

ALBATTs Newsletter – Policy update

1. Batteries – EU strategic developments

In October 2017, the **European Battery Alliance (EBA)** was launched and in 2018 the European Commission, with its [strategic action plan for batteries](#), adopted a set of measures for a sustainable and competitive battery “ecosystem” in Europe. **The European Commission has set the battery sector at the heart of the industrial revolution¹** and is investing in a competitive and sustainable battery manufacturing sector, envisaging a strong battery industry that contributes to the circular economy and clean mobility. In this sense, also the new European Commission considers batteries to be a strategic priority for this mandate. The President of the Commission has, therefore, entrusted Vice-President Maros Sefcovic with the task of **coordinating the Commission’s work on the European Battery Alliance, by working closely with Member States and stakeholders.**

More recently, and according to the [European Industrial Strategy](#), in order to **support Industry towards climate neutrality**, the Commission will propose a **Comprehensive Strategy for Sustainable and Smart Mobility**. To this end, a [public consultation](#) was opened on the 1st of July and will remain open until the 23rd of September. It **intends to set a pathway for the sector towards the sustainable and digital transitions, building a resilient and crisis-proof transport system for generations to come and delivering on the ambition set out in the European Green Deal and Europe Fit for the Digital Age Communications.**

Similarly, the Commission will propose a **new Regulatory Framework for Sustainable Batteries**, aiming to invest in **green procurement within an Action Plan on more circular economy**. At the heart of it, there is the new **sustainable product policy framework** which will establish sustainability principles for all products, including **sustainability requirements for batteries**. In

¹ [Report from the European Commission](#), where it considers the batteries as a strategic value chain. It says that “Driven by the ongoing clean energy transition, demand for batteries is expected to grow very rapidly in the coming years, making this market an increasingly strategic one at global level. According to some sources, the European market potential could be worth up to EUR 250 billion annually from 2025 onwards.

the same way, within the need to invest and finance the transition, the Commission will continue to **consider scope for coordinated investment by Member States and Industry in the form of new IPCEI's** and on possible follow-up to **the first IPCEI's on batteries and microelectronics**.

The European Parliament - particularly the **ITRE committee** - **also supports the Commission's efforts to create European standards for batteries and to reduce dependence on their production outside Europe**.

This has been done namely through the MEP [Claudia Gamon \(Renew\)](#) - rapporteur of the [Report on a comprehensive European approach to energy storage](#) (ITRE's initiative report).

Similarly, the European Investment Bank (EIB) [expects investments to reach €1 billion](#) this year with further growth to come.

Still on this subject, it is relevant to underline the studies carried out by the *Joint Research Center* of the European Commission. One, published on 2016, entitled "[Lithium ion battery value chain and related opportunities for Europe](#)" and another published on 2020 entitled "[Responsible and sustainable sourcing of battery raw materials](#)" aim to provide evidence-based scientific support to the European policymaking process. However, the scientific output expressed does not imply a policy position of the European Commission.

Looking ahead:

- a) **Revision of the EU Battery Directive:** As concluded by the evaluation/implementation reports of the Batteries Directive, the revision should aim to better feature circularity, improve sustainability and keep pace with technological developments. This is foreseen also in the Batteries Strategic Action Plan. Following the conclusions of the reports on the Directive, the initiative will modify the Directive or a proposal for a new Regulation repealing the Directive will be prepared, to notably encompass end-of-life and sustainability requirements - **Q4 2020**
- b) According to the [Europe's moment: Repair and Prepare for the Next Generation](#), the new Strategic Investment Facility will invest in **technologies key for the clean energy**

transition, such as renewable and energy storage technologies, **clean hydrogen, batteries**, carbon capture and storage and sustainable energy infrastructure. Moreover, **the work of the European Battery Alliance will be fast-tracked** and a new **Action Plan on Critical Raw Materials** will also look at how to strengthen crucial markets in a sustainable way for batteries and others. More particularly, **“a new Action Plan on Critical Raw Materials will also look at how to strengthen crucial markets in a sustainable way for e-mobility, batteries, renewable energies**, pharmaceuticals, aerospace, defense and digital applications. This will be supported by the full **implementation of the Circular Economy Action Plan”**

- c) According to the [Commission proposal to establish the InvestEU programme](#), batteries are one of the primary focus of the strategic European investment window, considered a **“key enabling, transformative, green and digital technology (...) where the investment is strategically important for the Union’s industrial future”**;
- d) According to the future communication on the [Energy System integration Strategy](#) – published on the 8th of July, **“storage technologies, like pumped hydropower, behind-the-meter batteries, can provide flexibility in all time frames”** .

2. Skilling and Re-Skilling

In the next five years alone, **120 million Europeans will have to upskill or reskill** and so, Europe will have to ensure that education and training keep pace. 70% of the companies report that they are delaying investments because they cannot find the people with the right skills. Retraining and reskilling have to be a major part of our social market economy and European **higher and vocational education and training** systems will also need to provide more scientists, engineers and technicians for the labour market. Moreover, the twin ecological and digital transitions will shape new types of jobs that do not yet exist which **need skills** that we do not yet have².

² [A new Industrial strategy for Europe](#)

On the 1st of July, the European Commission published the [Communication: “European Skills Agenda for sustainable competitiveness, social fairness and resilience”](#), including a [Commission proposal for a Council Recommendation on Vocational Education and Training](#). Before exploring the content of the communication on the Skills Agenda, **it is very relevant to highlight that it explicitly mentions the ALBATTTS project** on page 7, (footnote 26). It states that, within the imperative need to invest in green technologies, **“A Blueprint project on skills needed for the battery sector ‘ALBATTTS’ has been launched which will be important not only for the automotive sector but also for the growing energy storage sector”**.

