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‘Made in Europe’: an industrial worker perspective

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European industry is at a crossroads. Decades of economic strategy focused on high added-value goods to be exported to global markets have deeply integrated European industries in global supply chains. The outcome of this strategy is ambiguous. Many European companies have built a strong global industrial leadership, delivering productivity gains, lower prices for many goods, strong export growth and as a result investments and job creation in Europe. However, it has come with a cost. These decades were also years of offshoring and cost-driven strategies that have eroded manufacturing capacity, weakened strategic autonomy, and left workers and communities vulnerable.

For far too long, industries and technologies that originated in Europe have been lost overseas, while the workers and communities who helped establish these industries suffer the consequences of job losses and economic deprivation. At the same time, the global context has changed with geopolitical instability transforming Europe’s dependencies into strategic vulnerabilities. Europe now struggles to provide onshore production in lead markets, as both foreign and domestic companies move their operations to lower-cost countries. The green and digital transitions should offer a historic opportunity to reverse this trend—but only if Europe adopts strong industrial policies anchored in fairness, predictability and sustainability. Until very recently, EU industrial policy tools have failed to align public spending with long-term domestic value creation and social outcomes. The publication of the Industrial Accelerator Act potentially marks a change in direction. It is the first time that the EU has attempted to define “Made in Europe”.

Well-designed and resourced Local Content Policies (LCPs) are a proven tool to retain value creation within Europe – through a proactive ‘Made in Europe’ strategy. A series of policy initiatives from the European Commission aims to mainstream ‘Made in Europe’ across the EU’s industrial policy framework. If smartly done, this would ensure that public investment and market incentives translate into jobs, skills, and innovation at home. However, this demands a balanced framework which mitigates the potential negative impacts on international relations and increased product or administrative costs.

Furthermore, LCPs must go beyond simple design, manufacture or assembly requirements: they should embed enforceable social conditionalities and environmental standards to uphold and strengthen Europe’s social model.

Finally, Local Content Policies and social conditionalities will only deliver their intended economic, social and environmental outcomes if they are supported by a strong governance and enforcement framework. Without clear rules, transparent monitoring and effective sanctions, ‘Made in Europe’ risks becoming a symbolic label rather than a transformative industrial policy tool.

Why 'Made in Europe' Matters

For too long, European companies have pursued “best-cost” strategies, relocating production to low-wage countries and the most appealing tax locations, including in Europe, to maximise profits. Despite its perceived success for management, this strategy has also led to:

- **Deindustrialisation:** Investment has stalled or been declining for years in much of Europe, restructuring is sweeping value chains, and our competitors are surging ahead with strategic support and planning. Meanwhile, Europe too often clings to neoliberal policies and fiscal restraint precisely when its industrial base needs strengthening for the green and digital transitions. If we leave things to market forces alone, there is a major risk that deindustrialisation will accelerate and dependency will increase.
- **Job Losses and Inequality:** Communities dependent on industrial sites are facing economic decline. Deindustrialisation is toxic: economically, socially and politically.
- **Strategic Vulnerability:** Dependence on imports is undermining Europe’s resilience, particularly for critical components and materials like rare earths.

A balanced approach to local content can help reverse these trends by:

- Creating domestic and predictable demand for European industries and supply chains, boosting investment and innovation.
- Securing strategic autonomy in critical sectors and raw materials, combining domestic production, foreign supply diversification and enhanced efficiency and circularity.
- Ensuring fairer distribution of benefits in Europe from the industrial transitions underway.
- Making access to public resources conditional on maintaining employment and protecting current European production sites, disincentivising delocalisations within and outside the EU.
- Strengthening the industrial fabric across Europe ensuring social and regional cohesion.

However, badly designed policies may also lead to legal challenge, higher costs, higher passed-through prices and profit maximisation, and reduced competition or access to the most innovative or cost-effective solutions. This needs to be kept in mind when designing a 'Made in Europe' policy.

This context demands a strategic approach recognising that not all value chains can be, or should be, fully relocated to Europe. Strengthening international cooperation and multilateralism is crucial for Europe long-term.

Finally, local content provisions must be developed while also addressing the investment gap which plagues Europe – both private and public investment as exposed by the Draghi and Letta reports – and the need to improve purchasing power, including through fair wages. A comprehensive approach towards industrial policy and investment would create virtuous circles for the European economy, in both manufacturing and services. The current EU fiscal rules restrict the new 'Made in Europe' approach.

Building a European 'Made in Europe' Strategy

'Made in Europe': a quality guarantee for good jobs in the European industry

'Made in Europe' should signify more than geography - it should reflect Europe’s values, starting with high social standards: quality jobs, fair wages and safe working conditions, collective bargaining rights, access to training, and access to social protection and welfare, as laid out in the European Treaties.

