



## Commission welcomes political agreement to make clean technology manufacturing in the EU resilient and competitive

Strasbourg, 6 February 2024

The Commission welcomes the provisional political agreement reached today between the European Parliament and the Council on the **Net-Zero Industry Act (NZIA)**. This agreement will help the EU become home to clean technologies and make significant strides towards building a strong domestic manufacturing capacity of those technologies in the EU. NZIA will enhance the competitiveness and resilience of the European industry and support the creation of green, quality jobs as the EU seeks to reach climate neutrality by 2050.

Ursula **von der Leyen**, President of the European Commission, said: *"The political agreement on the Net-Zero Industry Act is a significant stride towards realising our ambitious climate and economic objectives. It demonstrates our collective commitment to build a more sustainable, resilient and competitive industrial sector in Europe. Together, we are making the EU a global frontrunner in the clean energy transition."*

As a central part of the [Green Deal Industrial Plan](#), the Act will ensure the EU is well-equipped for the clean energy transition by establishing a benchmark for **EU manufacturing capacity for net-zero technologies to reach at least 40% of expected EU demand by 2030**. The agreed Act will create the favourable regulatory conditions necessary to attract and support investment in technologies and related projects that will make a significant contribution to decarbonisation. The agreed provisions will in particular help build more production facilities of net-zero technologies, in a faster manner. It will facilitate access to markets for products that meet European sustainability and resilience criteria and that help to diversify from over-concentrated supply sources. It will also ensure that the necessary skilled workforce is available to support the race to net-zero.

More specifically, the provisionally agreed regulation identifies a broad set of **net-zero technologies** that can be supported via strategic projects. These are for example solar photovoltaic (PV), onshore and offshore wind, fuel cells, electrolysers, batteries, grid technologies and sustainable alternative fuels, among others. Following the provisional deal reached today, energy intensive industries such as steel, chemicals or cement that produce components that are used in these net-zero technologies and that invest in decarbonisation can also be supported as strategic projects.

### Boosting net-zero manufacturing investments and projects

Today's agreement will also allow to:

- **Create a simplified and enabling regulatory environment for clean tech:** The agreed Act will reduce administrative burden and simplifies permitting for net zero technologies. For **Net-Zero Strategic Projects it speeds up permitting even more**. The deal reached today introduces the concept of Net-Zero Acceleration Valleys, which can be set up by Member States to facilitate the creation of clusters of net-zero industrial activity and further streamline administrative procedures. Environmental assessments of the geographic area under applicable legislation will help to streamline subsequent planning for individual projects.
- **Accelerate CO<sub>2</sub> capture and storage in the EU:** The provisional agreement sets an EU objective to reach an annual 50 million tonnes of injection capacity in geological CO<sub>2</sub> storage sites in the EU by 2030. **These Net-Zero Strategic CO<sub>2</sub> Storage Projects will be realised with contributions from EU oil and gas producers** based on their pro-rata production. In line with the aims of the [Industrial Carbon Management Communication](#) published today, the agreement removes a major barrier to developing CO<sub>2</sub> capture and storage as an economically viable climate solution, in particular for hard-to-abate emissions in energy-intensive industries.
- **Facilitate market access for net-zero products:** The compromise reached requires public authorities to consider sustainability and resilience criteria for certain net-zero technologies in procurement processes as well as in auctions for the deployment of renewable energy. For public procurement procedures, at least one additional criterion among social sustainability,

cyber security and an obligation to deliver on time has to be used. When it comes to auctions for the deployment of renewables, the deal sets mandatory non-price criteria, namely the auction's sustainability and resilience contribution, cybersecurity, responsible business conduct, and ability to deliver projects fully and on time. These criteria will have to apply to at least 30% of the volume, or 6 gigawatts, auctioned every year by a Member State.

- **Support the development of net-zero skills and innovation: Net-Zero Industry Academies** will be established to support the upskilling of workers needed for the scaling up of net-zero industries in the EU and to facilitate their mobility within the European single market. The agreed Act also includes incentives for industry to invest in the education and training of Europe's workforce. To foster innovation, the new rules will empower Member States to create **regulatory sandboxes** for testing innovative net-zero technologies under flexible conditions.

