

Dutch position on EU competitiveness and the 'Green Deal Industrial Plan for a Net-Zero Age'

The Netherlands welcomes the European ambition to remain at the forefront of the climate transition and clean technologies, and welcomes the steps other countries have taken in this regard. Our wish is to strengthen cooperation with other countries in reaching our climate-targets and to complement each other's climate policies. At the same time it is in our interest to maintain a leading position in clean tech. Therefore we need to assist our industries in the green transition and help address challenges such as high energy prices and global competition. This also applies to sectors that contribute to the digital transition and open strategic autonomy of the EU. However, this also comes with the realization that not all current economic activities have a future in a climate-neutral European economy.

Strengthening our long-term competitiveness starts with a strong economic foundation. Therefore we need to step up our commitment to a strong and fair internal market, a level playing field, an open economy and international cooperation, a dynamic and agile workforce and strong EU Member States with sound public finances. But more is needed from the EU and its member states to ensure a sustainable, resilient and competitive Union. This includes the following actions:

1. Accelerating the energy transition

- Further developing the initiatives for a clean tech platform, a European hydrogen bank, and a European transport network for hydrogen. Uptake of new IPCEIs for low carbon industry to make the green transition can be envisaged.

2. Improve EU investment climate

- Identify strategic sectors for the green and digital transition and open strategic autonomy of the EU. Provide the right conditions for growth by creating long-term strategies to strengthen these strategic value chains. Such strategies should entail a solid impact assessment and an evaluation of the complete toolbox of instruments available. It is important that we identify what (part of) sectors are of strategic importance.
- When improving access to finance, the EU should improve EU and funding mechanisms for strategic sectors, starting with improving the governance of IPCEIs. This means standardization and developing the joint European forum for IPCEI.
- Increase availability of risk financing in the EU, by deepening the capital markets union.
- Improve access to critical raw materials. NL welcomes proposal by the CION for a CRM club with like-minded countries and is looking forward to the upcoming Critical Raw Materials Act and would like to see initiatives on circularity, innovation, diversification, and partnerships.
- Ensure a dynamic and agile workforce with active labour market policies by EU member states on upskilling and reskilling to better match supply and demand on the labour market. Digital skills and creating the right conditions for the development of these skills should be prioritized.

3. Funding

- Accelerate and simplify state aid procedures and if necessary allow for a targeted expansion of state aid possibilities to accelerate the green transition, e.g. for circular projects and projects with environmental benefits along the value chain.
- NL is hesitant to broaden state-aid framework too much, in particular for production aid. The level playing field on the Single Market is already under pressure. The CION should first study the needs in relevant sectors and develop a long-term strategy taking into account the complete toolbox of EU instruments before deciding to allow for additional State aid possibilities.
- Evaluate how existing funds such as RRF, REPowerEU and the Innovation Fund could better facilitate the green transition.

4. Ambitious green trade agenda

- NL welcomes VdL remarks on an ambitious green trade agenda. This is crucial for diversifying suppliers of raw materials that are needed for the transitions of our industries.
- NL welcomes the recently launched Trans-Atlantic Sustainable Trade Initiative. A EU-US Summit for Sustainable Economy can contribute to working on the complementarity of our climate policies.

The Green Deal Industrial Plan for a Net-Zero Age

We are glad to see important aspects of our position back in the Green Deal Industrial Plan (GDIP). Notably the Critical Raw Materials Act, a hydrogen backbone, hydrogen bank, skills, EU standards, access to private finance, strengthening of Capital Markets Union, speeding up of permits, regulatory sandboxes and an ambitious green trade agenda are important ways to speed up the net-zero transition. We understand the focus of the communication is on the green transition, but want to stress that strengthening the Single Market should also be a priority in a strategy to strengthen EU competitiveness and is valuable to speed up the green transition. This aspect is currently missing in the GDIP. Other aspects of the GDIP that need our attention are the following:

State Aid

The Netherlands is concerned about current proposals on state aid, specifically the extension of the temporary crisis framework to 2025 and the possibility for anti-relocation aid. We believe that the regular state aid framework should be fit for purpose. This will give more continuity and certainty for companies and governments, would be more targeted and contains more guarantees for the level playing field. The possibility of matching of aid offered by third countries could have far reaching effects for the level playing field on the internal market. We question the effectiveness and believe it only increases the chances of a subsidy race. We should not be working reactively on what other countries are doing, but look at what is needed to reach our climate goals and build up a competitive industry for the future.

Funding

The Netherlands support the Commission to evaluate how existing funds could be used better to facilitate the green transition. Important that existing funds for climate remain tailored to green investments.

Further explanation needed:

For other proposals, such as the Net-Zero Industry Act, we believe that it is very important to have clear criteria for which technologies and projects can be supported. We suggest to quickly give clarity on these criteria. For us the net-zero transition spans beyond green energy, it should also include areas such as electrolysers, biorefinery, biobased feedstock, (chemical) recycling, gasification of biomass to produce green gas, circular economy, batteries, and CCU are included. This way the entire scope of the net-zero transition is included and the link with the Critical Raw Materials Act is embedded. With regards to setting production targets, the Netherlands remains critical and finds it is important to use similar targets to the Chips Act or the digital decade and not binding targets.

Trade

The Netherlands supports the importance of open trade, the rules-based international trade system, and bilateral free trade agreements to achieve the objectives of the European green transition. This is in line with existing Dutch and European policy positions, including the EU Trade Policy Review of 2021. The three new initiatives presented by the Commission in the GDIP could help us bring the objectives more within reach. The Netherlands looks forward to more concrete proposals.