



European Economic and Social Committee

INT/883
Use-value

OPINION

European Economic and Social Committee

"Use-value" is back: new prospects and challenges for European products and services
(own-initiative opinion)

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Section responsible	Single Market, Production and Consumption
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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) considers that providing innovative, highly-specialised products and services with well-recognised and certified key characteristics that cater to customers' needs, as well as to social and environmental sustainability requirements, can become the essence and focus of modern European competitiveness. The present opinion aims to establish a European identity in accordance with global, systemic socioeconomic changes.
- 1.2 The EESC argues that recent developments are restoring use-value to the forefront of contemporary competition. This serves the sustainable rebound in European production across all sectors and industries. Beside their well-documented socioeconomic impact, European small and medium enterprises (SMEs) can become an important factor in redefining Europe's position in the contemporary distribution of labour, responding to the demand for variety worldwide.
- 1.3 The "return of use-value" ties in with the basic attributes of Europe, where significant sociocultural, geological and climatic diversity occurs. This underlines the importance of aiming for highly-specialised products and services: for the sake of competitiveness, production processes should also be in line with policies for social and environmental sustainability.
- 1.4 If we consider the massive economies of scale in emerging and developing economies and the denial of social and environmental responsibility along with the return of aggressive protectionism in many of the developed countries, adopting specialised, qualitative and sustainable production patterns is probably the best (if not the only) way out of this trap, not only for Europe but for the world as a whole.
- 1.5 To that end, the EESC recommends policy interventions in the following directions: (i) national and EU governance should apply a use-value oriented policy mix, spatially adjusted according to local characteristics and needs; (ii) developing a similarly ambitious industrial policy for Europe and promoting clustering and cooperatism of (semi-) autonomous producers, whereby preserving variety matches scale benefits in specific segments of the product life cycle; (iii) generalising industrial symbiosis in order to promote the circular economy; (iv) improving access to financial resources by implementing the capital markets union action plan and its promotion of microfinancing tools, as well as through green and use-value-related banking approaches.
- 1.6 Vocational Education and Training (VET) and Life-Long-Learning (LLL) provide an excellent opportunity for networking and clustering in order to lower the costs of human development, as well as a way to strengthen crucial horizontal abilities.
- 1.7 Data access and data management ability is the next area for policy intervention. Nevertheless, ensuring both digital sovereignty and the privacy of natural and legal persons may be a technically and legally difficult task. On the other hand, producers of products and services need to also have the possibility and the ability to use the necessary methods and processes, digitalised or not. Next to the provision of open-source software (OSS), this discussion guides us back to the need for VET and LLL.

2. Background to the present opinion

- 2.1 "Use-value" is the answer to the question "what is a product or a service useful for". In a broader, holistic approach it includes all different positive or negative uses, directly related or indirectly induced. Use-value refers to all real, objective and/or subjectively anticipated attributes of a product or a service during its whole life-cycle ("from cradle to grave"). Everything, material or not, that has a use-value is an "economic good". In an era of a "commercialised economy", exchange-value (the price) has pushed use-value out of sight of the operating market, so that the latter was at best supposed to be indicated by the former.
- 2.2 Nowadays, due to the speeding up of labour's productivity growth, human needs are being gradually transformed towards the satisfaction of a desire for variety rather than quantity, which has long been saturated in the leading world markets. In general, consumer preferences are shifting towards products and services of specialised, differentiated, certified qualities. This characterises even the emerging markets, for special segments of local demand according to age, education, occupation, degree of urbanisation etc.
- 2.3 Not surprisingly, the latest technological and procedural upgrades aim to expand productivity, not only in terms of producing quantities on a mass scale, but more importantly in terms of producing differentiated qualities, thereby improving the direct match between production and existing preferences.
- 2.4 Moreover, accelerating technical change is also leading to goods losing their typical commercial character and triggering a process of gradual de-commercialisation, albeit to different degrees in different industries. All of this is placing use-value back at the forefront of contemporary competition, which could serve as the basis for a sustainable rebound in European production across all sectors.
- 2.5 The EU institutions seem to have perceived these structural mutations. Commission Communication COM/2017/0479 focuses on the need to invest in a smart, innovative and sustainable European industry. The EESC responded with the referral opinion¹, stressing the need to scale up SMEs and boost relevant innovation.
- 2.6 In a more recent exploratory opinion, the EESC called for "a holistic approach to reconcile growth, climate, environmental challenges and societal problems in a fair transition design". On this basis, the Committee went on to urge the Commission and the Member States to "adopt a long-term and comprehensive strategy with a global vision", where "Europe's attractiveness must be a priority for any industrial policy based on innovation and competitiveness"².

¹ [OJ C 227, 28.6.2018, p. 70.](#)

² [OJ C 197, 8.6.2018, p. 10.](#)

- 2.7 More recently, given the "high costs vs facing the Greenhouse Effect" dilemma, the EESC's own-initiative opinion on the industrial perspective of reconciling climate and energy policies³ investigates the technical and legal feasibility of border adjustment measures for the internal price of GHG emissions. In that document, the EESC advised the Commission to look more closely at this and other policy options, such as a reformed emissions trading system (ETS), carbon border adjustment, and a VAT rate adjusted to carbon intensity.
- 2.8 The present own-initiative opinion goes one step further. It refers to what a comprehensive approach to industrial policy should include, in order to reposition European production of goods and services in the global context, on the basis of an eco-social open market model that responds to the tradition and the future of the EU.