Finally, the Act foresees the creation of a **Net-Zero Europe Platform** to serve as a central coordination hub, fostering information exchange to facilitate the implementation and supporting investment initiatives throughout the EU.

## Next Steps

Today's political agreement reached by the European Parliament and the Council is now subject to the formal approval of both EU co-legislators. Once adopted, it will enter into force the day following that of its publication in the Official Journal of the EU.

## Background

The Net-Zero Industry Act was announced by President **von der Leyen** as a part of the Green Deal Industrial Plan, which was presented on 1 February 2023. The Plan sets out how the EU will sharpen its competitive edge for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet EU's ambitious climate targets. It responds to the invitation by the European Council for the Commission to make proposals to mobilise all relevant national and EU tools and improve framework conditions for investment, with a view to safeguarding the EU's resilience and competitiveness. The first pillar of the Plan aims to create a predictable and simplified regulatory environment for net-zero industries.

The Commission presented the [NZIA proposal](#) on 16 March 2023. It was put forward in parallel to the [Critical Raw Materials Act \(CRMA\)](#), which aims to secure a sustainable and competitive critical raw materials value chain in Europe. The European Parliament and the Council reached a [political agreement on the CRMA](#) on 13 November 2023.

## For More Information

[Net-Zero Industry Act](#)

IP/24/680

Quotes:

*"The political agreement on the Net-Zero Industry Act is a significant stride towards realising our ambitious climate and economic objectives. It demonstrates our collective commitment to build a more sustainable, resilient and competitive industrial sector in Europe. Together, we are making the EU a global frontrunner in the clean energy transition."*  
Ursula von der Leyen, President of the European Commission - 06/02/2024

*"I welcome the political agreement on the Net-Zero Industry Act, emphasizing our dedication to a sustainable industrial future. This landmark agreement provides a robust framework, fostering innovation and enhancing competitiveness in the transition to a more sustainable economy, for the benefit of all Europeans."*  
Margrethe Vestager, Executive Vice-President for a Europe Fit for the Digital Age - 06/02/2024

*"The Green Deal is the EU's jobs and growth strategy: the political agreement on NZIA will add an important instrument to our toolbox to create growth and jobs in the net-zero technologies that will build a climate-neutral society. The EU needs those technologies and the whole world needs those technologies: today the EU underlines its commitment to invest in manufacturing of these technologies so that they are available for the EU and for the world."*  
Maroš Šefčovič, Executive Vice-President for European Green Deal, Interinstitutional Relations and Foresight - 06/02/2024

*"With the Net-Zero Industry Act, we are strengthening Europe's manufacturing base along the clean technology value chain. We are setting a bold benchmark for EU manufacturing capacity, aiming to meet at least 40% of the anticipated EU demand for net-zero technologies by 2030. We ensure our security of supply to remain an industrial leader that exports products and technologies while preserving EU jobs."*  
Thierry Breton, Commissioner for Internal Market - 06/02/2024

*"Achieving our targets on renewables and energy efficiency for 2030 requires a massive roll-out of wind turbines, solar panels, batteries, heat pumps and smart grid technologies – and I could mention many more. If Europe wants to play a lead role in the clean energy transition, we need to ensure a strong European manufacturing capacity and create better conditions for investing in new projects. We have to avoid becoming dependent on just a single supplier. Today's political agreement on the Net-Zero Industry Act gives the EU the necessary framework to ensure that our net-zero supply chains are resilient and competitive at home and beyond. The Net-Zero Industry Act will facilitate the scale up of clean tech industry through easier permitting, support for innovation and skills and leveraging public demand through resilience criteria in renewable auctions and procurement."*

Kadri Simson, Commissioner for Energy - 06/02/2024

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## Net-Zero Industry Act: Council and Parliament strike a deal to boost EU's green industry

The Council and the European Parliament today reached a provisional deal on the regulation establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem, better known as the 'net-zero industry act' (NZIA). The regulation aims at boosting the industrial deployment of net-zero technologies needed to achieve EU's climate goals, using the strength of the single market to reinforce Europe's leadership in industrial green technologies.