Therefore, in coherence with its recent positions¹, industriAll Europe calls for a 'Made in Europe' approach which integrates robust and enforceable social conditionalities to improve living and working conditions in Europe when public money is at stake but also when incentives are set. Social conditionalities must be applicable in the context of different national labour market models.

All public procurement procedures, as well as EU funds, must include enforceable social criteria. These should require suppliers and contractors to:

- Comply with national and EU labour legislation, including collective agreements
- Respect core International Labour Organization (ILO) conventions
- Ensure decent and safe working conditions across the value chain, including limits on the use of subcontracting²
- Engage in transparent and effective social dialogue with trade unions
- Require job creation and skills development as prerequisites
- Promote local supply chains and decent work
- Claw back mechanisms in the case of misuse of public funds
- Ensure that the mobilisation of European funds does not generate territorial imbalances, and that the requirement of 'Made in Europe' is fully in line with a logic of cohesion and fair reindustrialisation of territories
- Ensure a fair distribution of wealth created

For industriAll Europe, companies receiving State aid must be subject to strict social conditionalities³ to:

- Guarantee employment security
- Involve trade unions in restructuring and transition plans
- Ensure respect for collective bargaining agreements, health and safety at work, and social standards
- Commit to fair wages and equal pay practices
- Deliver benefits to workers and communities— not just shareholders
- Ensure an industrial alternative in the case of closure or partial closure in the following years
- Invest in industrial capacity, research, development and innovation

This approach would contrast sharply with models in the US, which rely on deregulation and cost-cutting, and China, which distorts national and international markets through state interventions.

Europe's edge lies in its social model—protecting workers while fostering innovation and cooperation.

'Made in Europe': a framework to unite European workers

Setting a "European preference" needs a geographical scope that fits European supply chains. Keeping in mind the transnational nature of industrial supply chains and their role in fostering a peaceful economic integration across the continent, we believe that it is important to avoid a too restrictive geographical definition of European content. In addition to the countries that are part of the Internal Market (EU and EFTA Member States), candidate countries should be seen as part of the 'Buy European' area, provided that strict rules and enforcement prevent social and environmental dumping. In the same way, products

¹ https://news.industrialall-europe.eu/documents/upload/2025/12/639002858855450019_From_Price_to_People_-_Public_Procurement_as_a_Tool_for_Quality_Jobs_and_Sustainability_-_EN.pdf

² <https://www.etuc.org/en/document/eu-directive-subcontracting-and-labour-intermediation>

³ [https://news.industrialall-europe.eu/documents/upload/2026/2/639059716625030067_06.b_-_Clean_Industrial_Deal_-_New_State_Aid_Framework_accompanying_the_Clean_Industrial_Deal_\(CISAF\)_-_EN.pdf](https://news.industrialall-europe.eu/documents/upload/2026/2/639059716625030067_06.b_-_Clean_Industrial_Deal_-_New_State_Aid_Framework_accompanying_the_Clean_Industrial_Deal_(CISAF)_-_EN.pdf)

in line with the EU-UK TCA (Trade and Cooperation Agreement) rules of origin provisions should be considered as European. Nevertheless, any expansion of the scope of eligibility for 'Buy European' must be accompanied by conditions of social and environmental reciprocity, as well as market access reciprocity.

The 'Made in Europe' agenda must create virtuous incentives for the full respect of workers' rights and social and environmental reciprocity in global supply chains, disincentivising regime-shopping and relocalisations of existing production within or beyond Europe.

Measuring Local Content: the "how" matters

In determining the level of local content, the following principle should apply: thresholds will largely depend on the specific policy area, regulatory framework, law and sector/value chain. The right policy mix for each sector should be determined based on achieving long-term industrial policy goals.

The "hardest" form of implementation consists of hard quotas. If these are defined according to shares of the value, they can be determined by the Rules of Origin with little bureaucracy. A uniform local content share that would apply to all sectors would be easy to formulate, but it would clearly be contrary to the WTO and not appropriate for every industry. Therefore, the goal must continue to be to formulate concrete and binding targets for sectors and industries – with regard to the specific industry, its capacity, dependencies and threats.

We advocate that the EU should start by using the Economic Local Value Content (LVC) (partial credit) approach to measuring local content in sub-components so that the non-EU value in a final product and across the entire value chain can be traced. In comparison, the rules of origin approach used in trade agreements allows additional and incremental amounts of non-EU value to creep into the final product. It also doesn't address the problem of choke point vulnerabilities for specific inputs like rare earths, which represent a small percentage of the total value but which the EU relies on almost entirely from other countries. Similar utilisations of this approach include Brazil's [Inovar Auto Program](#) from 2012-17, Indonesia's [newly updated TKDN local content framework](#), or even the [United States' Buy America Act](#), which covers government grants for infrastructure projects and was strengthened by President Biden's Infrastructure Investment Jobs Act in 2021 to cover the value of components and sub-components.

