









Our vision for Europe

We want Europe to remain a dynamic continent, where people thrive. To ensure that, we need an attractive market for investments, where industries prosper, creating sustainable economic growth, innovation, and high-quality jobs.

High energy prices and a complex regulatory environment in recent years have taken a toll on Europe's growth[i]. For Europe to remain attractive for investment and to revive industries' competitive edge, energy must make up a smaller share of operating costs. Cost-effective and competitive decarbonisation should be the underlying tool of EU industrial policy, as advised by Mario Draghi's report. Building on the EU Green Deal, the Clean Industrial Deal is the EU's chance to truly enhance competitiveness and support industrial decarbonisation whilst ensuring an inclusive transition.

Our commitment

As industry leaders, we are committed to Europe and to **developing, implementing, and sharing information** about available cost-efficient, decarbonisation and circularity solutions. We stand ready to support the Commission in **developing the right policy framework** to ensure decarbonisation and circularity becomes a source of growth and resilience for Europe, and that Europe is an attractive market for industrial investments.

Ambition

To be successful, the Clean Industrial Deal should focus on:

- **Rapid and harmonised implementation of legislation adopted in the last mandate**, notably the Fit for 55 Package.
- **Continuity of ambition, predictability and long-term thinking.** We need a solid policy framework which is adaptable to evolving technology and provides a clear outlook of at least 10 years.
- **Targeted measures where gaps are identified**. As new solutions are developed and market failures identified, new policy measures will be needed. Dialogue with industry must be maintained to assess opportunities and needs.
- **Taking into account the 'people perspective'**. Without broad public acceptance of the need for a green transition, including for industry, it will be difficult to succeed.

Proposals

Unlocking energy efficiency and electrification investments is one of the most cost-efficient ways to increase the security of energy supply and reduce energy bills for the industrial sector. Further, energy efficiency is a win for climate, economy and people and must be positioned as such.

Concretely, we propose to:

1. Promote **energy efficiency** through ready-to-implement solutions with short pay-back times. According to the IEA, manufacturing industries could almost double the gross value added from each unit of energy use by 2040 by adopting cost-efficient energy efficiency measures.[ii]

    - Building on the revised Energy Efficiency Directive's provisions for energy audits and energy management systems, encourage member states to pursue implementation.
    - Include requirements for system efficiencies across manufacturing processes.

2. Ensure the Electrification Action Plan includes measures to **accelerate electrification** of all end-use sectors, including HVAC and process heat. Electrification is key to making the energy transition work and for affordability. For example, estimates show that existing technology can electrify 78% of industrial energy use but today electricity covers only about one-third of the EU's industrial energy consumption [iiiiv].

    - Include a general target for electrification at end-use level of 35% by 2030, and specific targets for sectors.
    - Strengthen Europe's electricity grids through targeted investments in infrastructure development and digitalisation and boost demand flexibility management. Include measures to unlock flexibility in the Electrification Action plan, including grid digitalisation and price incentives.
    - Develop dedicated support to SME electrification and digitisation: specific measures should target SMEs and light industries, which are the heart of EU's industrial sector.
    - Leverage taxation to support electrification by finalising the revision of the Energy Taxation Directive and encouraging exchange of best practice between member states of their energy taxation frameworks to maintain an equitable electricity-to-gas price rate.

3. Incentivise **better integration of sectors** to maximize utilization of each unit of produced energy and improve flexibility of European energy systems. For example, there is about 2,860 TWh per year of waste heat accessible in the EU, almost the same as EU's total energy demand for heat and hot water.[v]

    - Define sectoral digital strategies for the decarbonization of key sectors.
    - Implement the provisions on mandatory heat planning to enable regions and municipalities across Europe to assess the potential and best use of e.g. waste heat from industries.
    - Include requirements to make use of industrial synergies linking energy supply and demand more effectively e.g. through energy reuse from industrial processes, including on site, and incentivise on-site heating and cooling system integration.

4. Support a comprehensive approach to industrial decarbonization with predictable, easy-to-access **financing measures and other incentives** that allow industry to choose the most cost-effective solutions, and create and support partnerships that facilitate access to funding, regulatory support, and shared resources:

    - Explore using incentives similar to tax credits to accelerate uptake of efficiency or electrification solutions, with a clear time and scope of measures and using funds from e.g. ETS.
    - Efficient roll-out of available recovery funding, prioritizing innovative net-zero technologies (like energy efficiency) in EU funding and making it easier to access available funding.
    - Create industrial partnerships for energy efficiency, electrification, and sector integration, in the spirit of Article 23 of the Energy Efficiency Directive, bringing together senior industry stakeholders for a structured dialogue to agree on 'energy efficiency roadmaps' and ascertain investment and support needs to future-proof key sectors in the green transition.
    - Develop awareness and educate about available technologies, their benefits from an environmental and economic point of view.

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[i] Draghi, M., 2024. "The Future of European Competitiveness."
[ii] IEA (2019). Multiple Benefits of Energy Efficiency – Productivity. Accessed 11 June 2024.
[iii] Maddeddu et al. (2020). The CO2 reduction potential for the European industry via direct electrification of heat supply (power-to-heat).
[iv] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Final_energy_consumption_in_industry_-_detailed_statistics

[v] Connolly, D. et al. (2013). Heat Roadmap Europe 2: Second Pre-Study for the EU27. Department of Development and Planning, Aalborg University