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NOTE

From: German delegation
To: Council

Subject: European alliance for transformation technologies
- Information from the German delegation

Delegations will find attached an information note from the German delegation on the “European alliance for transformation technologies” with a view to the meeting of the Competitiveness Council on 29 September 2022.

Initiative to establish a “European alliance for transformation technologies”

In order to accelerate the phase-out of usage and dependency on fossil energy sources, the European Commission has decided in its Repower-EU Plan to decisively promote the expansion of renewable energies – just as many member states. However, the considerable expansion of renewable energy systems and other transformation technologies (e.g. wind power and PV systems, power grid equipment, heat pumps, electrolysers) necessary for the energy transition and the achievement of climate targets highly depends on their availability. A key prerequisite for this is significantly increased production capacities within the EU. To overcome the current sub-optimal situation, we propose the establishment of a “European alliance for transformation technologies”. Positive side-effects include higher geopolitical independence, strengthening strategic value chains in the EU, local job creation, above all a more resilient European market.

In recent years the establishment of several European industrial alliances has proven to provide for pan-European cooperative, stakeholder-driven platforms to organize a “European case” in sectors such as batteries, hydrogen, raw materials and others. Outcomes have been e.g. pan-European IPCEI or other forms of common investment in research and resulting production capacities as well as cooperation agreements.

Direct role model of our idea is the European Battery Alliance (EBA), founded in 2017. With the help of a coordinated approach, Europe has succeeded in establishing an important industrial value chain in Europe in just 5 years. At the same time qualifying European players for large-scale industrial production on the basis of their own research and development has been achieved. Market research shows that the EU is well on its way to deliver about 30% of the world market in battery cell production until 2030! This good-practice is now being implemented as part of several other alliances, notably on Clean Hydrogen, Raw Materials, semiconductors, and, soon, on solar energy.

Building on the setup of the EBA and other alliances, the first step would be to establish a "European alliance for transformation technologies" as a political high-level body under the leadership of the European Commission with participation by all relevant stakeholders representing the entire value chain of the relevant sectors. Sub-groups can be formed for individual technologies. First and central task of the platform is to develop a strategic action plan of the concrete requirements (e.g. investment, project pipeline, regulatory changes) needed for the production, trade and deployment of transformation technologies with short-, medium- and long-term visions.

We are convinced that every EU member state - and the EU as a whole - would benefit greatly from this alliance: From an economic, geopolitical and especially from a sustainability perspective. Such an alliance gives support in how change can be managed quickly and gives a response to emerging problems in a timely manner. And it would make a real difference in making use of new business opportunities in climate friendly areas.

For the Federal Ministry for Economic Affairs and Climate Action the Industrial Policy Department will coordinate the process in Germany.