3. **The micro level**

- 3.1 The structural changes mentioned update the "usefulness" of SMEs: beside their well-documented socioeconomic impact – significantly boosting value added in a modern society and creating new jobs – SMEs can become the main factor in repositioning European production, given their ability to respond to the specific needs of niche markets and the increasing demand for variety worldwide.
- 3.2 Acknowledging the contemporary importance of SMEs does not automatically make them less vulnerable. As such, one of the aims of this opinion is to help find new ways to support European small and medium-sized producers in overcoming scale-related disadvantages. The EESC reiterates its call for the promotion of new methods of networking, clustering and cooperatism, preserving the autonomy of producers in the interests of producing goods of differentiated quality, while some segments of the life cycle of the output produced will be jointly served utilizing economies of scale. This could apply, for instance, when designing and promoting goods, in establishing start-up incubators and pre-incubators, in the areas of transportation and logistics, access to financial resources, access to and use of big data and specialised databases, and interconnectivity in the context of the circular economy.
- 3.3 Improving access to financial resources and services is vital for European companies and especially for SMEs. The implementation of the Capital Markets Union Action Plan is essential, as it puts forward microfinancing tools for innovation, start-ups and non-listed companies, as well as methods for making it easier to enter and raise capital on public markets, etc. Moreover, given the importance of environmental and social aspects relating to goods and services (either directly or indirectly), green and use-value-related banking approaches should be further promoted. Appropriate competence centres could prove very helpful for including sustainability principles in SME operation.
- 3.4 Special attention should also be paid to the transition to a circular economy, encouraging producers to collaborate and share resources efficiently. To this end, as well as stressing the importance of providing European consumers with the most objective information, the EESC emphasises the creation of eco-industrial parks and districts. A community of manufacturing

³ [OJ C 353, 18.10.2019, p. 59.](#)

and service businesses can enhance environmental and economic performance by collaborating on managing environmental and resource issues, including energy, water and materials. This spatial "symbiosis" fosters the sharing of resources between entities in the same sector or even across different sectors.

- 3.5 The benefits of industrial symbiosis can be felt at all levels of sustainability: the widening of forward and backward linkages within industrial parks and production districts turns the cost of waste disposal and treatment into a profit centre by reducing the cost of raw materials, maximising the use of underutilised resources and facilities, spreading the cost of new infrastructure, and investing in collaboration with stakeholders from the same sector or even other sectors.
- 3.6 Moreover, resource management becomes a source of innovation, adding value to "useless" or "non-exploitable" resources and opening up new business opportunities, while enabling compliance with regulations and eliminating the risk of incurring financial penalties. Equally important are the environmental benefits: through industrial symbiosis, the use of raw materials, net waste generation and carbon emissions are reduced without compromising economic activity. These factors can serve as the basis for a recognisable global certification of final output with a view to further highlighting the quality of European products and services.
- 3.7 Improving the ability of European companies, and especially of small and medium-sized producers, to efficiently manage any relevant data and information (business intelligence is a new relevant term) increases their chances of survival, but also their ability to adapt to a changing global market:
- smarter use of resources, as real-time data on the status of products such as vehicles and other machinery enables companies to identify possible failures and plan for predictive maintenance and repairs accordingly, thus extending the lifespan of products;
 - greater security of supply resulting from the ongoing transition to the circular economy, i.e. decreased dependency on "virgin" resources, and increased use of recycled goods, resulting in lower exposure to volatile raw prices for a company and, thereby, increasing its resilience;
 - providing products as a service, using sensors to oversee their usage – consumers can then pay fees according to their consumption, while companies remain the owners of the product, thereby enabling products to be used for longer periods, with customers only paying for what they actually use;
 - increased flexibility and competitiveness as a result of properly addressing challenges such as higher volatility, client interaction and loyalty, and the costly issue of waste disposal;
 - opening up ways of creatively engaging with customers, whereby companies may establish more intimate service relationships with them and "tailor" products and services more effectively.

- 3.8 Last but not least, the matter of networking and clustering also applies when it comes to developing the required skills among employees. CEDEFOP has stressed the need for more cooperation, especially on work-based learning, between VET institutions, universities, research centres and companies. Horizontal skills should be strengthened through initial and also life-long learning processes in order to create more flexible manufacturing processes and boost creativity and innovation, including in relation to the digital transformation, etc.