The Communication starts by regretting that the containment measures due to the Covid-19 pandemic have led to 1.1 million jobs being affected due to factory shutdowns. Besides this, it clearly states that, although most responsibilities for skills policies remain at the national, regional and local level, Europe has an important role to play, since many people work for small companies belonging to value chains that span across Europe. In all sectors, from **automotive** to textile, from pharmaceuticals to energy, **there is a European chain of talent**. The communication reinforces that the EU needs a paradigm-shift on skills. One that delivers a bold skills agenda for **jobs Skills and lifelong learning are crucial for long-term and sustainable growth, productivity and innovation and therefore a key factor for the competitiveness of businesses of all sizes, in particular small and medium-sized enterprises (SMEs)**. Providing people with the right skills allows them to work more effectively and take advantage of advanced technologies, eliminates the major obstacle identified to business investment, **prevents labour market mismatches** and lays the ground for research and development (R&D) and firm-based innovation. **It is only with the right skills that Europe can strengthen its position in global competition and have a sustained economic relaunch geared towards the green and digital transitions**. Having the right skills means being able to more easily stay employed and master job transitions.

The novel Skills Agenda is also firmly anchored in the [European Green Deal](#), [new Digital Strategy](#), and – as previously mentioned – the new Industrial and SME Strategies (mentioned further on) as skills are key to their success.

The [New Circular Economy Action Plan](#) and the [EU Biodiversity Strategy for 2030](#) also highlight the key role of skills in the transition to a green economy.

The [Commission proposal for a Council Recommendation on Vocational Education and Training](#) intends to:

- **Propose a modernized EU policy vision for VET, with the view to equipping young people and adults with the skills to thrive in the labour market**, including transversal skills, ensuring inclusiveness and equal opportunities, and **establishing European VET as a global reference point for skills development;**
- Present principles to implement this vision, including a **stronger focus on permeability with other education sectors, increased learning mobility and working in close partnership with employers;**
- **Set objectives for VET systems** to enhance the availability of work-based learning and mobility opportunities and the employability of vocational graduates;
- **Put forward a number of actions to be implemented at EU level to support VET reform** in particular on enhancing the digital readiness of VET institutions, including for VET teachers, apprenticeships and Centres of Vocational Excellence linked to smart specialization strategies and/or regional innovation and growth strategies.

Furthermore, the [Next Generation EU](#) will raise new financing on the financial markets for 2021-2024 for the newly proposed [Recovery and Resilience Facility](#) and [REACT-EU](#). Both programmes will include **investments in skills, education and training to lay the basis for a green, digital and resilient recovery.**

The upcoming **Renovation Wave** will focus on creating jobs in construction, renovation and other labour-intensive industries. **The transitions in these areas lead to an increased need in re- and upskilling. VET programmes can play a key role in delivering on these skills.** Equally,

the [SME Strategy for a sustainable and digital Europe](#) highlights how an increasing number of SMEs is confronted with the challenge of finding the necessary skills and the fact that availability of skilled staff or experienced managers remains the most important problem for a quarter of SMEs in the European Union. **VET is particularly relevant for SMEs to make sure that their workforce has the skills needed on the labour market.**

All this will require collective action from industry, Member States, social partners and other stakeholders through a new **“Pact for Skills”** to contribute to up- and reskilling and to unlock public and private investment in the workforce. The Pact for Skills is pan-sectoral and open to all stakeholders. **It will initially focus on those industrial ecosystems heavily affected by the current crisis and the priority areas identified in the European Green Deal, for which ambitious up- and reskilling strategies will be essential to push forward the recovery, covering other ecosystems and areas later on.** The Pact will put focus on sectors with high growth potential for Europe or those undergoing the most significant change. A first building block of the Skills Agenda is to foster cooperation through a Pact for Skills.

Furthermore, the Commission is fully committed to make the **European Education Area a reality by 2025** and this will require a whole of life approach, from early to adult age and will also present a **new Action Plan on Integration and Inclusion** to ensure our societies protect the most vulnerable.

Also with relevance for the sector is the **Just Transition Fund**, which will, according to the [Sustainable Europe Investment Plan European Green Deal Investment Plan](#) support the reskilling of workers in view of equipping them with the necessary skills to take on new jobs.

Finally, in January, the Commission established the need of proposing a **European Unemployment Reinsurance Benefit Scheme (EUBRS)**, aiming at supporting those in work and protect those who have lost their jobs because of external shocks, **notably by supporting their reskilling.** Public finance for training and reskilling will address unemployment, and **create the skills basis that are needed.** The Covid-19 pandemic accelerated that goal and, in the beginning

of April 2020 as part of the comprehensive economic response to the coronavirus pandemic, the Commission proposed a temporary Support to mitigate Unemployment Risks in an Emergency (SURE). The SURE instrument is the emergency operationalisation of the EUBRS and is specifically designed for immediate response to the challenges presented by the coronavirus pandemic. It in no way precludes the establishment of a future permanent EUBRS.

Looking ahead:

- **Launch of a European Pact for Skills during the German Presidency and the European Vocational Skills Week, November 2020**
- **Digital Education Action Plan** ([Public consultation](#): 18 June 2020 - 04 September 2020)
- **Achieving the European Education Area** (non-legislative, Q3 2020);
- **Action Plan on Integration and Inclusion** (non-legislative, Q4 2020)