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Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2023/0081(COD) Awaiting Parliament's position in 1st reading
Framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) Amending Regulation 2018/1724	2017/0086(COD)
Subject 3.40 Industrial policy 3.70 Environmental policy	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Industry, Research and Energy	 EHLER Christian	30/03/2023
		Shadow rapporteur	
		 PENKOVA Tsvetelina	
		 GRUDLER Christophe	
		 CARÊME Damien	
		 BORCHIA Paolo	
		 TOŠENOVSKÝ Evžen	
		 BOTENGA Marc	
	Committee for opinion	Rapporteur for opinion	Appointed
 International Trade	 RODRÍGUEZ-PIÑERO Inma	27/04/2023	
 Budgets	The committee decided not to give an opinion.		
 Economic and Monetary Affairs (Associated committee)		20/04/2023	
 NIEDERMAYER Luděk			
 Employment and Social Affairs (Associated committee)		15/05/2023	
	 VEDRENNE Marie-Pierre		

Council of the European Union European Commission European Economic and Social Committee	ENVI Environment, Public Health and Food Safety (Associated committee)	20/04/2023
	 WÖLKEN Tiemo	
	IMCO Internal Market and Consumer Protection (Associated committee)	27/04/2023
	 VANDENKENDELAERE Tom	
	TRAN Transport and Tourism	25/05/2023
	 DEPARNAY-GRUNENBERG Anna	
	REGI Regional Development (Associated committee)	22/03/2023
	 NIENASS Niklas	
	Commission DG Internal Market, Industry, Entrepreneurship and SMEs	Commissioner SIMSON Kadri

Key events			
14/03/2023	Legislative proposal published	COM(2023)0161	Summary
08/05/2023	Committee referral announced in Parliament, 1st reading		
15/06/2023	Referral to associated committees announced in Parliament		
25/10/2023	Vote in committee, 1st reading		
07/11/2023	Committee report tabled for plenary, 1st reading	A9-0343/2023	Summary
20/11/2023	Debate in Parliament		
21/11/2023	Results of vote in Parliament		
21/11/2023	Decision by Parliament, 1st reading	T9-0401/2023	Summary
21/11/2023	Matter referred back to the committee responsible		
22/02/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations		

Technical information	
Procedure reference	2023/0081(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation

Legislative instrument	Regulation
	Amending Regulation 2018/1724 2017/0086(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 114; Rules of Procedure EP 57
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ITRE/9/11576

Documentation gateway

Legislative proposal		COM(2023)0161	14/03/2023	EC	Summary
Committee draft report		PE749.154	26/05/2023	EP	
Amendments tabled in committee		PE750.066	23/06/2023	EP	
Amendments tabled in committee		PE750.061	23/06/2023	EP	
Amendments tabled in committee		PE750.062	23/06/2023	EP	
Amendments tabled in committee		PE750.063	23/06/2023	EP	
Amendments tabled in committee		PE750.064	23/06/2023	EP	
Amendments tabled in committee		PE750.065	23/06/2023	EP	
Committee of the Regions: opinion		CDR2189/2023	05/07/2023	CofR	
Economic and Social Committee: opinion, report		CES1157/2023	13/07/2023	ESC	
Committee opinion	TRAN	PE749.959	20/07/2023	EP	
Committee opinion	INTA	PE748.987	20/07/2023	EP	
Committee opinion	IMCO	PE752.781	20/09/2023	EP	
Committee opinion	REGI	PE753.568	26/09/2023	EP	
Committee opinion	ENVI	PE753.533	26/09/2023	EP	
Committee opinion	ECON	PE749.279	09/10/2023	EP	
Committee opinion	EMPL	PE749.069	09/10/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0343/2023	07/11/2023	EP	Summary
Text adopted by Parliament, partial vote at 1st reading/single reading		T9-0401/2023	21/11/2023	EP	Summary

Additional information

Research document	Briefing	06/03/2024
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Framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

PURPOSE: to establish a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the EU has committed to achieve climate neutrality, including net-zero greenhouse gas emissions, by 2050. This objective is at the heart of the European Green Deal and in line with the EU's commitment to global climate action under the Paris Agreement. The Net-Zero Industry Act (NZIA) aims to scale up the manufacturing of technologies which are key to achieve climate-neutrality such as solar panels, batteries and electrolysers, among others, or key components of such technologies, such as photovoltaic cells or the blades on wind turbines. The Act will simplify the regulatory framework for the manufacturing of these technologies and therefore help increase the competitiveness of the net-zero technology industry in Europe. It will also accelerate the capacity to store CO₂ emissions.

Together with the [proposal](#) for a European Critical Raw Materials Act and the reform of the electricity market design, the Net-Zero Industry Act sets out a clear European framework to reduce the EU's reliance on highly concentrated imports.

