



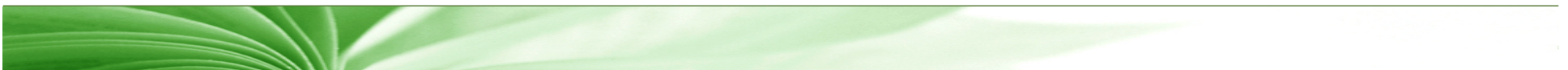
The EU Sustainable Industrial Policy The future of EII in Europe

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Overall view on the SIP

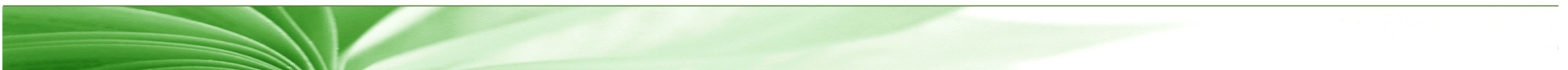
- The SIP has to meet the ambitious goal of sustainable production and consumption, without resulting in closing or delocalising EU plants in a few years' time and increasing imports of manufactured goods – often produced in a less sustainable way.
- With the objective of overall and global sustainability, free trade and fair competition has to be achieved. This requires the abolition of tariff and non-tariff barriers but also the free access to raw materials to compete on an equal footing.





Good proposals ahead

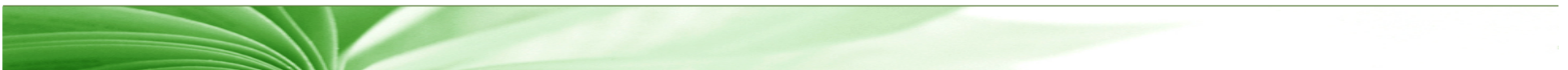
- We value the Commissions efforts to come to an integrated policy package, integrating the policy on sustainable production and consumption and sustainable industrial policy.
- We agree with the focus on innovation and lead markets – the focus on developing the EU industry of tomorrow.
- We agree that there are several pillars to reaching the low carbon society – and that the SCP/SIP are one of these.
- We do appreciate integrated packages.
-but, we have some comments to make.





Greening industrial policy?

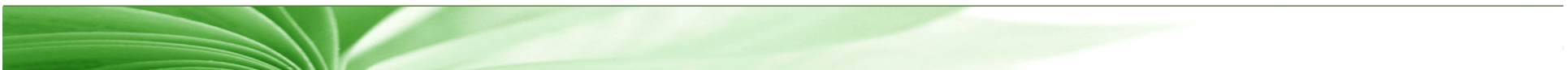
- Earlier, the initiatives were called “Greening the industrial policy”. We now see a range of different instruments. Where has the industry part policy gone?
- The key issue to creating a competitive, eco-efficient industry in Europe is to attract and secure investments in Europe. The European industry needs these new investments to remain world class, leading and competitive.
- Competitiveness issues and attractiveness for investments therefore need to be part of the package as well.





Please choose Better regulation

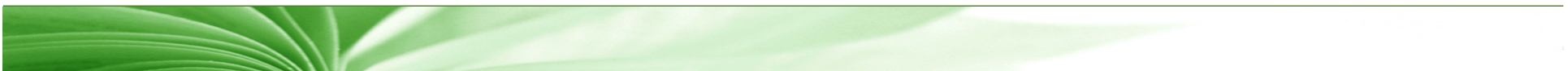
- Choose between initiatives. Create room for innovations, do not over-regulate the markets with the wide range of instruments that were discussed previously.
- Use the basis of Better regulation, which would call for only one instrument to be leading, instead of creating double regulation. Include in the impact assessment the lessons learnt with the current EU instruments in place.
- Promote Flexibility over regulation. Flexibility in instruments is needed (see e.g. waste). Strike this balance in the choice of instruments.





Please add Raw material policy

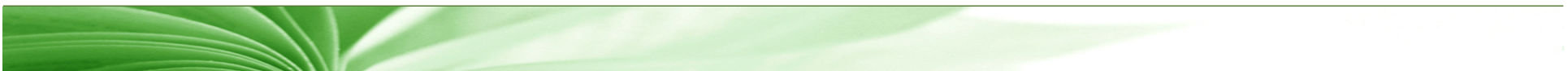
- Access to raw materials is the key issue for the future of EU industry, as already identified by the HLG and as it is part of national security policy in the USA (!) Resource efficiency policy can only work if the resources are available.
- We hope to welcome a reference to trade and raw material policy. The initiative for a minerals raw material policy is insufficient and too narrow.
- Develop policies that allow raw materials to add the most value – in our example not burning them for energy before production, consumption and recycling has taken place.





