

EUROBAT's vision for the Green Deal Industrial Plan (10 July 2023)

EUROBAT, the leading association of European automotive and industrial battery manufacturers, supports the European Commission's Green Deal Industrial Plan as a major initiative to advance EU domestic cleantech production.

Batteries are a key component of the energy transition and the EU needs more batteries if it is to achieve its ambitious 2030 and 2050 climate and energy targets. The European Commission's Green Deal Industrial Plan was announced in February 2023, with key policy files tabled in March, including the Temporary Crisis Transition Framework (TCTF), Net Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA). These proposals signal an increasing shift towards an interventionist industrial policy, an attempt to incentivise domestic production and an acknowledgment of the need to avoid supply disruptions or breaks in the development of strategic net zero technologies.

In anticipation of the upcoming negotiations between the European Commission, the European Parliament and the Member States, *EUROBAT wishes to convey its vision for a Green Deal Industrial Plan that effectively supports battery manufacturing in the EU.*

Key Recommendations

1. Preserve the one-stop shop approach to project approvals and accelerate permitting procedures: implement measures to enhance the pace of national permitting processes while upholding environmental standards by allowing parallel processes, allocating additional local resources and establishing clear timelines for decision-making.
2. Make funding available for net zero projects for all battery technologies, including battery research, manufacturing and recycling, and provide certainty to investors, ultimately facilitating an industrial transformation through direct lines of funding.
3. Expand the scope in the NZIA Annexes to include the manufacturing of battery active materials, both cathode and anode active materials (in addition to battery cell production and assembly of battery packs) to provide significant incentives to European manufacturers in this sector.
4. Recognise certification schemes within the CRMA, including third-party schemes that meet sustainability criteria. Similarly, it is crucial to enhance Europe's strategic partnership strategy for raw materials by developing a clear plan to address dependencies and expedite actions in regions with the necessary capabilities.
5. Ensure consistency and coherence with other legislation. It is vital to mitigate the risk of uncoordinated policies obstructing its goal of achieving climate neutrality.



1. Facilitate strategic battery projects: the one stop approach and accelerating permitting

The CRMA contains significant recommendations for accelerating the permitting process for essential mining, processing and recycling initiatives. Lengthy permitting procedures have been a major obstacle for European projects. The timeline for opening a mine in the European Union can vary depending on different factors, such as the size and complexity of the project, regulatory requirements, environmental assessments, community consultations and other considerations. It typically takes between 10 and 15 years to navigate the entire process from exploration to production¹. We welcome the Commission's suggestions for a single point of contact, time limits for permits and other measures to streamline procedures.

These recommendations represent the most tangible aspects of the CRMA. It is important to note, however, that while we advocate for reducing bureaucracy and timelines, environmental assessments and community involvement should not be compromised.

Regarding the NZIA, we welcome the Commission's proposal for a one-stop shop approach (Article 4). This proposal designates one national competent authority responsible for facilitating and coordinating the permit-granting process for net zero technology manufacturing projects. This centralisation seeks to simplify the process for project promoters, eliminating the need to navigate multiple authorities and streamlining the decision-making process. Similarly, having a single point of contact for project promoters throughout the permit-granting process will address confusion and ensure efficient communication, as project promoters will only need to liaise with one authority for all relevant documents and information.

We strongly urge Member States and MEPs to uphold the Commission's ambitious proposals for streamlining permitting processes, with particular emphasis on preserving the one-stop shop approach and adhering to set deadlines for processing strategic projects. It is crucial to maintain this level of ambition in order to expedite decision-making and ensure efficient handling of crucial net zero projects.

Recommendation:

Preserve the one-stop shop approach to projects approval and accelerate permitting procedures: introduce measures to improve the efficiency of national permitting processes while maintaining rigorous environmental standards. This can be achieved by enabling parallel processing, allocating additional local resources, and establishing transparent timelines for decision-making.

¹ Cfr. Eurometeaux, *Critical Raw Materials Act: An agenda for Europe to get ahead in the global race*, May 2023



2. Link the Critical Raw Materials Act (Article 15) and Net Zero Industry Act (Recital 42 + Article 15) with EU-level financing

Neither the CRMA nor the NZIA has a dedicated EU-level financial mechanism for supporting new projects. Industry appreciates the amended and prolonged TCTF that seeks to allow Member States to support the economy during the current difficult economic environment, but it remains to be seen whether this will be enough to guarantee a level-playing field.

The simplicity of the US Inflation Reduction Act (IRA) enables the swift delivery of subsidies to companies. Conversely, the legislative process at EU level can be lengthy and intricate. In the NZIA, the Commission states that several EU funding programmes, including the Recovery and Resilience Facility, InvestEU, Cohesion Policy programmes and Innovation Fund, will be available to fund investments in net zero technology manufacturing projects. However, these programmes have already been in place and access to their funds could be perceived as long and complex, which is not the case for the IRA.

