

Position Paper 2023/146

# Building green industries demands urgent investment and solidarity

## IndustriAll Europe position on the EU Green Deal Industrial Plan

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For many years, industriAll European Trade Union has called for an assertive European industrial strategy, alongside ambitious net-zero climate and energy objectives, to ensure the maintenance and creation of good quality jobs in transforming existing and emerging new industries. Finally, the European Commission and Member States have recognised the importance of industrial policy.

As much pushed by the need for greater industrial and energy sovereignty as the colossal clean technology investment plans of other countries – notably the Inflation Reduction Act in the USA – the Commission proposed a new Green Deal Industrial Plan in February 2023. This was followed in March by draft regulations to stimulate the development of clean tech industries in Europe and address the critical raw materials they rely on. Alongside these initiatives, a debate is raging in Europe about how the investment needed for a green industrial renaissance will be provided. Today's investment levels, twice as low as in 2000, are too low to sustain the industrial transformation needed. IndustriAll Europe strongly asserts that fiscal rules should leave sufficient room for manoeuvre to finance the twin transition. A return to austerity would be disastrous for both industrial workers and the EU's green industrial ambitions.

This position paper addresses both our political analysis of the overall plan and the specific proposals tabled which raise concerns about the scope and strength of social conditionalities, the risk of deregulation, the coherence with cohesion objectives, and the impact on human rights both in Europe and in third countries<sup>1</sup>.

### The EU Green Deal Industrial Plan – an overview

On 1 February 2023, the European Commission adopted a Communication setting out its proposals for a Green Deal Industrial Plan (GDIP), which aims to prepare EU industry for the “Net-zero age”. To that end, the GDIP sets out an agenda to adapt the regulatory environment, better mobilise financing, ensure the availability of a skilled workforce and to update its trade policy. Presented by the European Commission and endorsed by the European Council conclusions, the EU GDIP is built on four pillars:

1. **“A predictable, coherent and simplified regulatory environment”** will foster the industrial manufacturing of key clean technologies and secure access to relevant raw materials. On 16 March 2023, the European Commission released legislative proposals to implement these ambitions. A

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<sup>1</sup> Even though the EU GDIP and the two Acts have a strong skills dimension, skills will not be part of this paper to avoid overlaps with the other industriAll Europe position paper deemed to be adopted by the May 2023 Executive Committee: ‘Debunking the myth of labour shortages: Urgency to invest in workers, training and quality jobs’

Net Zero Industry Act should boost its clean technology manufacturing capacity, while the Critical Raw Materials Act is expected to increase its resilience regarding critical raw materials<sup>2</sup>. The Annexes to this political position provide more detailed analysis of these proposals.

2. **“Speeding up access to finance”** is vital for net-zero industry to be developed in Europe, while third countries are providing massive subsidies for the clean tech industry. In addition to the existing funding already available – i.e. €250bn available for green technologies in the EU Recovery and Resilience Facility and €100bn available for green transition through Cohesion policies – the European Commission has allowed further flexibility for Member States to provide state aids to green technologies through an amendment to the General Block Exemption Regulation (GBER)<sup>3</sup> and through the Temporary Crisis and Transition Framework<sup>4</sup>. It is worth mentioning that, when a company in a strategic sector is considering relocating outside the EU, the revised rules would allow Member States to match the aid offered by a third country, provided the matched aid results in a cross-border benefit. To avoid a deepening of regional disparities when it comes to support provided by Member States to their industry, the EU funding will also be increased. Existing funding programmes – such as REPower EU, InvestEU, Innovation Fund – will be further mobilised to support the EU GDP objectives. A European Sovereignty Fund will be proposed by the European Commission before summer 2023 in the context of the review of the EU’s Multiannual Financial Framework. The completion of the capital market and the EU Sustainable Finance Framework should contribute to mobilise private funding that should play a central role in bridging the investment gap.
3. **“Enhancing skills”** – this pillar aims to make the green transition “people-centred and inclusive”, but also to generate “quality jobs leaving no one behind”, keeping in mind the need to secure a skilled workforce for a clean tech sector which is already booming in Europe with 4.5 million green jobs in 2019 up from 3.2 million in 2000, but expected to dramatically grow in the coming years in a context of severe labour shortages. The European Commission is presenting a wide catalogue of initiatives developed under the European Skills Agenda, including the European Pact for Skills and the European Year of Skills 2023. Skills partnerships will be created or extended. Net-Zero Industry Academies will be established to support up-skilling and re-skilling programmes in strategic industries for the green transition. State aids and IPCEIs should also provide additional financial resources to support skills objectives, whereas the EU budget and Next Generation EU are already providing € 64.8 bn to support the EU Skills Agenda.
4. **“Trade and resilient supply chains”** strive to keep “trade openness” as a compass. The EU GDP proposes to use its trade policy to support the EU clean manufacturing objectives. WTO reform should clarify how to promote green investments while keeping a level playing field. The EU free trade agreements network will be mobilised and extended (e.g. ongoing negotiations with Australia, India, Indonesia). Other forms of bilateral cooperations, such as the EU-US Trade and Technology Council, or the EU-US Task Force on the Inflation Reduction Act, should also contribute to that goal. A Critical Raw Materials Club and Clean Tech/Net-zero Industrial Partnerships will be established. Trade defence instruments, the Regulation on Foreign Subsidies, the EU Framework for the screening of foreign investment and the International Procurement Instrument will provide an answer to various forms of dumping coming from non-market economies.

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<sup>2</sup> On the same day, the European Commission also released a proposal to set up an Hydrogen Bank, a Communication on the long-term competitiveness of the EU, and a Communication to celebrate the Single Market’s 30th anniversary.

