

Net Zero Industry Act: Bringing Green Technologies Home?

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Summary

The EU Commission proposed the Net Zero Industry Act (NZIA) in March 2023, which aims to improve the framework conditions for the manufacturing of green and low-carbon technologies and to increase their manufacturing capacity in the EU to reach at least 40% of the EU's annual deployment. Is this legislation enough to make the EU the home of green technology manufacturing?

"We need a regulatory environment that allows us to rapidly scale up the clean energy transition."

Ursula von der Leyen, President EU Commission

Content

The NZIA provides privileges for the production of net-zero technologies, their components and the machinery used to produce them. It distinguishes between strategic and other net-zero technologies. Specifically, strategic technologies enjoy shorter timelines for approval processes, coordination for funding, and priority status for administrative and legal processes. It also proposes new sustainability and resilience criteria for public authorities to use in public procurement procedures and auctions for strategic projects. The proposal also includes measures to promote innovation and skills. Although the proposal does not include measures on financing, the latter is based on the amended EU state aid rules under the Temporary Crisis and Transition Framework, EU funding schemes and private sources.

Pro

The VDMA's machinery and manufacturing equipment sectors are recognised as an essential part of the net-zero value chain. For the first time, the role of these technologies in achieving the EU's climate goals is addressed in an EU proposal.

Contra

Selecting certain technologies for priority treatment creates a "two-speed economy" that can distort the complexity of value chains, while not addressing the issue of regulation itself, which is often insufficient to improve commercial up-scaling.

Our Evaluation



The current NZIA proposal benefits primarily certain technologies which can distort the complexity of value chains. It is not technological neutral and does not sufficiently address the need to improve competitiveness.

40%

of the net-zero capacity to be manufactured in EU by 2030.

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