

## **Opinion Paper on the Green New Deal Initiative**

CECOF welcomes the Commission's Green New Deal initiative and takes a proactive stance with regard to the concrete design and implementation.

CECOF (founded in 1972) is the European association platform for the thermo processing and metallurgical equipment industries. Since its foundation, CECOF has been the respected voice and lobby organisation of these industries, representing its members' interests in economic as well as technical issues.

CECOF members supply equipment to energy and CO<sub>2</sub>-intensive applications worldwide. In Europe alone, industrial thermo processes and the production of metals account for a large share of industrial greenhouse gas emissions. For our customers from respective industries our technology is key to transform CO<sub>2</sub>-intensive processes into carbon-neutral applications.

In 2018, thermo processing technology and metallurgical equipment with a total value of 14.4 billion EUR were exported worldwide. With an export value of 7.6 billion EUR, Europe holds a share of almost 53 percent of the global exports. About 50 percent of European deliveries go to customers within Europe while the other half targets destinations outside Europe. Therefore, European thermo processing technology and metallurgical equipment have a high relevance not only for European but also global climate targets.

In view of our strong global market share, we are not only in a position to make a significant contribution to Europe, but our technologies can also contribute to CO<sub>2</sub> reductions outside Europe.

## **1. Market access for innovation**

The necessary high-efficiency technologies which are needed to reach the 2030 targets are already in existence but are not yet applied widely due to investment hurdles. By increasing the efficiency of existing industrial processes, directly related CO<sub>2</sub> emissions can be reduced. Customers from energy and CO<sub>2</sub>-intensive industries need a reliable environment for their investments to be made in the near future.

The further development of innovative breakthrough technologies and products requires the necessary technological CO<sub>2</sub>-neutral framework conditions and incentives that help to encourage the future development and a broad industrial application. We call for this so that our industry can achieve the 2050 targets.

Bureaucratic hurdles - in terms of technical regulation, financing and access to research and innovation funding - which hinder quick and broad market access for innovative technologies should be reduced and any mechanism introduced should be market-based.

Existing state-of-the-art technologies do not only contribute to a significant reduction of greenhouse gas emissions and use of energy but also to increasing the safety of these industrial processes.

## **2. Gas decarbonisation / Defossilisation / Power-to-X**

After using the full potential of already existing efficiency technologies we will be ready to use non-fossil fuels when they become available. We support the Commission's proposal to review the Alternative Fuels Infrastructure Directive. We particularly welcome an extension of the alternative fuel gas supply that guarantees stable and safe industrial processes.

We consider Power-to-X as a major technology to ensure an industrially viable transition and defossilisation of the gas networks and linked technologies. Although further adequate infrastructure investments will be necessary this approach allows for the continued use of already existing infrastructure and industrial assets. CECOF members, as suppliers to energy and CO<sub>2</sub>-intensive industries, working together with our customers, will be able to make valuable contributions to climate targets, working within a comprehensive sector coupling framework.

### **3. Energy taxation/CO<sub>2</sub> price**

We call for a cross-sector CO<sub>2</sub> price on fossil energy carriers which is high enough to create an economic environment that initiates and drives a transition to a carbon neutral industry. It should be supplemented with additional financial measures to stimulate large-scale investments in innovative technologies. All measures need to be adequately refinanced and should be overall revenue neutral.

### **4. Preventing "carbon leakage"**

As technology providers we need a European customer base to develop and try-out innovations in a local market. The transformation into a carbon neutral economy must not impair the international competitiveness of our customer industries which contend to a large extent with producers from low cost countries such as China and India. The situation in the global steel industry is an illustrative example.

Therefore, appropriate measures should be taken to prevent carbon leakage in order not to endanger or even lose European manufacturing companies and the jobs associated with them. Possible measures might range from a carbon border tax to other forms of carbon border adjustments without jeopardising European companies from exporting.

### **Concluding remarks**

CECOF and its industrial members encourage the Commission to pursue the path it has chosen. Europe must be the leader for resource efficient and carbon neutral technological solutions. We do have the innovative industrial base to achieve this target.

Europe as the first carbon neutral economy has to be the home market for our industries in terms of development, application and global deployment of their technologies.

We see the Green New Deal as an unprecedented opportunity to position our industries for the future. The thermo processing and metallurgical equipment industries are well prepared to actively participate to this huge political, societal and technological task.