<sup>3</sup> See [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_1523](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1523)

<sup>4</sup> See [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_1563](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1563)

## Is this industrial strategy up to the task of climate neutrality with a Just Transition?

For many years, industriAll Europe has argued that the EU climate and energy objectives needed an industrial strategy to develop in Europe the goods and technologies that are needed to decarbonise the economy<sup>5</sup>. As the latest IPCC report reminds us, the climate clock is ticking and the intensity of the emission reductions that are necessary is unprecedented. Laissez-faire and market-driven solutions are not fit for such an effort. The current geopolitical context makes an industrial strategy even more relevant as the Russian invasion of Ukraine has demonstrated the danger of being dependent on energy imports, especially supplied by autocratic regimes. At the same time, other major economies have implemented plans to develop cleantech-related supply chains in their respective territories. Seeing the USA or China accelerating the greening of their economies is of course a positive development, but it is also a challenge for the European industry on European and global markets. Moreover, the current concentration of cleantech supply chains, such as solar PVs, batteries, electrolyzers or wind turbines, is a major source of concern for European autonomy and prosperity<sup>6</sup>.

The proposed package, and in particular the NZIA, is a welcome initiative since it aims at creating the conditions to scale up the manufacturing capacity of net-zero technologies in the EU. More specifically, the draft regulation aims to ensure that “by 2030, manufacturing capacity in the Union of the strategic net-zero technologies [...] approaches or reaches a benchmark of at least 40% of the Union’s annual deployment needs for the corresponding technologies necessary to achieve the Union’s 2030 climate and energy targets”. Similarly, the proposed Critical Raw Material Act sets ambitious objectives for domestic production and circularity while securing and diversifying supply from third countries.

IndustriAll Europe welcomes that these ambitious objectives focus on manufacturing activities and cover the whole supply chain, from raw materials extraction and processing to manufacturing of technologies. IndustriAll Europe also welcomes the fact that legally-binding instruments – i.e. regulations – have been used as vehicle for the implementation of the EU GDIP.

However, industriAll Europe believes that there are a number of weaknesses in the EU GDIP:

- **Lack of a stronger social dimension is the Green Deal’s industrial Achilles’ heel:** Of the four main pillars of GDIP, skills was third on the list. However, little mention was given as to how Europe will concretely tackle the skills and labour shortages hitting all our industries. As argued throughout our [Just Transition Manifesto](#), industriAll Europe believes we need an EU legal framework for the anticipation and management of the Just Transition which recognises the vital role that information, consultation and participation of workers, as well as collective bargaining, play in anticipating change and changing skills needs. Such an EU legal framework must ensure that skills intelligence – the anticipation of skills requirement - is strengthened through strategic skills and jobs planning in every company, every region and every sector, with the full involvement of the social partners, VET providers and public authorities, which are best placed to accompany structural changes<sup>7</sup>. Unemployment benefits and more supportive active labour market policies will also be needed if the EU wants workers to support the transition – especially for those who will be the hardest hit.
- **Urgent need for the supply of affordable decarbonised energy** is key to develop new industrial activities in Europe. The impact of the NZIA on the energy prices will be limited in the short term,

<sup>5</sup> See for instance [https://news.industrialall-europe.eu/documents/upload/2020/11/637418363805326269\\_EN%20-%20Green%20Deal%20-%20Europe's%20Green%20Deal%20mapping%20the%20route%20to%202030.pdf](https://news.industrialall-europe.eu/documents/upload/2020/11/637418363805326269_EN%20-%20Green%20Deal%20-%20Europe's%20Green%20Deal%20mapping%20the%20route%20to%202030.pdf)

<sup>6</sup> See <https://www.iea.org/reports/securing-clean-energy-technology-supply-chains>

<sup>7</sup> <https://news.industrialall-europe.eu/p/justtransition>

whereas its long-term impact remains uncertain. The ambition of making Europe less dependent on imported energy and less exposed to global market volatility will anyway not materialise overnight. Still, industry needs immediate solutions to cope with energy prices that remain higher in Europe than in many other regions in the world. The EU GDIP will only be successful if, at the same time, the EU reforms its energy policy, notably with a revised Electricity Market Design Directive that secures, as soon as possible, the supply of affordable low-carbon electricity corresponding to the increasing need for electrification.

- **The lack of technology-specific feasibility assessment and strategy.** The depth of the European dependence on third countries for the supply of some clean technologies makes it extremely challenging to reach 40% of our annual deployment needs by 2030<sup>8</sup>. Europe massively imports some cleantech and this deployment will have to be dramatically accelerated to reach the Fit for 55 objectives. The EU should better identify technologies where specific support and requirements are necessary to develop manufacturing activities and propose additional measures based on a technology neutrality approach open to all options that fit with the 2050 decarbonisation objective while being in line with the UN Sustainable Development Goals.
- **A strategy for manufacturing export-oriented sectors is missing.** Re-shoring industrial activities in Europe will have a significant impact on production costs, bearing in mind that, in relative terms, energy prices might stay high in Europe and that the reform of the Emissions Trading System (ETS) and the implementation of the Carbon Border Adjustment Mechanism (CBAM) should also – all things equal – drive the production costs upwards in energy-intensive industries. This might have an impact on inflation as well as on the competitiveness of European industries on global markets, especially for manufacturing export-oriented sectors.
- **Foundation industries are also of strategic importance.** The EU GDIP and the NZIA and CRMA do not explicitly identify basic industries (e.g. steel and basic metals, chemicals, glass and other basic materials) as strategically important, even though the listed “net-zero technologies” and “strategic net-zero technologies” are instrumental for their decarbonisation. It is important to remember that these sectors are important suppliers to the clean technology industries. Hence, the need to better link the NZIA with a revised strategy for energy-intensive industries that are the most exposed sectors to the consequences of having high energy prices.
- **Transport is not only about batteries and alternative fuels.** Transport is among the hardest sectors to decarbonise. While batteries, fuel cells and alternative fuels have been identified as the sole clean technologies to be promoted, the needs of trains and rail equipment or bicycles are absent.
- **A risk-assessment and resilience strategy for industry is a must-have.** The last years have demonstrated that unexpected events can disrupt industrial activities. Public health crises, problems with logistics, geopolitical tensions, armed conflicts and extreme weather events, such as drought, have had a brutal impact on industry. This succession of crises with their concrete impact on industry and workers might be the hallmark of our times, especially given the already unavoidable consequences of climate change. However, the EU industrial strategy has not really developed a tool to assess those risks and take the necessary measures when feasible. IndustriAll

