



# **EESC - Hearing**

## **Industrial Policy for REEI**

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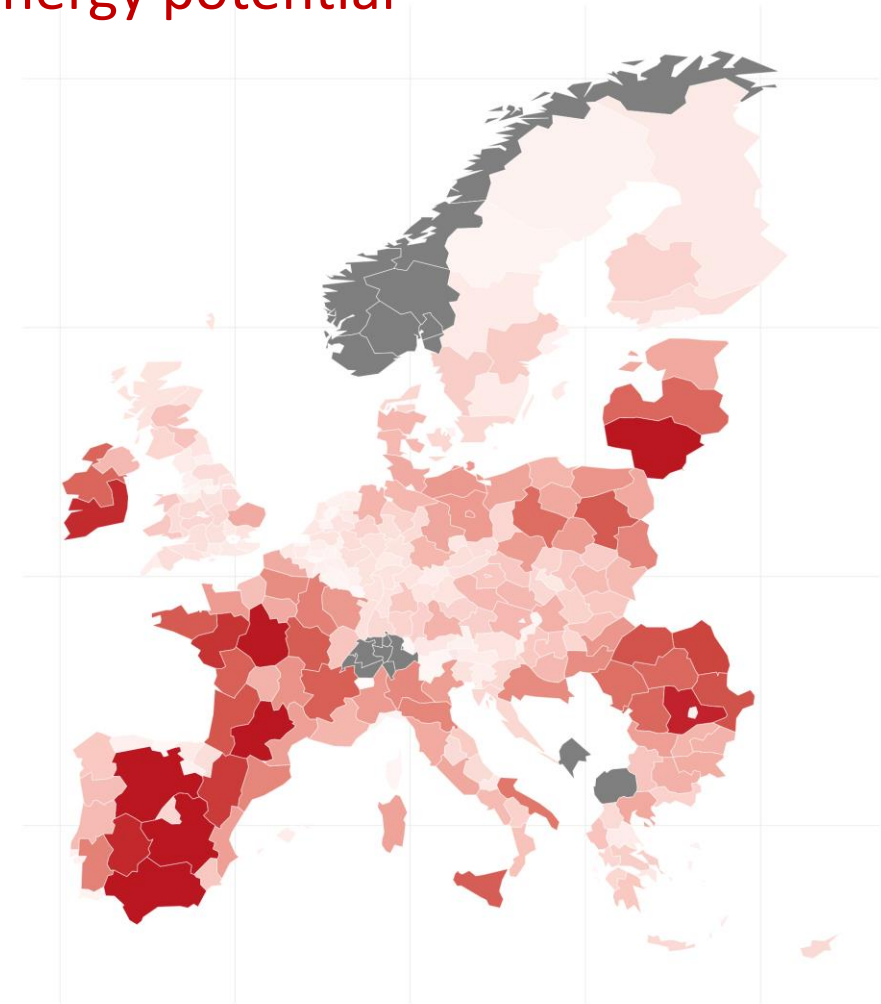


