Framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

2023/0081(COD) - 21/11/2023 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 376 votes to 139, with 116 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem (Net Zero Industry Act).

The matter was referred back to the committee responsible for interinstitutional negotiations.

Subject matter

The amended text stipulates that the draft Regulation establishes the framework of measures to ensure a **coordinated approach, throughout the Union, to the innovation and scaling up of the manufacturing capacity of net-zero technologies** as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning in the Union to:

- support the Union’s climate targets and climate neutrality objective;

- foster the Union’s international industrial competitiveness in order to contribute to the creation of quality jobs;

- improve the Union’s access to a secure and sustainable supply of net-zero technologies;

- strengthen Union’s open strategic autonomy;

- safeguard the resilience of the corresponding Union’s supply chains; and

- achieve the decarbonisation of the Union’s economy and society.

To achieve the general objective, this Regulation contains measures with a view to ensuring the **reduction of strategic dependencies in the Union** of the strategic net-zero technologies as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning and that **by 2030** reaches a manufacturing capacity corresponding to:

- **at least 40 %** of the Union’s annual deployment needs for the corresponding technologies necessary to achieve the Union’s climate and energy targets, based on the technological deployment planned across the Union according to the national energy and climate plans prepared and submitted by the Member States; and

- **at least 25 %** of global demand for the corresponding technologies.

Scope and definitions

Members **enlarged the scope** of the proposed Regulation to include the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning. The meaning of 'net-zero technologies' has also been streamlined by the Members.

The net-zero technologies within the scope of this Regulation should be, *inter alia*:

- technologies used for production of energy from renewable sources;

- nuclear fission and fusion energy technologies, including nuclear fuel cycle technologies;

- energy storage technologies;

- carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), removal, capture, transport, injection (EPP), storage and utilisation technologies;

- hydrogen (H2) transport infrastructure technologies;

- electrolyser and fuel cell technologies;

- electric, hydrogen (H2), sustainable alternative fuels and wind propulsion technologies for transportation;

- electric charging technologies for transportation;

- heat pump technologies;

- energy efficiency technologies;

- biomaterials production technologies, including bio-based chemical production technologies;

- recycling technologies.

Financing of net-zero technologies

The amended text suggested that Member States should allocate 25% of their national Emissions Trading System (ETS) revenues for expenditures aimed at achieving the objectives.

Duration of the permit-granting process for strategic net-zero projects

In order to provide project promoters and other investors with the certainty and clarity needed to increase the development of zero-net technology projects, Member States should ensure that the permit-granting process for such projects do not exceed a predefined period.

Members proposed streamlining the permit-granting process, setting a deadline of 9 to 12 months for zero-net technology production projects and 6 to 9 months for strategic projects to be authorised.

Net-Zero Industry Valleys

The Regulation should promote the development of 'net-zero' industrial valleys with a view to **fostering industrial symbiosis** and encouraging Member States to make targeted investments in specific areas across Europe. These valleys should be geographically and technologically limited. Valleys should be designated by Member States and each designation should be accompanied by a Plan with concrete national measures to increase the attractiveness of the Valley as a location for manufacturing activities.

Valleys should in particularly be used as a tool for re-industrialisation of regions, especially for coal regions in transition.