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<sup>8</sup> For Solar PV, EU production only covers 3% of EU demand. See [https://single-market-economy.ec.europa.eu/system/files/2023-03/SWD\\_2023\\_68\\_F1\\_STAFF\\_WORKING\\_PAPER\\_EN\\_V4\\_P1\\_2629849.PDF](https://single-market-economy.ec.europa.eu/system/files/2023-03/SWD_2023_68_F1_STAFF_WORKING_PAPER_EN_V4_P1_2629849.PDF)

Europe asks the European Commission to complement its “long-term competitiveness of the EU” with a “long-term risk assessment and resilience strategy”<sup>9</sup>.

### A European investment plan with social conditionalities

Increasing financial support for green industries must be part of the EU Green Deal Industrial Strategy, given the enormous investment challenge ahead of us to reach the EU climate targets<sup>10</sup>.

While the EU GDIP has also to be seen as an answer to the subsidies provided by the US Government in the context of the US Inflation Reduction Act, we should keep in mind that the EU is not an industry subsidy desert and that the subsidy asymmetry between the EU and the US is not as striking when closely inspected<sup>11</sup>.

As described above, a temporary revision of state aid rules, as well as a targeted amendment to the GBER, will entail an increase in state aid provided by Member States to companies investing in green technologies. EU funds will complement state aids. And various instruments will also mobilise private finance.

When it comes to the financing of the EU GDIP, industriAll Europe stresses:

- **Public money must come with strong social conditionalities.** The provision of public money to private companies must be conditional on a series of social and environmental requirements that fit and respect the specific labour market models throughout Europe. Public subsidies, whether they come from the national budget or from EU funds, must be dependent on companies’ performance with regard to workers’ rights to join or form a trade union, collective bargaining and information-sharing and consultation with workers and their unions. The proposed NZIA and CRMA contain selection criteria that will also assess the social impact of net-zero strategic projects. Those elements are positive starting points that will have to be strengthened to secure that companies receiving public money avoid redundancies and the deterioration of working conditions; bargain with trade unions and respect for collective agreements; respect workers’ information and consultation rights; invest in reskilling and upskilling programmes; create high-quality apprenticeships and graduate roles; and promote diversity and inclusiveness at the workplace. Social conditionalities must be mandatory requirements in the project selection process, not options that investors can pick and choose in a wish list.
- **No corporate windfall profits.** The provision of public subsidies must be transparent and proportionate. Public support must be incompatible with excessive extraordinary dividend payments and share buyback programmes.
- **No backdoor austerity.** The EU needs to make sure that the new fiscal rules do not block investments and do not jeopardise the twin green and digital transition in Member States. As it stands today, 14 Member States do not meet the arbitrary 3% criteria and risk having rigid

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<sup>9</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_1668](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1668)

<sup>10</sup> According to the European Commission Impact Assessment accompanying the Fit for 55 communication, a 2030 emission reduction target of -55% would require an average annual investment in the energy system equivalent to 2.5-3% of GDP in the current decade (see pp.68-70) [https://eur-lex.europa.eu/resource.html?uri=cellar:749e04bb-f8c5-11ea-991b-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:749e04bb-f8c5-11ea-991b-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>11</sup> See among other sources: State of the Energy Union 2022, [https://commission.europa.eu/news/2022-state-energy-union-report-highlights-challenges-2022-10-18\\_en](https://commission.europa.eu/news/2022-state-energy-union-report-highlights-challenges-2022-10-18_en); 2022 Report on Energy Subsidies in the EU <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0642>

expenditure rules imposed. This cannot be accepted. Member States must have the necessary fiscal leeway to be able to invest in their industries and their people.

- **A sovereignty fund at scale and accessible to all.** To compensate the risk of fragmentation that the increased flexibility on state aid rules entails, the EU will have to further mobilise EU funds. To complement the existing funds and initiatives, the announced Sovereignty Fund must benefit from the EU's own resources and provide massive support for strategic net-zero technologies and strategic critical raw materials for which the reshoring in Europe is the most challenging.

### Improving public governance must not mean deregulation

The first pillar of the EU GDIP comprises measures to make the EU regulatory environment simpler and more coherent. The NZIA and the CRMA contain specific mechanisms to achieve that goal and notably to streamline and fast track administrative and permitting procedures for industrial or mining projects. Making procedures more efficient is a legitimate objective, inter alia through digitalisation of permitting procedures, but industriAll Europe reiterates the importance of strong safeguards.

- **Standards and regulations matter.** The streamlining of permitting must not come at the expense of environmental, public health or social standards. As to provisions dedicated to strategic projects, Member States should not be allowed to bypass existing legislation. Priority projects must comply with all existing legislation, including social, public health and environmental standards. In the same way, projects should contribute to local acceptance through the involvement of local communities in decision-making procedures as well as through the creation of local quality jobs and other social benefits and compensation. Last, but not least, the sense of urgency underpinning the EU GDIP should not be used as a pretext to undermine workers' and trade unions' rights, including the right to strike.
- **Improved public governance demands investment in public administration.** The NZIA and the CRMA set quite ambitious objectives when it comes to shortening permitting procedures, but the means proposed to that end are essentially made of weak measures, such as making information accessible online or creating one-stop shops. In contrast, the US Inflation Reduction Act provides more than \$1 billion to support environmental reviews at key governmental agencies.

