



Position of the European Sea Ports Organisation

on Commission proposal for a Green Deal Industrial Plan for the Net-Zero Age

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The Commission published on 1 February 2023 its Communication on a Green Deal Industrial Plan for the Net-Zero Age (COM(2023) 62 final). Detailing this plan, the Commission proposed on 16 March 2023 a Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem, also known as the Net-Zero Industry Act (NZIA - COM(2023) 161 final), and a Regulation on establishing a framework for ensuring a secure and sustainable supply of critical raw materials, also known as the Critical Raw Materials Act (CRMA - COM(2023) 160 final).

Overall, Europe's seaports welcome the new proposals to establish a stronger framework for deploying the net-zero industry, ensuring that the European Union can become an important player in the production and supply of net-zero products and technologies. The European Sea Ports Organisation (ESPO) considers the development of a favourable framework for facilitating and boosting the net-zero industrial ecosystem in Europe as an essential pillar of progressing fast and efficiently on the energy transition and reaching the European Green Deal ambition and the 2030 and 2050 goals enshrined in the EU Climate Law.

With this position paper, ESPO would like to comment on the respective Commission proposals and in particular on the role of ports in realising the Commission Green Deal Industrial Plan for the Net-Zero Age. This Plan should also be seen as an opportunity to enhance the competitiveness of Europe's ports towards non-European ports.

1. Europe's ports as essential players and locations in the development of an EU Net-Zero industry ecosystem

Europe's ports welcome in principle the new, though ambitious, target of reaching European production of 40% of the EU's annual needs in the strategic net-zero technologies manufacturing capacity by 2030, but have some doubts about the realisation if there are no additional tools, including financial ones, developed to deliver on this target. As the EU production varies from technology to technology, a differentiation of targets could be envisaged based on a comparative analysis of the existing and future production capacities and infrastructure.

Being at the crossroads of supply chains as well as being hubs of energy and blue economy, and often industrial hotspots, Europe's ports and port areas can be instrumental in attracting and hosting new industries. Ports have always been multimodal hubs where synergies can be realised, both between

transport modes and between industries, thereby shortening supply chains and avoiding often unnecessary transport.

Several ports in Europe could become ideal locations for the development of these new industries. Space in ports will then be required to make this happen.

2. The importance of a supply chain approach

The proposal suggests to support net-zero technology *manufacturing* projects, which ESPO welcomes. These projects would in general require a lot of space. This deployment of new green activities over Europe has consequences on the infrastructure needed for the proper production and functioning of all these activities, but must be accompanied by adapting and upgrading of the supply chain infrastructure, hinterland connections and maritime access. Reaching the goals set in the Net-Zero Industry Act affects not only the production and the projects taking place in the port, but also projects happening in the hinterland, which would require adapted hinterland infrastructure and connectivity to and from the port.

Because of their particular location near sources of critical raw materials and/or specific net-zero industries, some ports in Europe will be faced with an exceptional increase of activity requiring the deployment of additional capacity, including dredging, and connectivities in a very short period, hence the need to recognise these investments as sustainable activities under the Taxonomy legislative framework.

The role of these ports should also, whenever relevant, be re-assessed in the framework of TEN-T. Supporting net-zero production sites without considering the corresponding supply chains and connectivities does not make sense.

Therefore, the focus of the provisions should be on strategic clusters or 'Net-Zero Industry Valleys', areas in which various projects can benefit from easier permitting requirements, as well as faster access to public and private funding. It is essential to adopt an approach that covers the entire value chain of strategic market segments (i.e. the availability of feedstocks, energy infrastructure and market demand) to guarantee security of investment. The efficient functioning of Europe's industry must be seen globally taken into account the whole supply chain, of which ports are an essential part.

This being said, the provisions of the Industrial Plan should be applied by Member States in a uniform matter to ensure the level playing field on the Union's internal market.

3. Easier permitting for all net-zero technologies

ESPO welcomes the proposals to facilitate the permitting process for net-zero technology projects, since lengthy and complex permit procedures are often identified as a main barrier to the smooth development and implementation of projects. As locations for the roll-out of new net-zero investment projects, **ports view an easier permitting process as essential. The easier permitting should not only concern the production sites, but also the development of new infrastructure to ensure the transport and supply of net-zero industry.**

The Commission proposal is an important step in recognising the importance of the problem and defining a way forward. Choosing to support a single specific technology in a whole project will however be difficult. It is not always possible nor efficient to reserve a specific space or area for developing a single industry or technology. Given the limited space in many ports, different areas are multi-functional.

In identifying such projects, Member States should not exclude other activities in this area. Moreover, in certain cases, such project can be both on the land and on the seaside.

Moreover, not only the so-called 'strategic net-zero technologies' listed in Annex I, but all net-zero technologies mentioned in the proposal are by definition contributing to the Union's industry supply chain's resilience and/or competitiveness and should therefore benefit from the same easier permitting process.

Overall, ESPO calls on the Commission to ensure coherence between the different legislations as regards its stance on the easier permitting procedures for net-zero and renewable energy projects.

As partners in realising the energy transition, Europe's ports will need more physical space and a facilitating legislative framework to truly become hubs of renewable energies. Socioeconomic and strategic considerations must be viewed alongside the continued economic operations of the ports and nature restoration efforts. In that respect, ESPO welcomes that the NZIA proposal foresees combining the designation of renewable acceleration areas with the national restoration plans, as it is crucial that the proposal allows for the development of renewable projects in port areas as part of the green transition.

Overall, ESPO would like to understand how the easier permitting will be applied in the Member States, who have complex procedures, which cannot all be overruled by these proposals.

