

## European industry is key for unlocking global decarbonization

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### The Paris Agreement – needed changes of industry and society

The Paris Agreement has put the world on a path towards a low carbon future. Not as an option but a must.

European industry is extremely well positioned for taking a leading role in this quest. It has adopted innovative technologies wherever feasible and pioneered the concept of decarbonisation in many applications. This was made possible by an integrated supply chain starting with the building blocks – very often energy intensive – and close cooperation with the downstream manufacturing processes. Europe's manufacturing sectors are all good examples of this successful integration.

### Challenge is unprecedented, but not insurmountable

In order to realize the ambitious targets of the Paris Agreement, we have to think of "industry 5.0", setting goals for transforming industry and society completely. Industry should be connected in effective systems to leave the borders of national politics behind itself and develop a completely different way of dealing with resources, energy, economic relations and financial instruments.

This transformation will be an unprecedented task, it will take a lot of industry and society to do this. However, EU industry is in the best position with its experience, knowledge and resources to lead this transformation and head the world to a sustainable future.

### European industry to lead global decarbonization

It is a great opportunity for European industry and society to be the solutions provider for one global's greatest issue, global warming. It also gives Europe the right mindset with the positive and optimistic attitude to think in solutions and strengths of European Industry.

European industry is well positioned. It has developed to a top innovative and highly efficient manufacturing industry. In the coming decades, this decisive pioneer is crucial in the process of worldwide decarbonisation.

We, European manufacturing industry, want to stay on the forefront of innovation and want to keep providing products, services and solutions for combating global warming.

### European industrial competitiveness

IFIEC Europe wants to take this necessary path to carbon neutrality in a discursive partnership with politics and civil society and to find a new basis for industrial acceptance through a future-oriented attitude.

Before we start covering in depth some of the legislative measures now being discussed by the EU Institutions and providing you with our detailed comments and proposals for amendments, we would like to broaden the discussion on the strategic role of Industry and the irreplaceable place of Energy Intensive Industries in any manufacturing process.

## A new Industrial Policy for the EU

With great attention we read the Commission President's recent address and the priorities set out for the Commission work program. His reemphasis on the importance for a new reinvigorated Industrial Policy is welcome, however lacks specific initiatives and incentives. The EU ambition of 20 percent of GDP being created by manufacturing activity is vital for the protection and creation of the jobs Europe needs. Insufficient attention is being given to the necessary skills that Europe is losing by insufficient investment and coordinated policies. In the development towards a carbon neutral energy supply, Europe must be attractive for investors to make their investments here, even if investment decisions are made in other parts of the globe.

All technological skills must equally be developed, taught and promoted both in education and training programs. Again, industry has a unique role in establishing the needs and then putting in place the practical implementation of the necessary policies.

## Competitiveness

The Clean Energy Package needs to tackle the competitiveness issue with regard to energy costs. It is why the objectives of the Governance of the Energy Union and the ones of the industrial policy strategy for Europe should be aligned in order to bring competitiveness issues back to attention. Access to sustainable, affordable and secure energy is of the utmost importance for European industries that compete globally. IFIEC Europe asks for a roadmap that safeguards industrial competitiveness, provides stable regulatory environment and gives to industry long term visibility enabling future investments in order to be able to take the opportunities the energy transition offers and to create sustainable business and jobs instead of unemployment in Europe.

## Detailed actions required:

### 1. Governance of the Energy Union

- Assessment of the – dynamics of - global competitiveness of European industry
- Improvement of transparency of reporting on the additional costs charged to energy consumers through gas, heat or electrical systems
- Mitigate administrative burden related to the reporting of energy and greenhouse gas emissions by simplifying reporting and auditing procedures and by allowing hardship regimes and exemptions.

### 2. Emission Trading Scheme Directive Revision

Emission reduction objectives should not be achieved by deindustrialising Europe and reducing industrial activities since that would not be a contribution in tackling global warming. ETS should not limit growth of European industry. The following issues shall be addressed in a proper manner:

- Carbon leakage protection of European industry in worldwide competition
- Compensation of indirect CO<sub>2</sub> costs passed on in electricity price to avoid double payments

### 3. Energy Efficiency Directive Revision

EED should focus only on measures that ensure improvement of efficiency and not on measures that limit energy consumption that hinder growth. The best way of expressing energy efficiency target is to refer to specific energy consumption.

- Confusion between “energy efficiency improvement” and “total energy consumption reduction”
- No absolute cap for energy consumption