### European industries need fair trade, based on multilateral rules

Europe is highly dependent on the supply of raw materials and components that are decisive for achieving decarbonisation. NZIA and CRMA should trigger a reshoring of activities to reduce that dependence, but European industries will continue to rely on global supply chains for the foreseeable future. Hence, the need to also secure and diversify supply chains for net-zero technologies as well as for raw materials. Today's high energy prices complicate this situation. This is intensified by the US Inflation Reduction Act – with local content requirements and an aggressive industrial subsidy policy – as well as protectionist policies in other major economies. As a result, European industry is at risk of losing significant market shares as well as experiencing investment leakage. Therefore, an integrated industrial-trade policy approach is vital, as recognised in the GDIP. IndustriAll Europe supports these synergies between trade and industrial policies and has the following demands:

- **Intensify transatlantic trade diplomacy to limit friction and speed up decarbonisation.** The EU should intensify its efforts to seal a Global Arrangement on Sustainable Steel and Aluminium with the US and other relevant trade partners, which should address decarbonisation and non-market excess capacity and align market access conditions to prevent unfair discrimination. The EU must

also accelerate negotiations with the US on an agreement to allow relevant critical minerals, extracted or processed in Europe, to count towards requirements for clean vehicles in the Section 30D clean vehicle tax credit of the Inflation Reduction Act. More broadly, the Clean Energy Incentives Dialogue, as part of the EU-US Trade and Technology Council, must be used to mitigate trade tensions beyond the EU-US

- **Human rights and sustainability must anchor Europe's supply diversification strategy.** The need to secure the supply of raw materials to major economies should not lead to a green neo-colonialism. Strong and enforceable sustainable development chapters must be integrated in all existing and future trade agreements, whether bilateral, plurilateral or multilateral. In the same way, the GDIP supply diversification strategy must be in line with due diligence legislation, as well as corporate governance based on ESG criteria. The EU's ambitions for critical raw materials make the need for a robust and ambitious Corporate Sustainable Due Diligence Directive - currently on the table of the EP and Council - all the more important.

## Annex 1: The European Critical Raw Materials Act

On 16 March 2023, the European Commission published a set of internal and external actions to ensure a secure and sustainable supply of critical raw materials for the EU industry. The main actions relate to the strengthening of domestic supply chains as well as reinforcing international ‘partnerships’ with third countries.

The set of actions are published in two documents:

- a [Regulation](#) setting a regulatory framework to support domestic capacities as well as strengthening the sustainability and circularity of the critical raw material supply chains in the EU.
- a [Communication](#) which proposes a number of measures to support the diversification of supply chains through new, so-called ‘partnerships’ with third countries.

The Commission’s Proposal	IndustriAll Europe’s preliminary analysis
<p><b>1) Setting priorities and 2030 benchmarks</b></p> <ul style="list-style-type: none"> <li>• New list identifying 34 critical raw materials<sup>12</sup> considered as important for the European economy and facing a high risk of supply disruption.</li> <li>• New list of 16 strategic raw materials<sup>13</sup> from the critical raw materials list, which are considered as highly strategic (related to the green and digital transitions, as well as space and defence) and facing projected global supply/demand imbalances.</li> <li>• 2030 benchmarks for strategic raw materials                             <ul style="list-style-type: none"> <li>○ At least <b>10%</b> of the EU’s annual consumption for <b>extraction</b></li> <li>○ At least <b>40%</b> of the EU’s annual consumption for <b>processing</b></li> <li>○ At least <b>15%</b> of the EU’s annual consumption for <b>recycling</b></li> <li>○ No more than <b>65%</b> of the EU’s annual consumption of each strategic raw material at any relevant stage of processing <b>from a single third country</b></li> </ul> </li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>• The setting up of concrete targets is welcome as it will help to orient EU and national actions towards a more comprehensive raw materials policy. As the benchmark will be evaluated frequently, it may open the possibility for additional measures.</li> <li>• The Critical Raw Materials Act is presented alongside the Net Zero Industry Act and as part of the Green Deal Industrial Plan. It shows the absolute need to integrate raw materials policies in broader industrial policies at different levels (EU, national, regional).</li> </ul> <p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>• The achievement of these targets will depend on many external factors (geological, regional, environmental and economic ecosystems, supply of energy, workforce...) that should be assessed and better integrated.</li> <li>• Need for targets for the longer term (2050). Developing new mining, processing and recycling activities will</li> </ul>

<sup>12</sup> List of **Critical Raw Materials**:

(a)Antimony(b)Arsenic(c)Bauxite(d)Baryte(e)Beryllium(f)Bismuth(g)Boron(h)Cobalt(i)Coking Coal(j)Copper(k)Feldspar(l)Fluorspar(m)Gallium(n)Germanium(o)Hafnium(p)Helium(q)Heavy Rare Earth elements(r)Light Rare Earth Elements(s)Lithium(t)Magnesium(u)Manganese(v)Natural Graphite(w)Nickel – battery grade(x)Niobium(y)Phosphate rock(`)Phosphorus(aa)Platinum Group Metals(bb)Scandium (cc)Silicon metal(dd)Strontium(ee)Tantalum(ff)Titanium metal(gg)Tungsten(hh)Vanadium

<sup>13</sup>List of **Strategic Raw Materials** (a)Bismuth (b)Boron - metallurgy grade (c)Cobalt (d)Copper (e)Gallium (f)Germanium (g)Lithium - battery grade (h)Magnesium metal (i)Manganese - battery grade (j)Natural Graphite - battery grade (k)Nickel - battery grade (l)Platinum Group Metals (m)Rare Earth Elements for magnets (Nd, Pr, Tb, Dy, Gd, Sm, and Ce) (n)Silicon metal (o)Titanium metal (p)Tungsten