CONTENT: therefore, the Commission is presenting this proposal which seeks to establish the framework of measures for innovating and scaling up the manufacturing capacity of net-zero technologies in the Union to support the Unions 2030 target of reducing net greenhouse gas emissions by at least 55 % relative to 1990 levels and the Unions 2050 climate neutrality target and to ensure the Unions access to a secure and sustainable supply of net-zero technologies needed to safeguard the resilience of the Unions energy system and to contribute to the creation of quality jobs.

The proposal supports eight strategic net zero technologies. These are: (i) solar photovoltaic and solar thermal technologies; (ii) onshore wind and offshore renewable energy; (iii) batteries and storage; (iv) heat pumps and geothermal energy; (v) electrolysers and fuel cells; (vi) biogas/biomethane; (vii) carbon capture and storage (CCS); and (viii) grid technologies (which also include electric vehicles smart and fast charging).

To achieve the general objective, this proposed Regulation contains measures with a view to ensuring:

- that by 2030, manufacturing capacity in the Union of the strategic net-zero technologies listed in the Annex approaches or reaches a benchmark of at least 40% of the Unions annual deployment needs for the corresponding technologies necessary to achieve the Unions 2030 climate and energy targets;
- the free movement of net zero technologies placed on the Single market.

Where the Commission concludes that the Union is likely not to achieve the objectives set out above, it should assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives.

The Net-Zero Industry proposal is built on the following pillars:

1. **Setting enabling conditions:** the proposal will improve conditions for investment in net-zero technologies by enhancing information, reducing the administrative burden to set up projects and simplifying permit-granting processes. In addition, it proposes to give priority to Net-Zero Strategic Projects, that are deemed essential for reinforcing the resilience and competitiveness of the EU industry, including sites to safely store captured CO₂ emissions. They will be able to benefit from shorter permitting timelines and streamlined procedures;
2. **Accelerating CO₂ capture:** the proposal sets an EU objective to reach an annual 50Mt injection capacity in strategic CO₂ storage sites in the EU by 2030, with proportional contributions from EU oil and gas producers. This will remove a major barrier to developing CO₂ capture and storage as an economically viable climate solution, in particular for hard to abate energy-intensive sectors;
3. **Facilitating access to markets:** to boost diversification of supply for net-zero technologies, the draft Regulation requires public authorities to consider sustainability and resilience criteria for net-zero technologies in public procurement or auctions;
4. **Enhancing skills:** the proposal introduces new measures to ensure there is a skilled workforce supporting the production of net-zero technologies in the EU, including setting up Net-Zero Industry Academies, with the support and oversight by the Net-Zero Europe Platform. These will contribute to quality jobs in these essential sectors;
5. **Fostering innovation:** the Act makes it possible for Member States to set up regulatory sandboxes to test innovative net-zero technologies and stimulate innovation, under flexible regulatory conditions;
6. **A Net-Zero Europe Platform** will assist the Commission and Member States to coordinate action and exchange information, including around Net-Zero Industrial Partnerships. The Commission and Member States will also work together to ensure availability of data to monitor progress towards the objectives of the Net-Zero Industry Act. The Net-Zero Europe Platform will support investment by identifying financial needs, bottlenecks and best practices for projects across the EU. It will also foster contacts across Europe's net-zero sectors, making particular use of existing industrial alliances.

One-stop-shop

To increase efficiency and transparency, the Net-Zero Industry proposal will thus require Member States to set up one-stop shops that act as single points of contact for project promoters. These will facilitate and coordinate the entire permit-granting process and issue a comprehensive decision within the applicable time-limits.

Budgetary implications

The proposal establishes a Net-Zero Europe Platform. Heading 7 of the EU budget will support the organisation of the Net-Zero Europe Platform with a total of EUR 5.130 million for six officials. This translates into an annual expenditure of EUR 1.026 million. The staff will be responsible to carry out the tasks in relation to the Net-Zero Europe Platform as well as the Net-Zero Industry Academies as set out in this Regulation. Furthermore, the proposal estimates additional costs for committees with a budget of EUR 125.000.

The funding of the associated operational costs of this initiative will be supported by the budget for the Operation and development of the internal market of goods and services under the current Multiannual Financial Framework until 2027.

In order to conduct research and data analysis for monitoring the initiative and market developments as well as to obtain up-to-date data on net-zero technology supply chains to tackle issues related to this Regulation a budget of EUR 720.000 is allocated.

This proposal will support Net-Zero Industry Academies with seed funding in form of EUR 3 million from the budget for the Clean Hydrogen Joint Undertaking and EUR 2.5 million from the budget of the Single Market Programme, SME pillar.

Framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

The Committee on Industry, Research and Energy adopted the report by Christian EHLER (EPP, DE) on the proposal for a regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act).