It is paramount to ensure that the CRMA and NZIA receive backing from EU-level funding. Both the CRMA and NZIA should anchor the EU's long-term industrial strategy and provide investors with certainty that the EU is committed to remaining an attractive place to invest. Implementing such a strategy, which facilitates an unparalleled industrial transformation in terms of both speed and scale, would be best achieved through EU funding programmes.

Recommendation:

Securing EU-level funding is of utmost importance to ensure the support of the CRMA and NZIA. These initiatives should serve as pillars of the EU's long-term industrial strategy and offer investors the confidence that the EU remains an appealing investment destination.

3. Expand the scope of the NZIA to include the whole battery value chain

Point 3 of the NZIA Annexes includes 'Battery/storage technologies' as a strategic net zero technology. As it is written, it appears to refer only to battery manufacturing, such as battery cell production or the assembly of battery packs, whilst omitting the manufacture of battery active materials.

It is important to clarify this by clearly broadening the scope to also include battery active materials, specifically both cathode and anode active materials. This expansion aims to clarify that all aspects of the battery production process are strategic net zero technologies. Including battery active material manufacturing in the net zero technology list ensures that European raw material manufacturers can also access incentives, covering a critical step in the battery value chain.



Recommendation:

To provide substantial incentives to European manufacturers in the battery sector, it is recommended to broaden the scope within the NZIA Annexes. This expansion would encompass the manufacturing of battery active materials, considering both cathode and anode active materials, in addition to battery cell production and battery pack assembly. By including these aspects, the NZIA can effectively support and encourage the growth of European manufacturers across the whole battery value chain.

4. Strengthen the EU's Strategic Partnerships (Article 33) and recognition of certification schemes (Article 29) under the CRMA.

It is imperative to maintain recognition for certification schemes within the context of the CRMA (Article 29). Moreover, it would be very beneficial and pragmatic to acknowledge third-party certification schemes that meet the sustainability criteria set by the European Commission. Certification schemes seeking recognition should cover a wide range of sustainability aspects while including provisions for independent third-party verification and monitoring of compliance. By recognising multiple schemes, the EU can create a benchmark and set expectations for sustainability across different sectors.

In a similar vein, we welcome the initiative to develop a framework for cooperation on Strategic Partnerships with third countries related to raw materials and the initiative to achieve greater synergies between Strategic Partnerships and Member States' cooperation with relevant third countries. However, in Article 33 of the CRMA, there is a lack of specific details on how the European Union will prioritise and negotiate these partnerships.

Considering the significant dependence Europe faces on raw materials² and the significant time it takes to set up new mining projects, the European CRM Board should prepare a formal strategy report for the European Commission to implement in its diplomacy. It is critical to act fast with a clear plan towards the regions capable of supplying raw materials.

Recommendation:

To recognise certification schemes within the CRMA that align with sustainability criteria, including third-party schemes. Equally important is the need to strengthen Europe's strategic partnership strategy for raw materials by formulating a well-defined plan to address dependencies and accelerate actions in regions with the requisite capabilities.

² Cfr. Milan Grohol, Constanze Veeh. DG GROW, European Commission; *Study on the Critical Raw Materials for the EU*, JRC, Publications Office of the European Union, 2023.



5. Ensure consistency and coherence with other legislation

Today, several pieces of legislation have batteries within their scope, creating legislative overlaps, lack of business certainty and incoherent policy directions. The classification proposal for lithium salts is an example of where EU chemicals legislation could potentially hinder the ambition of the NZIA and impede the achievement of the set manufacturing benchmark. A too restrictive classification would introduce uncertainty regarding the measures that will be implemented at the industrial and commercial levels in the years ahead, especially during a critical period for investments. The EU, therefore, requires a comprehensive and scientifically sound approach to establish a robust lithium value chain. In this vein, a reassessment of the classification of lithium should lead to a more robust scientific opinion, including a reconsideration of all available studies in a rigorous weight of evidence exercise.

To develop coherent legislation is of utmost importance for the industry, as it boosts market confidence, stimulates innovation and contributes to the sustainable and efficient use of energy resources.

Recommendation:

Ensuring consistency and coherence with other legislative measures is crucial to prevent the risk of uncoordinated policies. It is crucial to provide businesses with the necessary regulatory clarity to encourage investments in transitioning the EU economy towards a sustainable model that aligns with the 2050 climate neutrality target.

About EUROBAT:

EUROBAT is the leading association for European automotive and industrial battery manufacturers, covering all battery technologies, and has more than 50 members. The members and staff work with all policy-makers, industry stakeholders, NGOs and media to highlight the important role batteries play for decarbonised mobility and energy systems as well as all other numerous applications.