In addition to the Economic LVC approach, the EU could also mandate specific critical components to be sourced from inside the EU. Also known as production step requirements, a product is considered local only if specific high-value or strategic components are manufactured domestically, measuring content based on physical presence or processing targets for specific parts, rather than the total product value. This approach should only be implemented by following the list of critical parts and inputs laid out in the Net-Zero Industry Act, Critical Raw Materials Act and Industrial Accelerator Act, or similar initiatives.

- This could also be paired with or framed as circularity incentives. For example, in batteries, local content measurements could incentivise using materials from EU-based end-of-life vehicles, production scrap from EU-based cell manufacturing facilities, and battery materials from EU-based recycling facilities. In addition to supporting environmental goals, this policy could also boost local content levels.
- In this light, we also support ecological bonuses that provide incentives (additional tax credits or loan guarantees, made via greater weighting in public procurement contract evaluation; or the circularity incentives mentioned previously) to companies which align with the EU's environmental objectives.

LCPs are proven to be more useful in the technology development process. For instance, LCP-like policies for solar and wind in Italy and Spain were helpful in supporting local suppliers and labour to create space to build their industry. When technologies become mature and particularly if local content policies phase out, the state must take additional steps to ensure local benefits are retained and the new technologies are diffused across the economy. Any phase out should be undertaken only after careful monitoring. Examples of such government policies include:

- To protect European research and innovation, through incentive mechanisms and aid for local production, maintaining know-how in Europe.
- Market reform policies that benefit new, clean energy sources like capacity mechanisms that reward flexibility and availability, and subsidies for energy storage.
- Infrastructure investments to help diffuse zero-carbon technologies across Europe, like investment in EV charging networks, expanded and modernised electricity grids, and hydrogen pipelines. This can be matched with additional incentives (such as tax breaks, streamlined permitting, or concessional lending) to attract private sector investment.
- Education and training to increase productivity.

To ensure that the EU stays on course when it comes to its clean energy and decarbonisation targets while maintaining strategic autonomy, we must keep a percentage of mature products manufactured in the EU for strategic sourcing issues and not subject to geopolitical tensions. The percentage of local content should also be flexible in between different sectors and their relevance for strategic autonomy and the twin transition, ensuring that future needs are anticipated. Companies should be incentivised and even mandated in certain instances to create longer term investment and transition plans that involve workers and align their businesses with the relevant public policy goals. To achieve both goals, local content levels could be implemented in phases according to current and anticipated domestic capacity levels as well as technological maturity. Overall, EU policy needs to act as a strong market signal for businesses, providing certainty while inspiring innovation, creativity, collaboration and entrepreneurship.

Europe must also reflect on how knowledge (the economic value of innovation, including technical, engineering, or other specialised services, as well as patent rights, intellectual property, and 'intangible assets') broadly generated in Europe is addressed.

- As a trade union representing workers across the entire supply chain, we know that supporting the entire value chain (regional clusters, R&D networks and secure raw materials) is vital to keeping the entire supply chain in Europe. Once one piece starts moving abroad, the rest will follow.
- When European or national public money supports industrial innovation or R&D programmes, the related manufacturing scaling up should as a priority take place in Europe. Conditionalities and clawback mechanism should avoid that Europe subsidises innovation whereas related economic gains materialise elsewhere.
- This issue becomes trickiest around the problem of knowledge extraction and the offshoring of work such as R&D, engineering services, and maintenance services. The number of jobs in these areas is significant (maintenance for defence industry) and in some instances is also part of the local content value (product design services in automotive).
- Local content policies should therefore also strive to address these issues, potentially by including a labour-based calculation for local content measurements (i.e. the local workers and experts employed versus foreign workers and experts). This also includes the consideration of R&D costs, which must be included in the measurement of the total value of a good. Innovation is also value creation.

- However, this issue of knowledge extraction touches on many other areas, like competition policy, and could also be addressed through ensuring tech-transfer in key industries through mandated joint ventures within the EU, or reforming intellectual property regimes more broadly to ensure SMEs have equitable access to essential knowledge, and prevent unfair competition or monopolisation.

Flexibility-for-Content: A Pragmatic Compromise

EU action to support increased demand for manufacturing must come with concrete investment commitments from companies. We recognise the struggles of some European manufacturers in scaling production capacity and securing market share in the rapidly evolving clean tech industries (e.g. electric vehicles), as companies face raw material shortages, high and unstable energy prices, weakened demand and rising global competition. This market reality is pushing various employers and Member States to push for greater flexibility in meeting the EU's climate goals to preserve their existing manufacturing capacity and the many thousands of jobs employed in these industries.

