

**4th Meeting of the Commission High Level Expert Group on Energy Intensive Industries
20 February 2019, Brussels**

Brussels, 22 February 2019

Minutes

The chair (Director-General Lowri Evans, European Commission, DG GROW) recalled the policy context of the work of the High-level Expert Group on Energy Intensive Industries (HLG on EII). Last year, the EU's energy-intensive industries produced a common cross-sectoral vision on possible pathways to achieve climate-neutrality. The Commission's Strategic Vision "A clean planet for all", published last November, reflected the HLG's contribution. The Commission has invited Member States, the European Parliament and stakeholders to participate in an EU-wide debate leading to the finalization of the EU's mid-century strategy in 2020, as required under the Paris Agreement.

Operationalizing the work on industrial transformation in the High Level Expert Group, based on the earlier EII analysis and the Strategic Vision, is urgent. 2050 is only one investment phase away and a new EU political cycle will start later this year.

Industrial transformation will require an integrated and systemic approach covering aspects such as sustainable raw material supplies; circular economy throughout the value chain; breakthrough technologies and investment; creation of a European and global market for clean products; a strong focus on people, skills and regions; and the right enabling policy framework at European and national levels.

DG GROW reported on the 2019 "Industry Days", highlighting the focus on people and the environment, the business opportunities linked to a climate-neutral economy, the development of strategic value chains and the dedicated EII-organized events.

A number of other Commission services also took the floor to support the work of the HLG, stressing the need for seeing 2050 as a positive agenda for Europe and its people, and the role of i.a. R&I, regional, energy, climate, environment, circular economy and competition policies in underpinning the transition. DG COMP informed the HLG about its targeted consultation on ETS indirect costs (closing 9 April 2019)¹.

The chair introduced the terms of reference for HLG work to develop an industrial transformation master plan this year. She explained the need for Member States to be actively involved, for integration with other work streams, such as the development of strategic value chain roadmaps by June 2019, and for addressing the people and social dimension transversally in the HLG's work. She also reminded the group that the HLG's mandate expires at the end of 2019 unless the new Commission decides to extend it.

On behalf of the 11 energy-intensive industry associations, the representative of the energy-intensive industries, expressed their satisfaction with the way in which the Commission's 2050 Strategic Vision reflected the HLG's work last year. They noted, however, that the focus

¹ http://ec.europa.eu/competition/consultations/2019_ets_guidelines/index_en.html

of the strategy was much more about transforming Europe than “a clean planet for all”. Addressing the global dimension of the challenge was essential for industries operating within global value chains. Commenting on the planned work streams, he stressed the importance of developing markets for low emission and circular products, the right carbon pricing signals, and an enabling framework that supports the transition process, including trade and competition policies. Although many breakthrough technologies have been identified, there needs to be a concerted effort to reach the stage where there is a convincing business case for deployment and investment in the EU. Energy-intensive industries need clean energy sources, access to raw materials and infrastructure. There should be a mapping to show where industrial transformation needs resources and infrastructure. Energy-intensive industries are working with Eurelectric to identify the issues relating to future electricity supply and demand. Industry agreed that the social dimension was relevant to all the proposed areas: there are elements of behavioural changes in relation to customers and markets, education, skills, public acceptance, regions in transition, etc.

IndustriAll recalled the importance of keeping energy-intensive industries in Europe, today providing jobs for 6,6M people. The industrial transformation should address areas for future jobs growth, skills, the regional dimension and support for vulnerable workers. The work should address the social dimension transversally.

Discussion

Members of the High Level Group and observers discussed the draft terms of reference:

- All interventions supported the proposal for the HLG to develop an industrial transformation master plan in 2019;
- The need for the EU to stay competitive while managing the transition to climate neutrality and for a serious reflection on how State aid, trade and other EU policies should support the transition and ensure a level playing field internationally;
- The need to look at the effects on EU competitiveness in terms of those parts of the value chain that are net importers and those that are net exporters;
- The risks of inaction;
- The importance of close collaboration with Member States, which are currently finalising their integrated national energy and climate plans;
 - The need for a framework that encourages private and public investments, including ways to de-risk investments and consider how markets will value companies in terms of their exposure to climate risk and investment in clean technologies;
- The important role of taxation and fiscal instruments;
- Access to affordable energy and non-energy raw materials the relevant infrastructure and a regulatory framework for deploying hydrogen;
- Greening the energy system involves considerable investments, raises issues of coherence with environmental policy and public acceptance;
- Many energy-intensive industries use gas and some of the EU’s competitors benefit from artificially low prices that do not reflect carbon constraints;

- The need to balance the economic, regional, social and environmental dimensions of industrial transformation and to support carbon-intensive regions;

The importance of clear communication explaining why the EU is shifting to climate neutrality, why the opportunities outweigh the challenges and what benefits the transition brings to people;

- One member considered that the work on resources for industry should address material substitution and the non-toxic environment.

The Romanian Presidency recalled the discussion at the Competitiveness Council on 18 February and announced its intention to prepare Conclusions on industry for the Council meeting in May.

Conclusion

The chair:

- Took note of the overall positive reception of the proposal to develop an industrial transformation roadmap in the HLG, stressing that the work should mainstream social aspects;

- Took note of comments on the draft terms of reference and announced that DG GROW would circulate a modified version for last review after which these would be considered as adopted by the HLG;

- Reminded the HLG that all Member States may participate in the sub-groups;

- Confirmed that, in line with the HLG's rules, the Commission services would provide the secretariat and chair for the sub-groups (DG GROW co-chairing with relevant DGs);

- Advised that the first meeting of the sub-groups should take place by the end of March 2019 and recommended completing the work by October 2019;

- Indicated that the Commission services would prepare the ground for the new Commission to consider extending the mandate of the HLG.

DG GROW circulated the revised terms of reference after the HLG meeting, subject to a silence procedure expiring at the end of Friday 22 February. The adopted terms of reference are attached.