4. **The macro-level**

- 4.1 Re-industrialisation in the sense of rebuilding a multisectoral production structure in Europe emphatically emerged following a period of de-industrialisation and an increase in outsourcing to other, mostly non-European regions. The restoration of a diverse, productive sustainable "ecosystem" is recognised as having multiple positive effects on socioeconomic development. This is because it: (i) creates forward and backward productive linkages, (ii) strengthens local markets, (iii) reduces the degree of productive dependency, thereby fostering the resilience of the local economy; and (iv) provokes interdisciplinary R&D activities boosting innovation with respect to production processes and the characteristics of the products and services on offer.
- 4.2 To bring about a rebound in European production and take advantage of the existing global trend of re-shoring, European competitiveness must be restated in the framework of contemporary internationalised markets. Global value chains experience significant changes: (i) continuous contraction since the global financial crisis; (ii) "regionalisation" as a strategy to move closer to the major consumer markets; (iii) restructuring of the spatial break-up of production chains.
- 4.3 Prioritising quality next to price and goods losing their typical commercial character ties in with the basic attributes of Europe – an area that is full of sociocultural, geological and climatic diversity, where, at the same time – or perhaps precisely for that reason – SMEs continue to play a significant role as "intensifiers" in the economy. Therefore, providing innovative, highly-specialised products and services with well-recognised and certified key characteristics that cater to customers' needs as well as to social and environmental sustainability can become the essence and focus of modern European competitiveness.
- 4.4 This argument is even more convincing if we consider the newly evolving bi-polar world: massive economies of scale in emerging and developing economies and the denial of social and environmental responsibility along with the return of aggressive protectionism in many of the developed countries, with Europe caught in the middle (being for instance affected by the trade war between the USA and China). Spectacular technological, social and demographic changes are bringing about dramatic transformations in the nature and structure of the global economy, with new local markets and needs emerging. Adapting to systemic developments and adopting the aforementioned characteristics of specialised, qualitative and sustainable production could provide a way out, not only for Europe but for the world as a whole.

5. **Relevant policy proposal at local, national and EU level**

- 5.1 In order to address all of the challenges associated with establishing a European identity and reasserting the role of European products and services in the global economy, the EU and its Member States have to invest significantly more resources in research and development, education, infrastructure, marketing and innovative technologies. To that end, as advocated by the European social partners, civil society and other stakeholders, an ambitious industrial policy for Europe is needed, focusing on innovation, smart regulation, social partnership, free trade, and social and environmental responsibility.
- 5.2 Given the rapidly transforming and intensifying global competition, trade policy is unavoidable. Moreover, it is essential for counteracting internally-generated market failures. Nevertheless, rather than becoming trapped in a protectionism spiral, national and EU governance should develop and apply a use-value oriented policy mix, spatially adjusted according to local characteristics and needs: (i) standardisation and certification measures for domestic protection and for overseas promotion of European brands; (ii) (pro-)active economic diplomacy exploiting international political, cultural and socioeconomic bonds; (iii) use of public sector procurement as an instrument for enforcing qualitative standards in the European markets; (iv) promoting the necessary infrastructure investments and institutional arrangements that further strengthen the competitiveness of local production.
- 5.3 The above-mentioned smart trade regulations should go hand in hand with smart EU and national industrial policies: (i) digitalisation, cyberisation and AI applications in production; (ii) investing in the development of more deeply differentiated and highly specialised products and services; (iii) investing in the technical ability to efficiently produce differentiated varieties, (iv) promoting clustering and cooperatism of (semi-)autonomous producers, whereby preserving variety matches scale benefits in specific, carefully-chosen segments of the products life cycle; (v) generalising the system of industrial symbiosis to promote the circular economy; (vi) further strengthening the links between production and R&D, also in less applied scientific fields (see the relevant discussion for the new Horizon Europe 2020-2025).
- 5.4 Especially for the above-mentioned promotion of targeted clustering and of industrial symbiosis, regional, branch-specific studies will be needed to reveal the segments of local production, where the different types of networking and cooperatism could be established.
- 5.5 As already mentioned, VET and LLL are both a tool for networking and clustering in order to achieve scale benefits regarding the costs of human development that employers must bear, as well as a way to strengthen crucial abilities for boosting creativity, innovation and adjustability in the production process. Future European VET and LLL policy will need to prioritise these horizontal skills at all levels in a variety of ways, including new learning methods, utilising up-to-date technology and new funding mechanisms, thereby helping production units to adopt the newest achievements and use them in developing new differentiated products.
- 5.6 Data access and data management ability is the next area of policy intervention that refers to the purpose of supporting European producers and service providers in responding to the contemporary evolution of globalised markets and utilising their comparative advantage in

highly specialised goods and services. This is especially essential for SMEs. Nevertheless, freeing data access goes hand in hand with an increasing risk of data abuse. Ensuring both digital sovereignty and the privacy of natural and legal persons may be a technically and legally difficult task, yet at the same time essential.

- 5.7 Finally, next to the already easier access to an exponentially growing amount of data, producers of products and services also need to have the possibility and the ability to use the necessary data-management "toolkit" consisting of methods and processes, digitalised or not. Business intelligence is a relatively new term in the relevant literature and describes exactly the ability to utilise information and data-sets. Next to the technical and legal interventions for providing OSS, this discussion guides us back to the relevant horizontal skills that need to be developed through VET and LLL.

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