



European Commission

Enterprise and Industry
Directorate-General

Action Plan « Towards a sustainable industrial policy »

An industrial policy for a competitive low carbon economy

**Meeting on Environmental Affairs
Comité Européen des Fabricants de Sucre**

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Background

- Energy and climate change package of 10 January sets ambitious targets in GHG reduction, energy efficiency and renewable energy
- The European Council has endorsed these ambitious objectives on 8-9 March
- Clear political commitment to advance towards a low carbon economy
- Complementing/supportive industry policy initiative necessary
- Mid term Review of industrial policy adopted 4 July 2007 announces the upcoming Action plan on SIP – early 2008
- “Turn potential **challenges into opportunities** for the EU industry to lead the transition towards a low carbon and resource efficient economy”

Sustainable industrial policy: three main blocks

- **Speed-up innovation and develop lead markets for low carbon and energy efficient technologies, products and services.** The aim would be focussing on the EU's industrial strengths and aim at reinforcing them.
- **Create an internal market for sustainable products, services and technologies:** strong product policy to critical mass of demand, cost reduction through economies of scale.
- **Exploit first mover advantages to export EU know-how** in a low-carbon economy to external markets. Foster international standards which better integrate environmental aspects. Create a level playing field for industry through global sectoral agreements.



Key challenges developed in Consultation Background document

- **Leveraging innovation: stimulating the development and commercialisation of low carbon, energy and resource efficient technologies, products and services**
- **Better products: creating a dynamic market for better performing products**
- **Leaner and Cleaner Production: increasing the efficiency of EU production**
- **Smarter Consumption: changing behaviours**
- **Global markets: exploiting first mover advantages and levelling the playing field for industry worldwide**



Leveraging innovation

- Better use of EU instruments to support innovation, notably the Competitiveness and Innovation Programme
- Promoting **lead markets** targeting EU's industrial and technological strengths and reinforcing them (e.g. sustainable buildings, renewable raw materials, recycling, renewable energy)

Product policy

- EUP directive sets minimum performance requirements for products
- Can be coupled with voluntary « advanced performance» benchmarks for selected products and market incentives so as to reward frontrunners and drive performance upwards
 - enhance labelling /consumer information to pull up performance
 - taxation incentives (e.g. tax credits for producers, subsidies for consumers buying performing products, lower VAT rates)
 - public procurement
- Similar approach possible for non-energy using products
- Dynamic system: advanced performance benchmarks to become minimum over time – predictability

Public and private procurement

- MS have committed to ambitious Climate change and energy targets - public authorities need to contribute to their achievement through public procurement
- Prioritization is crucial: use of public procurement to create demand for selected highly performing products
- Promotion of private procurement (some individual enterprises have already developed “purchasing codes” to demonstrate use/commitment to best practices)
- EU logo of “environmental commitment” for companies and retailers selling a given share of highly performing products and/or using environmental/energy efficient products or services



Making use of the internal market

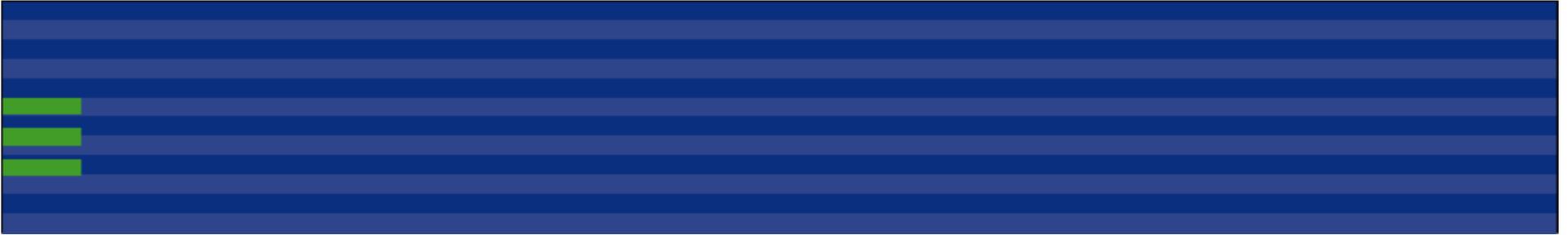
- Remove barriers to trade of existing innovative and sustainable technologies, products and services
- Economy-wide promotion of energy and resource efficiency (management schemes, energy and environmental services) and renewable energy

International aspects

- **Promotion of Global Sectoral Approaches (reduce emissions + level playing field):**
 - Global specific targets (energy efficiency of the process/ CO2 content of the product) on a voluntary basis
 - Underway initiatives: cement, aluminium, steel are most advanced. Other possible sectors P&P, tyres, refineries, some chemicals processes, power suppliers
 - Public authorities role – conclude bilateral agreements to
 - Endorse sufficiently ambitious targets
 - Create an institutional and legal framework to accompany industry
 - Set up a credible monitoring and enforcement system internationally
 - Ensure compatibility with EU ETS
- Facilitate **transfer of technology**, for instance by simplification of CDM/JI rules (e.g. through use of benchmarks); Better implementation of Intellectual property rights
- Fostering **international standards** which better integrate environmental aspects and foster free trade of environmental products
- **Trade and development policies** to foster international commitment to fight Climate Change
- Explore ways of linking sectoral approaches to **carbon finance** (i.a. CDM)

Public consultation

- Strong consensus on the **need for action** in the fields of sustainable industrial policy and of sustainable consumption and production. Actions for smarter consumptions are the most consensual ones, both for the general public and the stakeholders. For stakeholders, innovation and better products policies, followed by international action are the areas to tackle.
- A **closer relationship between research and industrial stakeholders** appears to be essential for innovation.
- The promotion of **better products will be facilitated by the extension of scope**. Taxation, public procurement and an enhanced labelling system gather the greatest consensus in terms of concrete actions.
- The promotion of **sectoral approaches**, establishing international minimum requirements and promoting energy efficiency in international policies appear to have the broadest agreement to level playing field.



- Thank you for your attention