



## VIK and IFIEC Europe Policy Statement to the adoption of the amendments on the EU Net Zero Industry Act (NZIA) by the European Parliament

30/11/2023

VIK Verband der Industriellen Energie- und Kraftwirtschaft e.V. and IFIEC Europe welcome the adopted amendments of the European Parliament on the proposal for a regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem which introduces some substantial improvements to the Commission's proposal.

We confirm the general principles set out in our earlier contribution to the consultation based on the following fundamental aspects:

### New list of net-zero technologies

We welcome the efforts of the EU Parliament to extend the list of net-zero technologies, in particular the inclusion of the CCU/S technologies and relevant infrastructures, biomass and biomaterials, hydrogen, recycling and energy efficiency technologies, as well as on the inclusion of components and materials in the definition of net-zero technologies. However, energy-intensive sectors and related value chains play a fundamental role in the European industrial structure: maintaining their global competitiveness is crucial to enable the development and production of net-zero technologies. In this regard, energy-intensive industries should be in the NZIA-scope as part of the upstream and downstream value chains for net-zero technologies. The new proposed category "high-efficiency industrial process and electrification technologies for energy and carbon intensive industries" should be explained in detail to avoid possible misinterpretation.

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### IFIEC Europe

### **Funding of net-zero technologies**

The NZIA should include EU-wide support and financing for industrial transformation, including not only existing but also new instruments (in particular, the EU Sovereignty Fund). In general, energy-intensive industries should not be discriminated against when applying for funding for decarbonisation projects.

An application of net-zero technologies and their production processes is associated with higher operating costs for industry. The deployment of net-zero technologies leads to a sharp increase in energy consumption (mainly electricity) for several industrial processes. This aspect is not adequately addressed in the proposal.

VIK and IFIEC Europe support the approach for sustainability criteria in Chapter IV on "market access" as an anchor point for the establishment of so-called Green Leading Markets in Europe by stimulating the demand for sustainable products, components and materials.

### **Faster permitting procedures**

VIK and IFIEC Europe welcome the intentions on the expedited permitting and better governance of the existing funds and agrees on the principle that priority should be given to simplifying the processes necessary for the effective use of these funds and their transposition into operational projects. Net-zero projects should be prioritised, and unnecessary delays should be avoided.

### **Definition of net-zero manufacturing project**

The definition of "net-zero manufacturing project" should additionally cover industrial facilities that will deploy and utilise net-zero technologies. Furthermore, the principle of technology neutrality should be included in the scope of the NZIA in order to enable more available solutions that will contribute to the establishment of a market for net-zero industrial products in Europe with a strong global impact.

### **Net-zero industry valleys**

VIK and IFIEC Europe welcome the concept of Net-zero industry valleys which should facilitate the development of industrial clusters. However, the following points should be critically reconsidered: a) final industrial users of net-zero technologies should be explicitly mentioned as part of Net-zero industry valleys; b) any discrimination of projects which are not included in Net-zero industry valleys should be avoided by maintaining a level playing field; c) the proposal on conducting of environmental impact assessment by member states (instead of companies) remains questionable, especially in terms of feasibility.

### **Global impacts of the NZIA**

Measures similar to the US IRA, such as tax reliefs, are not included in the adopted NZIA-text. In our view, the measures proposed in the NZIA do not go far enough and are unlikely to attract the level of new investment needed for industrial transformation. It is important to avoid financial pressures and new taxes in the current crisis. Instead, the focus should be on designing efficient funding schemes for both CAPEX and OPEX support, while at the same time creating a level playing field for access to European funding. NZIA should also give a strong response to the current initiatives on low-carbon technology subsidising which take place in developed non-EU countries, taking into account the future implications for European

manufacturers that will compete in the emerging global low-carbon markets. Concrete incentives and mechanisms are needed to stimulate the transformation of the existing industry.