Please jump on Innovation

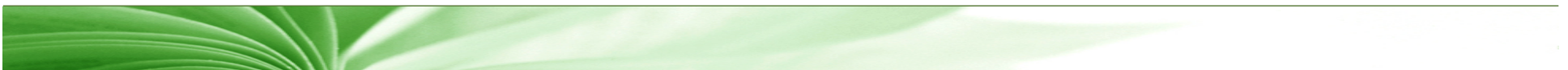
- Jumping barriers. the biggest barrier to innovations today is the step between pilot and laboratory to full-scale demonstration plants.
 - In many cases the risks connected to this are too high for individual companies. Instruments need to be developed to fill this gap and innovative ways of handling risk-capital can be one of these.
 - The 8th FP should mature even further than FP7 – the idea for pilot plans on CCS could be expanded to other initiatives – see for example gasification and biofuels.
 - Be innovative: earmark 2/3 of the auctioning funds to R&D in breakthrough technologies in the sectors that paid for it.
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A global focus on global solutions

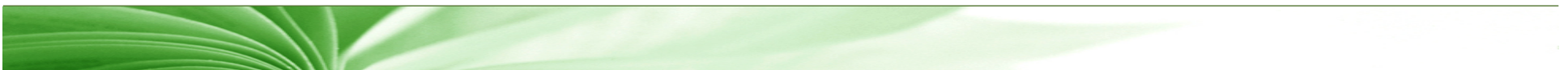
- The policy requires a global focus. The focus on industrial policy is what's required, the tone should be adapted to global audiences.
- Global sectoral approaches. The global sectoral approaches can be a core instrument in the future policy indeed.
- Value chain approach. But a value chain approach is missing in the policy initiatives.
- Are Border adjustments an instrument of global policies? Or an excuse for not so good EU policies? We are still discussing.





Do we really need more labels?

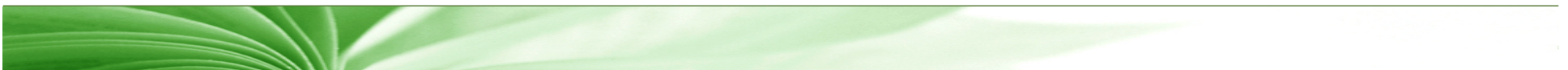
- The current proposal seems to favour even more labels to be developed. One can surely question the benefit of the EU flower.
Do we need more?
- We already face a multitude of labels and initiatives, different national and international schemes. The challenge is that they all develop at a different pace.
- Just an example: as the first carbon footprint standards in the markets start being used, the Ecolabel board announces that it will also develop its own version. Why?





Evaluation: SIP and Climate package

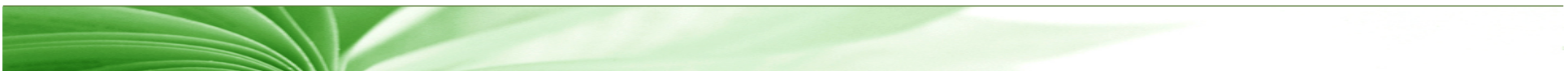
- The climate package was first called “the new industrial revolution”
- The focus of policy should therefore be the question how to bring industry through this revolution.
- Current debates give the feeling that after the revolution there is no room for EII in Europe anymore. This is wrong.
- One could ask oneself if the package is *ambitious enough*?
- Carbon leakage is not a single issue, but part of a wider debate on job leakage and value leakage.
- And the *ambitious* industry policy to avoid this..... is missing, still.





Our Xmas wish list (a bit early)

- Do not start an endless debate on free ETS allocation to industry – be generous and leave money to invest. The carbon price does not require full auctioning. Endless studies will not bring any answers, but more discussion.
- Enable industry to overcome the energy market liberalisation challenges – enable long term contracts and really support CHP.
- Invest even more in innovation policies. Do not disperse funds over large numbers of projects, but choose.
- Bring incentives, not more labels.
- And refocus on industry policy!





Just one case study for integrated policy

- We need to invest in energy efficiency and fuel mix changes, yet the EU ETS proposal might take away 1,5 billion euro directly and has an equal effect on electricity costs and raw material costs, totalling 5 billion euro/year. **Thankfully the (metals and) forest based industries communication now clearly indicates that we are energy intensive and globally exposed.**
 - We are the sector with one of the highest uptakes of CHP – and the climate package punishes us for this.
 - We can deliver the second generation lignocellulosic biofuels, yet first generation biofuels are still allowed to take a major share of support.
 - We have heavily invested in biomass boilers; we produce $\frac{1}{4}$ of all EU bioenergy today, yet the IPPC proposal sets very tough limits for dust and NOX for biomass and peat, hard to meet even for the newest of installations.
 - We are 50% based on recycled materials – the recycling society champion, yet REACH potentially ends paper recycling and the RE directive benefits incineration over recycling.
 - We have three EU ecolabels reviewed, EMAS reviewed, Ecolabel reviewed, a GPP toolkit, two standards and a toolkit for carbon footprints.
 - And we are facing Russian wood taxes with huge impacts.
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