Under today's agreement, there will be a single list of net-zero technologies, with criteria for selecting strategic projects in those technologies that will contribute better to decarbonisation.

With the Net-Zero Industry Act we want to support our industry in its transition. The NZIA is an important step in creating the necessary ecosystem to boost the manufacturing of clean technologies. Europe launched a pathway towards a cleaner and sustainable future for the European industry. Now the time is ripe for Europe to take back the lead on the global scene for clean technologies and to build a competitive, green, and job-creating industrial sector.

*Jo Brouns, Flemish Minister for Economy, Innovation, Work, Social Economy and Agriculture*

### The industrial contribution towards climate neutrality

The net-zero industry act aims to ease conditions for investing in green technologies, by simplifying permit-granting procedures and supporting strategic projects. It also proposes to ease market access for strategic technology products, enhance the skills of the European workforce in these sectors (notably through the launching of net-zero industry academies) and create a platform to coordinate EU action in this area.

To foster innovation, the net-zero industry act proposes favourable regulatory frameworks to be created for developing, testing and validating innovative technologies (known as regulatory sandboxes).

Progress towards the objectives of the net-zero industry act will be measured by two indicative benchmarks: reaching 40% of the production required to cover EU's needs in strategic technology products, and their evolution in comparison to world production for products such as solar photovoltaic panels, wind turbines, batteries and heat pumps. The proposal also sets a specific target for CO<sub>2</sub> carbon capture and storage, with an annual injection capacity of at least 50 million tonnes to be achieved by 2030.

### Main elements of the agreement

The provisional agreement supports the main objectives of the net-zero industry act that were proposed by the Commission less than a year ago, while introducing several improvements, such as streamlined rules on construction permit procedures, creation of net-zero industrial valleys, and more clarity on criteria for public procurement and auctioning.

### Scope and list of technologies

The new regulation is intended to provide easier conditions and certainty to investors and promoters of net-zero technology manufacturing projects. The projects identified as having a greater potential for decarbonisation will benefit from fast-track permit procedures for construction or expansion and guidance in accessing finance.

Given that member states have the right to choose between different energy sources, they will not be obliged to recognise as strategic projects those related to a technology that is not accepted as part of their energy mix.

## Fast permit-granting processes

The time limit for delivering a permit for constructing or expanding large net-zero technology manufacturing projects (more than 1 gigawatt), as well as those not measured in gigawatts, will be a maximum of 18 months. For smaller projects (less than 1 gigawatt), the time limit for delivering the permit will be 12 months. Shorter deadlines will be set for strategic projects. In addition, and independently of the time limits, the procedure will ensure that such projects are safe, secure and environmentally sustainable and that they comply with environmental, social and safety requirements.

## Industrial valleys

The future regulation will promote the development of net-zero acceleration 'valleys' (territories that concentrate several companies involved with a certain technology). The objectives of those valleys are to create clusters of net-zero industrial activity so as to increase the attractiveness of the EU as a location for manufacturing activities and to further streamline the administrative procedures for setting up net-zero manufacturing capacity. They will contribute to the reindustrialisation of regions.

## Public procurement

The rules governing the way public authorities will purchase goods, works and services related to strategic net-zero technologies are designed to better ensure that requirements are transparent, implementable, and harmonised and that the supply of those technologies to the EU is diversified, while safeguarding sufficient flexibility for contracting authorities.

The act agreed on today regulates the use of schemes incentivising the purchase of net-zero technology products and defines sustainability and resilience contributions in public procurement procedures. The environmental sustainability contribution will be a mandatory minimum requirement, while the resilience contribution will be applied if there is a third-country dependence of more than 50% for a specific strategic net-zero technology (or for its components). This criterion will only be considered if the Commission has first assessed the level of dependence of each technology from a particular third country.

If the application of the resilience and sustainability contribution results in a disproportionate cost difference or if no suitable tenders or requests have been submitted, contracting authorities may decide to not apply these criteria.