	<p>need time to be well anticipated in order to tackle external factors.</p> <ul style="list-style-type: none"> <li>• More ambition for recycling would have been welcome to show the real commitment of the European Union towards a concrete circular transition. This would have helped to put major efforts into developing more action towards recyclability and eco-design.</li> <li>• It would have been interesting to have targets linked to the reduction in demand (via research and development, etc.).</li> <li>• These new targets will inevitably lead to changed or new activities, and this should be in line with a Just Transition agenda, accompanying the transitions which will occur in the mining, refining, processing and recycling sectors (decarbonisation, operations in new sites, exploitation of new raw materials...). The involvement of trade unions and workers is key.</li> <li>• On the list of critical and strategic raw materials, we demand a regular and comprehensive assessment of those included in both lists in order to cope with the concrete current and future challenges of industry and energy sources of each Member States. This may lead to the inclusion of other raw materials in the lists or to developing a broader raw materials' strategy for Europe.</li> </ul>
<p><b>2) Building European capacities</b></p> <ul style="list-style-type: none"> <li>• Identifying strategic projects in the EU and in third countries that intend to become active in the extraction, processing or recycling of strategic raw materials, with streamlined and predictable <b>permitting procedures</b> (which will receive priority status) and coordination to facilitate <b>access to finance</b>. Strategic projects will be assessed against a set of criteria which include technical feasibility and must be implemented in an environmentally and socially sustainable manner.</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>• Setting targets and benchmarks is of course not sufficient and we thus welcome the proposed help from the European Commission to support projects for strategic raw materials.</li> <li>• It is good that the criteria for the selection of strategic projects include i) implementation via an “environmentally and socially sustainable manner” through “the use of socially responsible practices including respect of human and labour rights, quality jobs potential, ii) meaningful engagement with local communities and relevant social</li> </ul>

<ul style="list-style-type: none"><li>• Speeding up the permitting procedure for all critical raw materials projects (one-stop-shop contact).</li><li>• For strategic projects, the length of the permit granting process should not exceed two years for extraction and one year for processing or recycling.</li><li>• Developing national exploration programmes to better assess the European CRM resources.</li></ul>	<p>partners, iii) the use of transparent business practices with adequate compliance policies to prevent and minimise the risk of adverse impacts on the proper functioning of public administration, including corruption and bribery.”</p> <ul style="list-style-type: none"><li>• Regarding permitting procedures, we welcome the one-stop shop and the need to reinforce administrative capacities. Any “streamlined and quicker permitting procedures” must focus on strengthening and improving administrative capacity, for example through the digitalisation of permitting, increased workforce or one-stop shop, and not on by-passing environmental and social standards or safeguards.</li></ul> <p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"><li>• The Regulation makes reference to the European Principles for Sustainable Raw Materials which lists international instruments covering all aspects of sustainability. These principles are a step in the right direction, but should serve as a basis to define binding “sustainable” raw materials standards. Sustainably and responsibly sourced raw materials should be based on a clear definition that includes a social pillar and a trade union perspective: collective bargaining, good working conditions, a safer and healthier environment, job satisfaction, and decent wages. As stated in the EP’s Resolution on CRM: “Responsible sourcing in the EU can only be based on an effective social dialogue promoting the health and safety of workers, securing decent jobs and working conditions and protecting workers’ rights by promoting gender equality”. This must be enforced and ensured by this Regulation.</li><li>• The evaluation and monitoring of projects will have to be assessed in a qualitative way, with the help of trade unions and external stakeholders that can verify with the right tools the quality of projects and their future monitoring.</li></ul>
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	<ul style="list-style-type: none"><li>• Criteria for strategic projects should also take into consideration a proper anticipation and planning of the phasing out of mining activities for their rehabilitation, which are crucial. Social partners should agree on job-to-job transition of the mine workers during the rehabilitation of old mining sites.</li><li>• The Regulation proposes that Member States should provide support and assistance to project promoters to further increase the public acceptance of the project: public acceptance will follow if high environmental and social standards, including dialogue with local communities and potential compensations, are fully respected, enforced, and sanctioned if not complying.</li><li>• For strategic projects in third countries, the promoters will have to create economic and social benefits in the country, including the creation of employment in compliance with international standards. The Regulation should refer to the ILO and propose a mechanism to effectively evaluate the enforcement.</li><li>• The Regulation will consider that strategic projects <i>override public interest</i> and this could be dangerous: they will be considered by the responsible permitting authority as being in the public interest and can be assessed, on a case-by-case basis, as overriding current legislation, which could stop the project (such as the Directive on the conservation of wild birds, conservation of natural habitats and of wild fauna and flora, water policy). This could send a dangerous signal that any strategic projects could bypass current legislation.</li><li>• Any public money should be attached to social conditionalities for the project and lead to well-paid, quality jobs.</li><li>• There is a clear need for more incentives and public support towards substitution, recycling possibilities and eco-design.</li></ul>
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	<ul style="list-style-type: none"> <li>• Building European capacities will only be possible with workers. The skills needs are mentioned in the Regulation but the proposals are too minimal.</li> </ul>
<p><b>3) Reinforce the EU’s capacity to monitor and mitigate existing and future supply risks</b></p> <ul style="list-style-type: none"> <li>• Monitoring critical raw materials and stress testing strategic raw materials supply chains.</li> <li>• Coordinating the development of national strategic stocks and requirement for audits of large companies’ supply chains.</li> <li>• Facilitating joint purchasing of strategic raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Insourcing, re-shoring, stockpiling, diversification of supplies and anticipation of shortages must be on the menu of companies’ strategies and this has to be supported by policies and a coherent EU industrial policy.</li> <li>• Industrial relations and workers’ participation have a role to play in making enterprises and their supply chains more resilient.</li> </ul>
<p><b>4) Diversifying EU’s imports of CRM</b></p> <ul style="list-style-type: none"> <li>• More strategic raw materials partnerships with third countries.</li> <li>• Critical Raw Materials Club with interested countries at the global level to foster investment and trade.</li> <li>• Link with the WTO and enhancing a network of Free Trade Agreements and Sustainable Investments Facilitation Agreements.</li> <li>• Using the Global Gateway for infrastructures for projects along the value chain.</li> <li>• Combatting unfair trade practices related to raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Any raw materials strategies should also take into consideration the needs and interests of workers and people in the countries from which raw materials are to be exported to Europe. This has to be done in total commitment to the Universal Declaration of Human Rights, ILO labour standards, UN Guiding Principles for Business and Human Rights, as well as the UN Sustainable Development Goals.</li> <li>• Fair trade policy, including partnerships among countries, has a role to play in moving raw material extraction towards a more social and sustainable path globally without putting workers in competition with each other. Trade agreements must integrate a strong, binding and enforceable commitment to the protection of the environment and fundamental labour standards and human rights. A more inclusive approach to trade and the sustainable development chapter should address these concerns.</li> </ul>
<p><b>5) Promoting a more sustainable and circular CRM economy</b></p> <ul style="list-style-type: none"> <li>• Requirement at Member State level to step up efforts to recover CRM from waste products and mining waste.</li> <li>• Improving the recyclability of rare earth permanent magnets in specific products and technologies in the EU market.</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>• We welcome the emphasis of the Regulation on sustainable and more circular raw materials. The sustainability refers to social aspects and not only environmental ones, which is important as human rights and environmental impacts have equal importance.</li> </ul>

