered to:

— increasing partnership-based collaboration to boost innovation and investment, along the lines of the Circular Plastics Alliance;

— relocating the chemicals industry onto, and establishing decision-making centres on, European soil;

— setting uniform standards for a transparent mass balance approach with quality standards for sorted/pre-treated plastic waste, while using life cycle assessments to measure environmental impact; and

— creating a single and open secondary market to ensure a continuous supply of plastic waste for chemical recycling plants.

4.6. For health-related products, biotechnology and biomanufacturing play a crucial role in the chemicals industry and offer many opportunities for developing high-performance sustainable products, while enhancing strategic autonomy ([7]).

4.7. The health and pharmaceuticals sectors need to be fostered, for example through an ambitious law on critical medicines, in order to tackle European dependencies and strengthen the EU's sovereignty, resilience and capacity to innovate and produce ([8]).

5. **The cybersecurity industry**

5.1. The Industrial Internet of Things is a major component of the fourth industrial revolution – or Industry 4.0 – which incorporates many concepts and technologies such as AI, cloud computing and augmented reality, but is not adequately protected and remains difficult to control.

5.2. In the digital field, over and above the information and communication technology (ICT) standardisation priorities for the Digital Single Market, the EU's Digital Strategy, Data Strategy and Artificial Intelligence Act all recognise the importance of adopting standards for the next generation of technologies, and a standardisation strategy has been put in place.

5.3. Some AI applications can pose a threat to citizens' rights and democracy, be they: biometric categorisation systems that use sensitive characteristics; non-targeted recovery of facial images from the internet or video surveillance footage for creating facial recognition databases; the recognition of emotions in the workplace and in educational institutions; social scoring; or AI systems that manipulate human behaviour. All of these aspects call for increased and continuous supervision.

5.4. In matters of cybersecurity, the EU is facing growing risks and complex threats. To remedy the current fragmentation and promote enhanced cooperation between the Member States, it is essential to step up coordination and induce them to share information on attacks carried out against them, despite the sensitivity of information pertaining to national security.

5.5. Member States must carry out continuous risk assessments on European communication infrastructure and networks. Many threats to communication networks and infrastructure need to be identified, such as wiper malware, ransomware attacks, supply chain attacks, physical attacks and sabotage.

5.6. The constant change, anonymity and absence of borders in cyberspace present both opportunities and risks for the functioning of the information society at individual, state and transnational level. SMEs face serious cybersecurity risks, and cyber-attacks are often disastrous for them. Preventive technical assistance programmes therefore need to be introduced that are accessible to all companies.

([7]) OJ C, C/2024/6026, 23.10.2024, ELI: http://data.europa.eu/eli/C/2024/6026/oj.
([8]) OJ C, C/2024/1568, 5.3.2024, ELI: https://eur-lex.europa.eu/eli/C/2024/1568/oj and OJ C, C/2024/3387, 31.5.2024, ELI: https://eur-lex.europa.eu/eli/C/2024/3387/oj.

6. **The metal industry**

6.1. Metallurgy is an underrecognised issue that goes beyond merely the exploitation of steel; it produces the special alloys used in the aerospace, electronics, construction, motor, high-speed train and nuclear industries, not to mention its everyday uses (aluminium cans, laptops, etc.).

6.2. It has to be said that in the steel sector, many decision-making centres are no longer located in Europe, but in India, for example, while the cutting-edge research is still well established in Europe. The resulting geographical and intellectual distance between decision-making, manufacturing and research centres often leads to a loss of metallurgy skills.

6.3. The cascade effect is quite significant: university research is losing its edge as a result of metallurgy being removed from curricula; there is a shortage of teachers; the relevant industrial disciplines are becoming less attractive; there are not enough young researchers or engineers; jobs are becoming scarce; wages are falling; the profession is losing its appeal; and the sector is collapsing, while the need for all of these remains and, in fact, continues to grow substantially.

6.4. In the EESC's view, any further decline in the metallurgical industry is unacceptable, as it risks seriously undermining the EU's strategic autonomy, all of its industrial sectors (the rail, nuclear, maritime, space, automotive, defence industries, etc.) and, consequently, the future of EU industry.

6.5. The EESC acknowledges that the new industrial strategy of 2020 laid the foundations for an industrial policy; however, some five years later, the many vulnerabilities noted at that time still persist to the same extent and structural responses are long overdue. Now more than ever, Europe needs to establish an Industrial Deal to back up its Green Deal and its Circular Economy Action Plan; it needs to consolidate industrial alliances in the metal industry through 'important projects of common European interest', and to reindustrialise many abandoned regions in order to restore high-quality, locally based jobs.

6.6. So as to ensure that there are markets for Europe's strategic sectors, it also seems vital to steer the EU's 450 million consumers towards European products, by defining sustainability, circularity and carbon footprint standards that enable the single market to further establish its legitimacy.

Brussels, 4 December 2024.

The President

of the European Economic and Social Committee

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