4. Sustainability and resilience criteria in public procurement and auctions

According to the Commission proposal, when awarding contracts for net-zero technology through public procurement, contracting authorities and contracting entities should duly assess the tenders' contribution to sustainability and resilience in relation to a series of criteria relating to the tender's environmental sustainability, innovation, system integration and to resilience.

Ports in Europe welcome the inclusion of the sustainability and resilience criteria in public procurement and auctions related to the deployment of net-zero technologies. They recognize the importance to scale-up the production of tailor-made products for the European market designed with high sustainability and resilience criteria in mind. However, to ensure security of supply, it is important to find the right balance to continue benefitting from enough affordable products, while working towards the Green Deal goals and the energy transition. ESPO welcomes in that sense the

provision which rules out the sustainability and resilience criteria when the price differences for acquired equipment are disproportionate (above 10 percent).

5. Need for funding

Europe's ports recognise that achieving the aims put forward in the Net-Zero Industry Act will come with massive investment needs, both in the production as well as in adapting and upgrading the supply chains. ESPO therefore welcomes in that respect the priority status for projects of overriding public interest, but believes this prioritisation should be comprehensive and not only embrace the production itself, but also the supply chain and infrastructure ensuring the integration of this production in the entire value chain.

The efficient mobilisation of existing financial instruments is clearly needed. There is also a strong need among investors to have easier and quicker access to these funding programs and to cut red tape.

While ESPO sees the need of public support and recognises the unlevel playing field caused by the support programmes of some third countries, it is important to avoid a new unlevel playing field between Member States, which could be the consequence of easing state aid procedures and the matching subsidies possibility as part of recently adopted Temporary Crisis and Transition Framework for State Aid (Commission Communication 2023/C 101/03). Such supporting measures could lead to investors shopping for the best deal and creating a lot of disruption in the ports' investment strategies.

The fragmented market of funding instruments and the complex eligibility criteria hamper a true value chain development, at the expense of business case of net-zero technology projects. Funding instruments must be easier to access and should reflect the value chain approach.

6. International and intra-EU partnerships

While ESPO supports the aim of ensuring that by 2030 40% of the EU's annual needs in the strategic net-zero technologies manufacturing capacity are deployed in the EU, along with increasing the EU strategic raw materials capacities by 2030 (by means of setting benchmarks corresponding respectively to 10%, 40% and 15% of EU annual consumption for extraction, processing and recycling capacities), it stresses the need to team up with third countries - see the EU Global Gateway initiative - to further de-risk the supply of the net-zero production, technologies and needed critical raw materials and ensure that the energy and green transitions can be achieved in time.

The European Sea Ports Organisation is highly supportive of the Commission's proposal to team up with international partners in order to decrease the Union's overdependence on critical raw materials from third countries. The potential impact on global trade flows and trade relations with third countries should be closely monitored.

Furthermore, the concept of Strategic Partnership could be further reinforced by enabling the cooperation between EU regions, acknowledging the need to create new value chains within the Union. Seaports are ready to play an important role in securing these more diversified supply chains and new connectivities which would result of this.

7. Remarks on specific technologies

ESPO welcomes the value given to Carbon Capture and Storage (CCS) technologies. Seaports in Europe are key to enable the scale up of CCS technologies. Many projects to capture, store and use carbon emissions are under way. In that context, ports play an essential and very diverse role. Ports enable

the transport of CO₂ via diverse infrastructures such as ships or pipelines, and CO₂ storage as well. Ports are key in connecting the many industry players to enable a circular economy in which carbon utilisation technologies are essential. ESPO wishes for the recognition of Carbon Capture, Use and Storage (CCUS) technologies more broadly, as well as the transport infrastructure to enable the full potential of CCUS.

Moreover, the deployment of onshore power supply (OPS) infrastructure is an important pillar for reducing emissions at berth in ports, implying important upgrades of the current electricity grids. The greening of shipping is a priority for ports in Europe. Europe's ports regret in that respect that electricity is not considered as a strategic net-zero technology as mentioned in Annex I. ESPO believes that the huge investments that must be made in ports to meet the new Alternative Fuel Infrastructure Regulation (AFIR) requirements can only be realised if they come with significant public funding instruments which are fit for purpose. Installing and providing OPS infrastructure remains a complex and costly exercise, with a limited and slow return on investment for the port managing body.

8. Critical Raw Materials

Europe's ports welcome the proposal on the Critical Raw Materials Act, its broad scope covering the different stages of the value chain, from extraction to processing and recycling. Along with defining the comprehensive list of strategic and critical raw materials, which should be subject to a regular update, the European Sea Ports Organisation fully supports the proposed benchmarks for domestic capacities to be achieved by 2030. As hubs of industry, seaports are particularly instrumental in developing circular economy activities together with industry stakeholders. In addition, similar to the Proposal on the Net-Zero Industry Act, Europe's ports endorse the concept of Strategic Projects, that will benefit from a simplified and streamlined permitting process and accelerated environmental assessments. At the same time, the European Sea Ports Organisation would see the merit in extending the streamlined permitting also to projects linked with the supply of all *critical* raw materials, as defined in Annex II. However, when it comes to environmental aspects it is crucial to ensure full coherence with other EU laws, e.g. the concept of renewable acceleration area.



The European Sea Ports Organisation (ESPO) represents the port authorities, port associations and port administrations of the seaports of 22 Member States of the European Union and Norway at political level. ESPO has also observer members in Albania, Iceland, Israel, Montenegro, Ukraine, and the United Kingdom. ESPO is the principal interface between the European seaport authorities and the European institutions. In addition to representing the interests of European ports, ESPO is a knowledge network which brings together professionals from the port sector and national port organisations. ESPO was created in 1993.