However, a path exists through which the EU could link regulatory flexibility to enhanced local content obligations using conditionality mechanisms. Essentially a flexibility-for-content exchange – as was recently the case in the European Commission's Automotive package – the EU could offer limited, time-bound flexibility in meeting intermediate emissions targets, while reinforcing the EU's strategic autonomy, industrial competitiveness, and social cohesion goals through higher local content mandates. Under this new mechanism, manufacturers could access these regulatory flexibilities only if the products benefitting from such flexibilities meet an ever higher local content requirement.

Flexibilities should in any case not undermine the EU environmental ambition that must remain a key political and industrial objective.

Avoiding Loopholes

IndustriAll Europe believes that it is important to design policy that avoids loopholes and therefore, in terms of other approaches, defines local content:

- We oppose the tariff reclassification approach to measuring local content. Such an approach, which only states that the last significant transformation of a good must happen in Europe, would allow companies to simply assemble products in Europe without providing additional value added by manufacturing the many components needed domestically.
- We oppose the use of cumulation clauses because they allow for goods from countries with lower labour standards to be considered as originating in Europe. Cumulation clauses would allow local content to apply to any country Europe has a free trade agreement (FTA) with (the EU currently has FTAs with at least 72 countries). Such an approach would make any LCP essentially toothless.

Applying a European 'Made in Europe' strategy for maximum effect

Defining a 'Made in Europe' product by measuring local content would allow its application across various key EU and national policies:

- **Trade Policy:** variable import tariffs, market access to the Single Market and rules of origin have their role to play.
- **Public Procurement:** Implementing an effective "Buy European" procurement legislation.

- **Demand Boosting Schemes:** Applying eligibility criteria for incentive schemes for consumers (social leasing as well as tax credits for the purchase of European EVs) and corporate fleet decarbonising schemes, beyond small electric vehicles.
- **State Aid and Foreign Direct Investment (FDI):** Defining eligibility criteria for overseas players under the Clean Industrial State Aid Framework and regulating foreign automotive production in Europe through FDI screening regulation.
- **Consumer Subsidies:** A local content requirement can also be designed as a benefit mechanism for consumers, for example through tax credits for purchasing 'Made in Europe' vehicles.
- **Digital leadership policies:** Should also focus on local content.

Robust monitoring and verification

To avoid greenwashing, social dumping and value leakage, compliance with local content and social conditionalities must be systematically monitored, although this must be done in the least burdensome manner possible:

- Monitoring should not rely solely on self-reporting. It must be supported by:
 - Independent audits
 - Cross-checks with customs, tax and labour inspection data
 - Cooperation between national authorities and EU bodies

Implementation requires a balanced framework that avoids negative impacts on international relations and mitigates increased product or administrative costs. The EU and the Member States must ensure effective resourcing of inspection and enforcement services.

Role of social partners

Trade unions and employer organisations must be formally integrated into governance structures.

- Workers' representatives should have:
 - Access to relevant company information related to local content and conditionalities
 - Consultation rights in cases of restructuring, relocation or failure to meet commitments
 - The ability to trigger investigations where there is evidence of non-compliance

Beyond these points, it is essential that workers' representatives are involved and concerted in terms of governance and industrial policy at all levels. This participatory approach strengthens enforcement, increases transparency, and reinforces trust in public industrial policy.

Sanctions, clawbacks and dispute resolution

A credible 'Made in Europe' policy requires meaningful consequences for non-compliance.

- Sanctions should be **proportionate, predictable and dissuasive**, including:
 - Partial or full clawback of public funds
 - Exclusion from future procurement or subsidy schemes
 - Further financial penalties where appropriate

- Clawback mechanisms should apply in cases such as:
 - Relocation of production outside Europe contrary to commitments, noting that relocations often happen in phases (including the relocation of services and R&D functions) and therefore clawback mechanisms should cover all activities.
 - Failure to meet employment, investment or local content obligations
 - Breaches of labour or environmental standards
- A clear dispute resolution mechanism should be established at national level, with escalation to the EU level where cross-border value chains or EU funding are involved.

Transparency and public accountability

Finally, 'Made in Europe' must be transparent to citizens.

- The EU should establish a public registry of projects and companies benefiting from local content-linked public support, including:
 - Amounts of public funding received
 - Commitments made
 - Compliance status over time

Transparency is essential to ensure democratic accountability, prevent misuse of public resources, and build public support for an active European industrial policy.

A strong governance and enforcement framework is not an administrative burden; it is a prerequisite for success. By ensuring that local content and social conditionalities are real, enforceable and fair, Europe can align public investment with long-term industrial resilience, quality employment and strategic autonomy.

Local Content Policies, combined with enforceable social conditionalities, are one tool to secure Europe's industrial future. They help to ensure that the green transition creates quality jobs, strengthens strategic autonomy, and upholds Europe's social model. 'Made in Europe' must become a global benchmark for sustainability, fairness and innovation.