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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 Federal Republic of Germany*

Delegations will find attached a statement by the delegation of the Federal Republic of Germany on the above-mentioned subject with a view to the Competitiveness Council meeting on 7 December 2023.

Statement by the Federal Republic of Germany

on the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

The challenges currently facing the industrial sector in the EU show how important it is for Europe to act together to strengthen the competitiveness of our industry.

Against this background, it is essential for the Net Zero Industry Act to become an efficient and effective instrument for the ramp-up of the production of transformational technologies in the EU before the end of this European legislative term. This sends the right signals for investment in the green transition, improved competitiveness and the climate neutrality of the European Union.

Germany is therefore in favour of issuing the mandate for negotiations with the European Parliament on the basis of the current compromise text, and has demonstrated its ability and willingness to compromise at many levels.

Beyond the substantive issues which are up for discussion today, Germany also sees a further need for improvement in the context of the upcoming negotiations with the Parliament:

- In the definition of net-zero and strategic net-zero technologies [in Articles 3a and 3b], the crucial factor for us is that the technologies directly serve the green transition. We do not believe that the nuclear technologies cited in the text do this.

In this context, the clarifications contained in Article 3b(2) and (3), that the rules are without prejudice to existing EU funding rules and the Member States' competence for energy policy, are essential for the Federal Government. Similarly, Germany welcomes the fact that the more precise wording in Article 10(5) also maintains the Member States' competence for energy policy in the context of net-zero strategic projects.

- In the Federal Government’s view, the ramp-up of the production capacities of technologies cited in the Net Zero Industry Act should also be based on a climate-neutral production process for the upstream products. Germany is therefore calling for the inclusion of transformative industrial processes in the scope of net-zero technologies [in Article 3(1), point (ae)]. In our view, the proposed extension of the scope is also consistent with Article 114 TFEU.
- From the perspective of industrial policy and economic security, in general, the application of qualitative criteria can be a key factor in achieving economic resilience and sustainability. However, we must be very careful to ensure that the expansion of renewable energy is not made more expensive or slowed down, and that no bureaucratic burdens are introduced.
- In the Federal Government’s view, the threshold for cost differences [in Article 19(6)] which contracting authorities and contracting entities may consider to be disproportionate remains too high. Germany calls for this to be reduced significantly.
In Article 20, we would have greatly preferred a voluntary approach. Moreover, the lowest possible values for the threshold for the cost differences [in Article 20(3)] and for the auction volumes [in Article 20(4)] are critical factors for decision-making in the ongoing negotiations. We oppose any further increase in the values given in the general approach.
- In the Federal Government’s view, there is also a need for changes in Chapter V, Enhancing skills for quality job creation. The abstract review of learning programmes [contained in Article 24] must not result in more bureaucracy. It should be ensured that recognition continues to take place on the basis of a case-by-case assessment. The Federal Government also takes a critical view of the development of European occupation profiles [under Article 25(5)], with reference to the limits set in Articles 166 and 165 TFEU.

- The Federal Government continues to regard the scope of the reporting requirements [under Article 31] as too extensive, leading to additional bureaucracy and thus undermining the acceleration to be achieved by the Regulation. The Federal Government therefore maintains its position that the reporting requirements must not lead to an additional burden for Member States or for the business community.

In view of the upcoming negotiations with the European Parliament, we trust that these aspects will be carefully considered and will feed into the negotiations.