# Structural energy price issue

High costs and unequal distribution of renewable energy potential



Source: DG ENER based on BNEF



Solarenergie - Produktionspotenzial GWh/km²

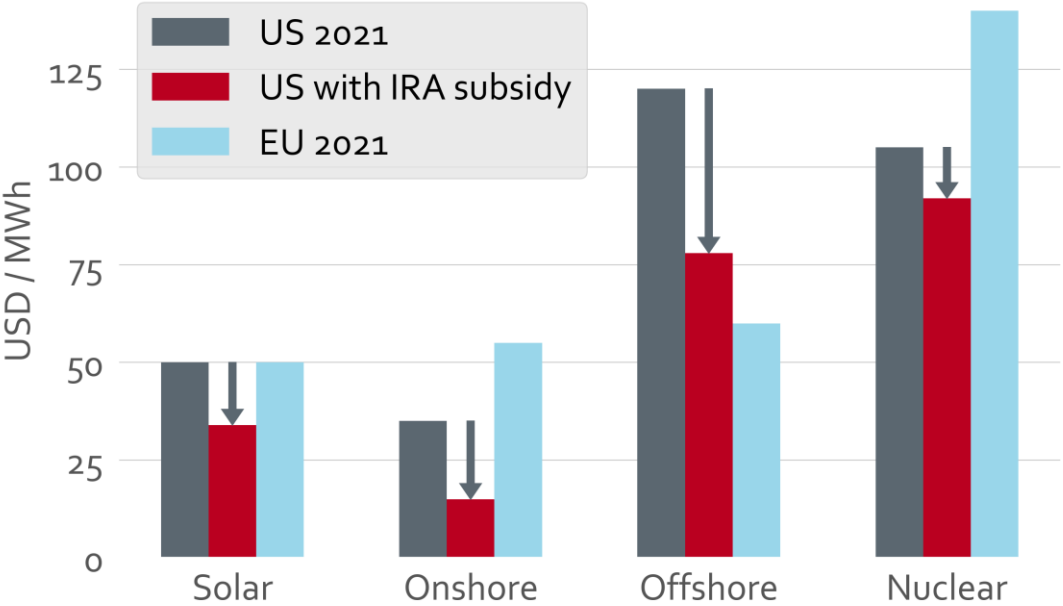
0 20 40 60

Data: European Commission (2022)

# New industrial policy pressures in certain sectors

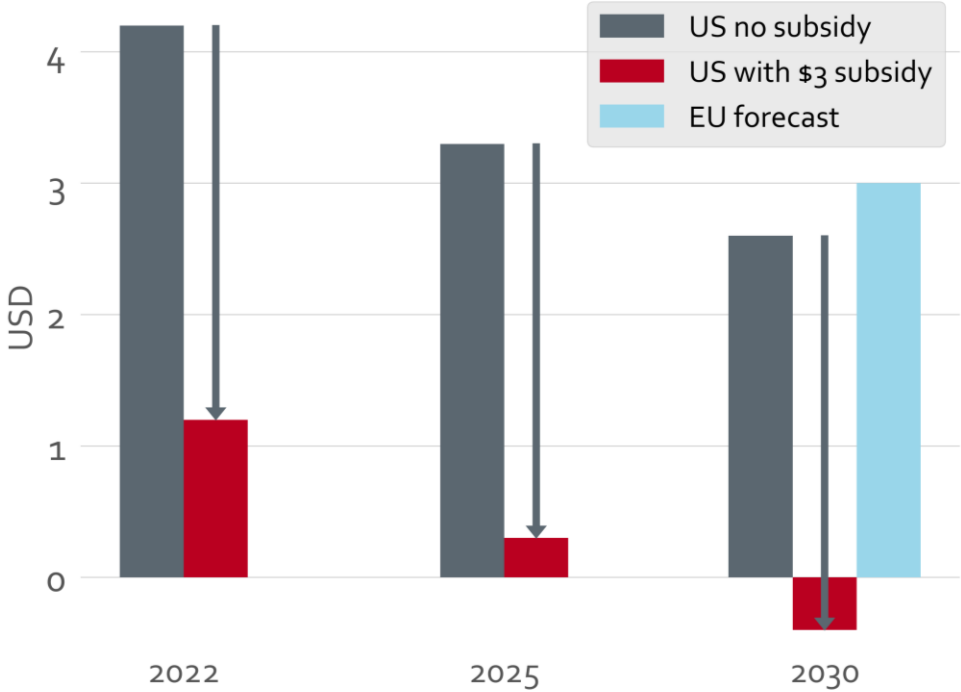
## Example US Inflation Reduction Act

Example 1: Renewable energy costs



Source: Jansen, Jäger & Redeker (2023)