<ul style="list-style-type: none"><li>• Efforts to mitigate any adverse impacts with respect to labour rights, human rights and environmental protection.</li><li>• Recognising certification schemes to increase the sustainability of CRM placed on the EU market.</li></ul>	<ul style="list-style-type: none"><li>• We absolutely need more and fairer circular economy and re-use/recycling of CRM from waste in Europe and we thus welcome concrete actions in this regard.</li><li>• We welcome further action to recover critical raw materials from extractive waste, as this could be considered as less damaging for the environment, but will potentially help the job-to-job transition in mining regions.</li></ul> <p><b>Things requiring further discussion:</b></p> <p>On circularity:</p> <ul style="list-style-type: none"><li>• The Regulation is promoting actions mainly at the national level and lets the Member States organise their circularity.</li><li>• The European Commission is setting concrete actions to recycle permanent magnets and improve the recycled content of these, which is a good opportunity to increase circularity. It would have been interesting to have such concrete requirements for other products containing strategic raw materials.</li><li>• Strong support for research and development is needed to tackle the current quantitative and qualitative limit of re-use and recycling of CRM. Public support and investment (from local to European level) will be needed in order to find solutions to improve the possibility of recycling and re-use of mineral raw materials, as some of them are currently very difficult to recycle or re-use.</li><li>• The waste processing and materials recycling sectors should guarantee good working conditions.</li></ul> <p>On Sustainability</p> <ul style="list-style-type: none"><li>• The Regulation is aiming to better organise all the certification schemes that exist related to the sustainability of critical raw materials by recognising some of them, following specific criteria which include “<i>socially responsible practices, including respect for human rights and labour rights</i>”. Instead, we think we need a common European</li></ul>
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	<p>regulation and standards for sustainable raw materials that include IRMA standards. Sustainable raw materials (primary and secondary) should be based on a clear definition which includes the workers’ perspective, such as IRMA. The presence of strong and independent trade unions and collective bargaining will ensure sustainable raw materials.</p> <ul style="list-style-type: none"> <li>• A dialogue with local communities to ensure that local communities are involved in new projects. Current EU legislation creates a series of obligations in terms of access to information and consultation of local communities. This must be promoted and better enforced.</li> <li>• A delegated act will be published to establish the rule for the environmental footprint of different critical raw materials. It would be interesting to complement that with a social footprint to assess this.</li> </ul>
<p><b>6) Governance and follow-up</b></p> <ul style="list-style-type: none"> <li>• Creation of a European Critical Raw Materials Board to advise the EC and facilitate coordination and implementation of exploration, monitoring, strategic stocks and strategic projects.</li> <li>• The Board will be chaired by the European Commission and composed of Member States, plus members of the EP as observers. Contact with relevant stakeholders will help its performance.</li> </ul>	<ul style="list-style-type: none"> <li>• The Board will be composed of Member States’ representatives and will evaluate strategic projects. It will invite representatives from the European Parliament to attend as observers and may invite experts. Trade unions should be involved in the Board and the opinion of social partners from each Member State should be integrated.</li> </ul>

**IndustriAll Europe’s key messages and demands for the European Critical Raw Materials Act**

- IndustriAll Europe recalls its [recommendations for Critical Raw Materials Resilience](#) adopted in 2021. Trade unions have long been calling for a stronger EU strategy on raw materials to move towards greater independence through the sustainable exploitation of their own resources, as well as security of supply through a joint and fair external agenda. In order to strengthen its strategic autonomy, while ensuring the sustainability of raw materials, Europe will need to have a strong and global strategy resting on four pillars: sustainable domestic extraction, circular economy, improving research and innovation to reduce demand and dependency, and ensuring international standards and binding human rights worldwide. IndustriAll Europe thus welcomes this initiative for more concerted actions.
- The initiative recognises the potential creation of new jobs that must be quality jobs in order to address the needs of the workforce in the sector and recognise its consistency with the Council Recommendation on fair transition towards climate-neutrality, which provides policy guidance to

ensure the protection of jobs, including working conditions and wages, as well as the support for quality job creation, through support of up- and re-skilling of the workforce through social dialogue. This should now be enforced with concrete proposals and be better specified (criteria for quality jobs, concrete Just Transition agenda, etc.).