## Auctions to deploy renewable energy sources

The provisional agreement establishes that when a member state designs an auction for the deployment of renewable energy technologies, they will be able to apply both pre-qualification and award criteria which are not price-related, such as environmental sustainability, contribution to innovation or integration of energy systems. These criteria will have to apply to at least 30% of the volume auctioned every year per member state.

The Commission will define the criteria for procurement and auctioning and will revise the volume auctioned in the light of an assessment of the functioning of the system.

## Next steps

The provisional agreement reached with the European Parliament now needs to be endorsed and formally adopted by both institutions.

## Background

The net-zero industry act is one of the three key legislative initiatives of the Green Deal Industrial Plan, together with the Critical Raw Materials Act and the electricity market design reform, to enhance the competitiveness of Europe's net-zero industry and support a rapid transition to climate neutrality.

In its conclusions of 26 and 27 October 2023, the heads of state or government called on the Council and the European Parliament to reach a prompt agreement on the net-zero industry act, with a view to finalising the new bill before the end of the current legislative cycle.

The Commission tabled its proposal on 16 March 2023. The European Parliament adopted its position on 21 November 2023 and the Council its general approach on 7 December 2023.

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## Deal on plans to boost Europe's Net-Zero technology production

- Aim is to make EU internal market fit for industrial decarbonisation
- The bill supports manufacturing of the key technologies needed for EU's climate and energy objective
- Faster permitting procedures and net-zero industry valleys
- New criteria for public procurement procedures, auctions for renewable energy sources

**On Tuesday, Parliament and Council negotiators reached a provisional deal on the Net-Zero industry Act to bolster EU production in technologies needed for decarbonisation.**

The "Net-Zero industry Act" sets a target for Europe to produce 40% of its annual deployment needs in net-zero technologies by 2030, based on National Energy and Climate Plans (NECPs) and to capture 15% of the global market value for these technologies.

During negotiations, MEPs secured an approach based on a single list of technologies to be supported, including inter alia all renewable technologies, nuclear, industrial decarbonisation, grid, energy storage technologies, and biotech. The law will simplify the permitting process, setting maximum timelines for projects to be authorised depending on their scope and output.

The agreement provides for the creation of "Net-Zero Acceleration Valleys" initiatives, speeding up the permitting process by delegating parts of the environmental assessment evidence collection to member states.

### **Sustainability and resilience criteria**

National support schemes aiming to speed up the deployment of technologies among households and consumers (e.g. solar panels, heat pumps) will have to take into account sustainability and resilience criteria, the text says. Public procurement procedures and auctions to deploy renewable energy sources should also meet such criteria, albeit under conditions to be defined by the Commission, and for a minimum of 30% of the volume auctioned per year in the member state, or alternatively for a maximum of six Gigawatt auctioned per year and per country.

A supply will be considered as not resilient when the proportion of a specific net-zero technology originating in a non-EU country accounts for more than 50% of the supply of that specific net-zero technology within the Union.

The legislation will encourage funding from national Emission Trading System (ETS) revenues and for most strategic projects through the Strategic Technologies for Europe Platform (STEP), and it is a step towards a European Sovereignty fund, MEPs say.

### Quote

“This deal is good news for European industry and sets the tune for the next term. To achieve all our economic, climate and energy ambitions we need industry in Europe. This Act is the first step to making our market fit for this purpose”, said lead MEP [Christian Ehler \(EPP, DE\)](#).

### Next steps

The informal agreement now needs the approval of both Parliament and Council in order to become law. The Industry, Research and Energy Committee will hold a vote on the file during a forthcoming meeting.

### Background

A considerable amount of clean energy technology is needed to support reaching Europe's 2030 and 2050 climate targets. Europe largely imports these technologies, and many non-EU countries have stepped up their efforts to expand their clean energy manufacturing capacity.

### Further information

[Committee on Industry, Research and Energy](#)

[Procedure file](#)

[EP research briefing](#)

[Legislative train: net-zero industry act](#)

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