Example 2: Hydrogen

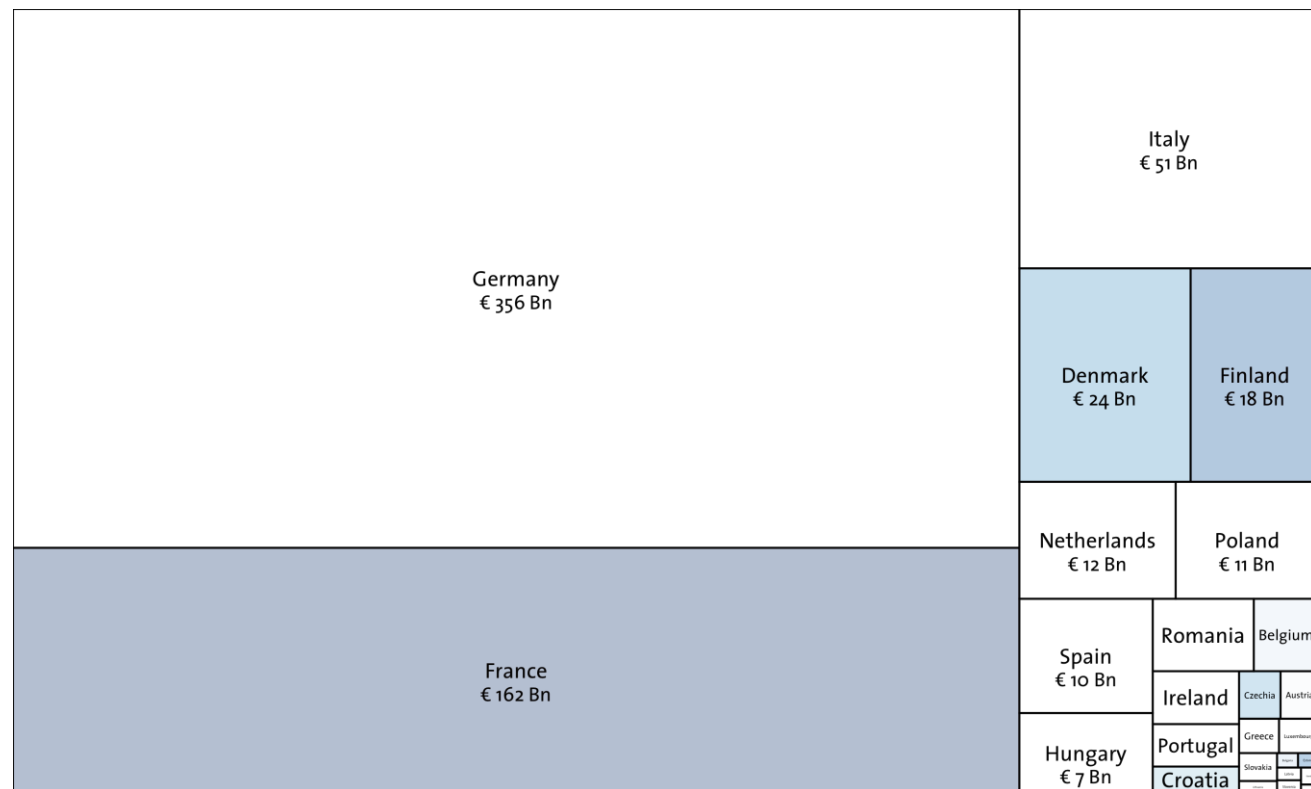


Source: Jansen, Jäger & Redeker (2023)

# Rising risk of fragmentation in the Single Market

Latest measures cement state-aid based approach to EU industrial policy

- New leegroom for national subsidies under Temporary Crisis (and Transition) Framework  
**privilege deep-pocketed member states**
- Trend towards **more national measures** (e.g. German subsidized electricity price for industry; CCfD etc.)
- Announced European Sovereignty Fund (now Strategic Technologies for Europe Platform) will **not provide additional resources at EU level**





# Four necessary elements of EU industrial policy

## 1. Massive investment into the renewable energies

- Bringing down energy costs should be one focus of EU industrial policy
- EU support needed for poor regions with high renewable energy potential
- Common investments into European electricity grid and interconnectors

## 2. Targeted public support for REEI and clean tech sectors

- Not everything will stay - accept some relocation of REEI within and outside of the Single Market
- Focus support on high-value added REEI and industries with large spill-overs (e.g. EU CCfDs)
- Increase support for selected clean tech industries in which EU can develop a competitive edge

# Four necessary elements of EU industrial policy for REEI

## 3. Reduce fragmentation risk and leverage gains of single market

- Common financing remains sine qua non of EU industrial policy
- Short-term: coordination of national state aid measures and revamping of ad-hoc measures (e.g. IPCEI 2.0; EU hydrogen bank)
- Long-term: real common resources through much larger industrial policy envelop in next budget cycle

## 4. Equip COM with governance body for modern industrial policy

- Need for better data and more analytical capacity at EU level
- Monitor of fragmentation risks and coordinate of national industrial policy from an EU perspective
- Organizational capacity to conduct common EU projects at necessary scale