- The social dimension of this industrial strategy for raw materials must be addressed, as well as the potential disruptions: mapping of jobs and employment (quantitative and qualitative aspects), regional dimension, collective anticipation of changes, the need for a Just Transition, and correctly addressing skills needs (life long learning...). The CRM Act must effectively secure decent work and good working conditions, protect workers' rights, support effective social dialogue on the sector and company level, and involve trade unions in the planning of the development of the sector. The social dimension must also cover the needs for improving skills, education and training, including the support or creation of appropriate training courses and making these professions more attractive by ensuring good working conditions. Protecting workers in the extractive industries and recycling activities will require solid commitment to occupational health and safety (identification of new H&S risks linked to CRM will be urgently needed). A strong gender equality perspective will have to drive these issues.
- IndustriAll Europe recalls that no voluntary initiative can replace the essential role of strong laws to protect social and environmental values.
- We absolutely need more and fairer circular economy for raw materials. IndustriAll Europe recalls its recommendation for "[More and fair circular economy: towards strategic autonomy for industrial jobs and a cleaner environment](#)".
- The need for raw materials should not lead to promote neo-colonialism in the global south. We ask the European Commission to ensure that any raw materials strategies or so-called 'partnerships' also take into consideration the needs and interests of workers and people in the countries from which raw materials are to be exported to Europe. This has to be done in total commitment to the Universal Declaration of Human Rights, ILO labour standards, UN Guiding Principles for Business and Human Rights, as well as the UN Sustainable Development Goals. This has to be implemented and ensured via concrete procedures and monitoring, which will hold industry to account including through mandatory EU due diligence legislation.
- The EU Raw Materials Strategy must provide shared benefits to producer countries that go well beyond the workers of the multinational companies that are active in the raw materials supply chain and avoid profits returning to companies' own countries y essentially for the benefit of their shareholders.

## Annex 2: The Net Zero Industry Act

On 16 March 2023, the European Commission published a proposal for a Regulation “[on establishing a framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem \(Net Zero Industry Act\)](#)”. The main actions relate to the strengthening of domestic manufacturing capacities for a series of “net-zero technologies”, as listed in Article 3, and the creation of a priority status for “technology manufacturing projects corresponding to a technology listed in the [Annex](#) to the Regulation. The two texts are accompanied by an in-depth [analysis of the investment needs and funding availabilities to strengthen the EU’s Net-Zero technology manufacturing capacity](#).

The Commission’s Proposal	IndustriAll Europe’s preliminary analysis
<p><b>Goal: Scaling up the manufacturing capacity of net- zero technologies</b></p> <ul style="list-style-type: none"> <li>• By 2030, manufacturing capacity in the Union of the strategic net-zero technologies listed in the <a href="#">Annex</a> approaches or reaches a benchmark of <b>at least 40% of the Union’s annual deployment needs</b> for the corresponding technologies necessary to achieve the Union’s 2030 climate and energy targets.</li> <li>• Definition of “net-zero technologies”: renewable energy technologies, electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuel technologies; electrolysers and fuel cells; advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle, small modular reactors, and related best-in-class fuels; carbon capture, utilisation, and storage technologies; and energy-system related energy efficiency technologies. They refer to</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>• A Regulation setting an ambitious target to develop in Europe the manufacturing capacity for clean technologies instrumental to reach climate neutrality and build the EU open strategic autonomy.</li> </ul> <p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>• There seems to be a gap between the ambitions set and the means proposed that are essentially a call to Member States to do things that already exist in many cases and without additional resources.</li> <li>• In addition, the proposed timing (2030) looks really short given the severity of our dependence in many cleantech supply chains.</li> <li>• More granularity would be needed in the assessment to set targets, to design tailor-made strategies for specific technologies. The <a href="#">SWD</a> - published a week after the Regulation - would provide a good basis for that.</li> <li>• The scope of “net-zero technologies” is based on a list that should be extended on the basis of a wider needs assessment across industrial sectors and Member States. As an example, sustainable aviation fuel is not on the list, whereas it is essential for the European aviation industry to meet its decarbonisation targets, while noting that the US has put forward a Sustainable Aviation Fuel Credit, a tax credit to produce aviation fuel in the US.</li> <li>• The technologies listed in the definition might exclude all mature nuclear technologies from the scope of the Regulation, whereas they have been identified by several Member States as instrumental to reach their 2050 decarbonisation target (see rationale below).</li> </ul>



<p>the final products, specific components and specific machinery primarily used for the production of those products.</p>	
<p><b>Enabling conditions</b></p> <ul style="list-style-type: none"> <li>Streamlining administrative and permit-granting processes with: “one-stop shop”, “online accessibility of information”, shorter permit-granting procedures (12 to 18 months), period of 30 days for the environmental assessments (Dir. 2011/92/EU, Art. 5 to 9), better integration of net-zero tech projects in planning</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>Making administrative procedures simpler for strategic industrial projects</li> </ul> <p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>We need here to avoid a deregulation push with a green stamp on the old “better regulation agenda”.</li> <li>There is no real strategy for support, including with additional financial resources, national and regional/local administrations dealing with permitting procedures.</li> <li>Strong safeguards are needed, notably to secure the full respect of workers’ rights.</li> <li>Environmental assessment bypassing, especially regarding the impact on water, should not be allowed.</li> </ul>
<p><b>Net-Zero Strategic Projects (NZ SP)</b></p> <ul style="list-style-type: none"> <li>Member States can recognise a project as NZ SP manufacturing projects corresponding to the 8 technologies listed in the annex: Solar photovoltaic and solar thermal technologies; Onshore wind and offshore renewable technologies ; Battery/storage technologies; Heat pumps and geothermal energy technologies ; Electrolysers and fuel cells; Sustainable biogas/biomethane technologies; Carbon Capture and storage (CCS) technologies; Grid technologies</li> <li>NZSP must contribute to at least one of the criteria set in Art. 10             <ul style="list-style-type: none"> <li>Contribution to EU cleantech resilience</li> </ul> </li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>NZSP and related measures should really boost the roll-out of the targeted technologies.</li> <li>Having social criteria in the selection criteria for NZSP</li> </ul> <p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>The proposed social criteria should be further developed and extended beyond NZSP</li> <li>The list presented in the Annex only refers to 8 technologies. Some might be missing.</li> <li>While several countries have decided to give up nuclear energy or have renounced it from the start, nuclear energy will remain an important energy source for some major European economies for many years to come. Indeed, as in the scenarios of the European climate plan, nuclear energy will still represent at least 15% of energy supply in 2050. For these countries, the EU should (with full respect to the autonomy of the Member States in deciding on their energy mix) reflect on the future development of the nuclear value chain and provide a nuclear energy policy strategy. The NZIA should be adapted accordingly.</li> <li>Priority status and overriding public interest could trigger fast-track permitting procedures that would require strong safeguards (same as above).</li> <li>The mentioned time constraints look quite ambitious, especially without providing additional resources.</li> </ul>

