

## European Parliament misses opportunity to recognise crucial net-zero technologies for a competitive EU manufacturing base

25 October 2023

The European Parliament's Industry Committee (ITRE) adopted today the negotiating report for the Net-Zero Industry Act (NZIA), paving the way for a plenary vote in the week of 20-23 November. CLEPA welcomes the growing attention of the European Commission, member states and European Parliament to the competitiveness of European industry. However, at the onset of the interinstitutional negotiations on the Net-Zero Industry Act, CLEPA strongly calls for a better recognition of several key technologies, such as drivetrain and hydrogen storage technologies, that will be essential for a competitive, net zero and circular automotive industry. Furthermore, policy makers should consider the possibility to use the NZIA to provide earlier certainty about an exemption for the use of fluoropolymers in crucial net-zero technologies.

Due to the specificities of the automotive supply industry in Europe, CLEPA sees the need to pay particular attention to the following considerations:

### **Investment needs**

Automotive suppliers invest annually more than €20 billion in the development of electromobility alone in the European Union, but Europe's attractiveness as an investment destination is under severe pressure. To ensure that zero emission vehicles and their key components can be further produced and developed in Europe, massive industrialisation as well as research and development (R&D) projects must be set up. Public support could help accelerate and ensure the scale-up and competitive industrial production of latest innovations in terms of carbon footprint, cost reduction, energy and resource efficiency and material circularity.

Public support could help accelerate the scale-up and competitive industrial production of latest innovations in terms of circularity, weight reduction, efficiency performance and material substitution.

It is therefore critical that the NZIA is complemented by a substantial funding mechanism and a structural overhaul of the state aid framework to make funding subject to predictable eligibility criteria.

### **Technological focus**

The Net-Zero Industry Act should be a cornerstone of a new industrial policy framework that unlocks investment in a green, smart, and competitive European manufacturing base. The NZIA proposal seeks to fast track permitting procedures and improve access to finance for eight strategic net-zero technologies, including battery/storage, electrolyzers and fuel cells.

The automotive industry will play a crucial role in the development of innovative hydrogen and electric propulsion technologies. Unfortunately, in its current design, the NZIA excludes such solutions, critical for a successful transition. The framework will fail to foster innovation synergies across different clean mobility technologies. CLEPA therefore calls for a widening of the afore-defined net-zero technologies and the recognition of the importance of the technological development of sustainable, clean and digital innovation.

The definition of “Battery/storage technologies” should therefore be widened and refer to “battery/storage and other propulsion technologies critical for net-zero”.

### **Synergies across technologies**

Cost reduction will be crucial to accelerate the uptake of electric and hydrogen vehicles. While it is true that fuel cell stacks and batteries have the biggest cost impacts for these vehicles, the solution to bring down costs and increase efficiency will rely on the optimisation of all the relevant systems. Significant investments are therefore needed in the further development of components and modules, including drive train, thermal management, power electronics, software and hydrogen tank systems and engines. Innovations across these areas will contribute to the path to net zero whilst also enabling the downsizing of the battery/storage system and improvement of energy performance. Focusing on battery technology alone will not enable the European industry to catch up with regions that have built a strong competence in battery chemistry.

Emission reduction in the transport sector will require significant further innovation, as driving range and performance remain major obstacles. Hydrogen fuel cells and engines are technologies that could complement battery technology and address these challenges, but their uptake will co-depend on optimised hydrogen storage systems that could help increase storage capacity by 50%. The deployment of advanced tank technologies could furthermore enable battery electric and hydrogen vehicles to share a common vehicle platform, allowing economies of scale and further cost reductions. It is therefore critical to clarify that energy storage technologies cover hydrogen storage systems.

### **Conclusion**

The strength of Europe’s automotive sector is the interplay between specialised suppliers and vehicle manufacturers. Vehicles are complex systems of thousands of components that together will deliver safe, smart and sustainable mobility. The NZIA is at risk of picking a handful of technologies that alone are expected to deliver a competitive net-zero industry. This approach will not work. We need an industrial framework that stimulates innovations across technologies. Europe’s automotive industry can deliver net zero-emission vehicles, composed of circular materials and produced in smart factories that help overcome disadvantages in energy and production costs. Only a holistic industrial strategy will enable the EU to maintain its competitive edge. For that, we need an amended Net-Zero Industry Act and a holistic industrial framework that accelerates the industrial deployment of digital and circular innovations.

## About CLEPA



CLEPA, the European Association of Automotive Suppliers, represents over 3,000 companies supplying state-of-the-art components and innovative technologies for safe, smart, and sustainable mobility.

CLEPA brings together over 120 global suppliers of car parts, systems, and modules and more than 20 national trade associations and European sector associations. CLEPA is the voice of the EU automotive supplier industry linking the sector to policy makers.



The automotive sector accounts for **30% of R&D** in the EU, making it the number one investor.



European automotive suppliers invest over **30 billion euros** yearly in research and development.



Automotive suppliers register over **39000 new patents** each year.



Automotive suppliers in Europe generate **1.7 million** direct jobs.

A dark blue banner with a white circular graphic on the left. It contains the CLEPA logo and contact information for Nils Poel.

**CLEPA**  
European Association of Automotive Suppliers

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