Council of the European Union

Brussels, 6 December 2023
(OR. en, it)

Interinstitutional File: 2023/0081(COD)

16056/23
ADD 1

COMPET 1183
IND 632
MI 1053
BETREG 38
DIGIT 284
ECOFIN 1293
EDUC 467
ENER 645
POLCOM 298
RECH 531
CODEC 2291

NOTE

From:	Permanent Representatives Committee (Part 1)
To:	Council
No. prev. doc.:	15440/1/23 REV 1
No. Cion doc.:	7613/23 + 7613/23 ADD1
Subject:	Proposal for a Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) *- General approach* *- Statement by the Italian delegation*

Delegations will find attached a statement by the Italian delegation on abovementioned subject with a view to the Competitiveness Council meeting on 7 December 2023.

STATEMENT BY THE MINISTER FOR ENTERPRISES AND MADE IN ITALY FOR THE MINUTES OF THE COMPETITIVENESS COUNCIL

Italy welcomes the proposal for a Regulation, which acts on some of the strategic levers to create a favourable climate for investment in strategic sectors, with the objective of establishing a solid industrial base for net-zero technologies.

Italy will engage coherently and responsibly in the next stages of negotiations with the European Parliament (in the hope of a swift adoption of the Regulation), and to that end would like to highlight the aspects we consider priorities in order to arrive at a final text that fully meets the requirements of the green transition and sustainable industry:

I. Financial support

The green and digital transition needs dedicated funds that cannot be exclusively national. Italy therefore proposes introducing an explicit reference to the new Strategic Technologies for Europe Platform (STEP) in the Net-Zero Industry Act, in order to make it clear that there is strong European support in financial terms as well.

II. Scope

Italy supports broad inclusion of zero-emission technologies, in accordance with the principle of technological neutrality. We would highlight the following points:

– There should be an inclusive definition of sustainable fuels.

We therefore propose to expand the list of net-zero technologies to include biofuels, including those used in the transport sector, as an energy source that provides high emission savings and can make a significant contribution to decarbonisation.

– Italy proposes referring to the category of ‘grid technologies’ instead of ‘electricity grid technologies’, in order to broaden the scope to include technologies for gas networks and related technologies.

– It would seem appropriate for net-zero technology integration activities incorporated into complex products (e.g. ships) to also be covered by the Regulation.

- Italy welcomes the inclusion of transformative industrial technologies and transformative industrial processes, and the extension of the scope of the Regulation to include their implementation and installation at existing and new low-emission sites. These play an important role in the transition of energy-intensive industries.

- Italy would also like advanced manufacturing technologies for circularity and material processing to be considered and, in order to also include the possible industrial scenario of processing waste directly, proposes adding an explicit reference to chemical recycling to the text.

III. CO_2 injection capacity

Italy welcomes the specific focus on this important technology, recognising its potential as a driver of decarbonisation, and considers it reasonable for achievement of the target to be guaranteed by means of an obligation on oil and gas producers, as provided for in the text thus far.

However, a derogation should be provided for in relation to the timing of the achievement of the annual injection capacity targets due to force majeure.

In addition, Italy has stressed that meeting the EU injection capacity target should be consistently recognised by appropriate provisions on CCS storage projects developed in the context of a joint venture involving licensees and non-licensees. To meet their individual contribution to the EU-wide target of 50Mt of CO_2 injection capacity, it should be provided that companies subject to the contribution should be able to count the injection capacity corresponding to the shares held in a project by another entity involved in a storage project (and not subject to the individual contribution).

Lastly, the Regulation refers to production sites which have been 'decommissioned or are being decommissioned', but it would be more appropriate to speak of 'depleted or becoming depleted'. Indeed, the 'decommissioning' of a site involves the removal of existing facilities, whereas in the case of the conversion of sites for the storage of CO_2, it is possible to adapt and therefore utilise certain facilities.

IV. Access to markets

On the chapter on market access, Italy supports the general objective of directing public resources towards 'Made in Europe' purchases, promoted through provisions on procurement procedures and auctions for renewables, which, in addition to price criteria, provide for reward mechanisms through the introduction of resilience and sustainability criteria.

However, Italy considers that the chapter as formulated is complex and difficult to apply.

In particular, with regard to auctions for renewables, we propose that for the safeguard clause, which allows the Member State to consider a bid to be disproportionate, the threshold move in the opposite direction, with lower values at the beginning, which could be increased subsequently.

As a first step, pending the establishment and strengthening of a European industry, the value should be low (for example it could be set at 5 %) so as to prevent excessive increases in the price

of renewables, and only later, once the European industry has been able to develop, can it be incentivised by a higher value (e.g. 15 %).