<ul style="list-style-type: none"> <li>○ Positive impact on EU net-zero industry supply chain (incl. <u>“Measures to attract, upskill or reskill a workforce required for net-zero technologies, including through apprenticeships, in close cooperation with social partners”</u>)</li> <li>○ Additional selection criteria are set for CCS projects.</li> <li>● NZSP should get priority status (highest national significance possible) and may be considered having an overriding public interest.</li> <li>● Permit-granting procedures for NZSP limited to 9 to 12 months (half if there is an extension) and 18 for CCS.</li> <li>● Access to finance for NZSP facilitated and accelerated.</li> </ul>	
<p><b>CO2 Injection Capacity</b></p> <ul style="list-style-type: none"> <li>● An annual injection capacity of at least 50 million tonnes of CO2 must be achieved by 2030 in the territory of the EU (without Hydrocarbon Recovery).</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>● Having specific provisions on CCS brings enabling technologies for the EIIs’ decarbonisation into the scope of the NZIA.</li> </ul>
<p><b>Access to markets</b></p> <ul style="list-style-type: none"> <li>● Public procurements for NZ strategic technologies listed in the Annex must assess sustainability and resilience contribution (Art. 19).</li> </ul>	<p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>● There is no clear social criteria in the proposed public procurement assessment, but limited social criteria are included in the EU sustainable public procurement guidelines (<a href="https://ec.europa.eu/environment/gpp/versus_en.htm">https://ec.europa.eu/environment/gpp/versus_en.htm</a>)</li> </ul>
<p><b>Enhancing skills for quality job creation</b></p> <ul style="list-style-type: none"> <li>● Establishment of European Net Zero Industry Academies.</li> </ul>	<p><b>Things we positively assess:</b></p> <ul style="list-style-type: none"> <li>● The skills chapter strengthens the social dimension of the NZIA with specific operational provisions.</li> </ul> <p><b>Things requiring further discussion:</b></p>

<ul style="list-style-type: none"> <li>• Regulated professions and recognition of professional qualifications.</li> <li>• Net Zero Platform and skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Synergies and added value compared to existing European initiatives on skills (e.g. on batteries, offshore renewables).</li> </ul>
<p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>• Net Zero regulatory sandboxes.</li> <li>• Measures for SMEs.</li> </ul>	<p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>• Regulatory sandboxes would require strong safeguards (precautionary principle);</li> </ul>
<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• <b>Net Zero Europe Platform</b> to advise and assist the Commission and MS on the implementation of the NZIA. Platform will be composed of MS and the European Commission (EP as observer).</li> <li>• <b>Net Zero Industrial Partnerships</b> to facilitate trade with third countries.</li> <li>• <b>National energy and climate plans</b> will have to be updated while taking into account the NZIA.</li> </ul>	<p><b>Things requiring further discussion:</b></p> <ul style="list-style-type: none"> <li>• Trade unions should be involved in the Platform and the opinion of sectoral social partners from each Member State should be integrated.</li> <li>• Net Zero Partnerships must integrate the decent work agenda.</li> </ul>

### IndustriAll Europe’s key messages and demands for the Net Zero Industry Act

- IndustriAll Europe recalls its positions adopted in 2021 and 2022 on the Fit for 55 package and on the energy crisis. Trade unions have long been calling for a stronger EU industrial strategy to steer a Just Transition towards climate neutrality, while keeping and developing domestic manufacturing capacity. This is the best recipe to cope with shocks and crises. IndustriAll Europe thus welcomes the NZIA ambition of making of Europe a powerhouse of green technology manufacturing.
- IndustriAll Europe however fears that Europe does not have the means for its ambition. Batteries, solar PVs global supply chains are extremely concentrated in China, whereas European technology leadership in the wind industry is more and more challenged by foreign companies mainly coming from China. Simplifying rules and creating fast track procedures will not be enough to scale up clean technology manufacturing in Europe to produce 40% of our technology needs by 2030.
- The list of strategic net-zero technologies should be extended to cover all technologies identified by Member States as instrumental to reach their 2030 and 2050 emission reduction targets, while respecting the diversity of national contexts and energy mixes across Europe. Technologies for collective transport (rail rolling stock and infrastructure) and soft mobility should also be considered as strategic.

- The social dimension of this industrial strategy for net-zero technologies must be further developed, with mandatory social conditionalities for NZSP approval but also for tenders and public procurements. The NZIA must effectively secure decent work and good working conditions, protect workers' rights, support effective social dialogue on the sector and company level, and involve trade unions in the planification of the development of the sector. The social dimension must also cover the needs for improving skills, education and training, including the support or creation of appropriate training courses and making these professions more attractive by ensuring good working conditions.
- NZIA should not lead to a deregulation wave. Strategic projects should not be allowed to bypass existing legislation. The green industry will not scale up at the expense of social, health and environmental standards. Given the higher risk of scarcity due to climate change consequences, the possible impact of certain clean technology projects on water should by no means be overlooked due to accelerated permitting procedures. In the same way, strong safeguards must ensure that the implementation of strategic projects will not undermine the enforcement of human and workers' rights.