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

The amended text stipulates that the draft Regulation establishes the framework of measures to ensure a coordinated approach, throughout the Union, to the innovation and scaling up of the manufacturing capacity of net-zero technologies as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning in the Union to:

- support the Union's climate targets and climate neutrality objective;
- foster the Union's international industrial competitiveness in order to contribute to the creation of quality jobs;
- improve the Union's access to a secure and sustainable supply of net-zero technologies;
- strengthen the Union's open strategic autonomy;
- safeguard the resilience of the corresponding Union's supply chains; and
- achieve the decarbonisation of the Union's economy and society.

Scope and definitions

Members enlarged the scope of the proposed Regulation to include the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning. The meaning of net-zero technologies has also been streamlined by the Members.

The net-zero technologies within the scope of this Regulation should be, inter alia:

- technologies used for production of energy from renewable sources;
- nuclear fission and fusion energy technologies, including nuclear fuel cycle technologies;
- energy storage technologies;
- carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), removal, capture, transport, injection (EPP), storage and utilisation technologies;
- hydrogen (H₂) transport infrastructure technologies;
- electrolyser and fuel cell technologies;
- electric, hydrogen (H₂), sustainable alternative fuels and wind propulsion technologies for transportation;
- electric charging technologies for transportation;
- heat pump technologies;
- energy efficiency technologies;
- biomaterials production technologies, including bio-based chemical production technologies;
- recycling technologies.

Financing of net-zero technologies

The amended text suggested that Member States should allocate 25% of their national Emissions Trading System (ETS) revenues for expenditures aimed at achieving the objectives.

Net-Zero Industry Valleys

Members introduce the concept of Net-Zero Industry Valleys, aimed at fostering industrial symbiosis and encouraging Member States to make targeted investments in specific areas across Europe. Those Valleys should be limited in geographical and technology scope in order to promote industrial symbiosis. Valleys should be designated by Member States and each designation should be accompanied by a Plan with concrete national measures to increase the attractiveness of the Valley as a location for manufacturing activities. Valleys should in particular be used as a tool for re-industrialisation of regions, especially for coal regions in transition.

Framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

The European Parliament adopted by 376 votes to 139, with 116 abstentions, amendments to the proposal for a regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act).

The matter was referred back to the committee responsible for interinstitutional negotiations.

Subject matter

The amended text stipulates that the draft Regulation establishes the framework of measures to ensure a coordinated approach, throughout the Union, to the innovation and scaling up of the manufacturing capacity of net-zero technologies as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning in the Union to:

- support the Unions climate targets and climate neutrality objective;
- foster the Unions international industrial competitiveness in order to contribute to the creation of quality jobs;
- improve the Unions access to a secure and sustainable supply of net-zero technologies;
- strengthen Unions open strategic autonomy;
- safeguard the resilience of the corresponding Unions supply chains; and
- achieve the decarbonisation of the Unions economy and society.

To achieve the general objective, this Regulation contains measures with a view to ensuring the reduction of strategic dependencies in the Union of the strategic net-zero technologies as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning and that by 2030 reaches a manufacturing capacity corresponding to:

- at least 40 % of the Unions annual deployment needs for the corresponding technologies necessary to achieve the Unions climate and energy targets, based on the technological deployment planned across the Union according to the national energy and climate plans prepared and submitted by the Member States; and
- at least 25 % of global demand for the corresponding technologies.

Scope and definitions

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The net-zero technologies within the scope of this Regulation should be, inter alia:

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- biomaterials production technologies, including bio-based chemical production technologies;
- recycling technologies.

Financing of net-zero technologies

The amended text suggested that Member States should allocate 25% of their national Emissions Trading System (ETS) revenues for expenditures aimed at achieving the objectives.

Duration of the permit-granting process for strategic net-zero projects

In order to provide project promoters and other investors with the certainty and clarity needed to increase the development of zero-net technology projects, Member States should ensure that the permit-granting process for such projects do not exceed a predefined period.

Members proposed streamlining the permit-granting process, setting a deadline of 9 to 12 months for zero-net technology production projects and 6 to 9 months for strategic projects to be authorised.

Net-Zero Industry Valleys

The Regulation should promote the development of net-zero industrial valleys with a view to fostering industrial symbiosis and encouraging Member States to make targeted investments in specific areas across Europe. These valleys should be geographically and technologically limited. Valleys should be designated by Member States and each designation should be accompanied by a Plan with concrete national measures to increase the attractiveness of the Valley as a location for manufacturing activities. Valleys should in particular be used as a tool for re-industrialisation of regions, especially for coal regions in transition.

EHLER Christian	Rapporteur	ITRE	31/01/2024	Romanian Oil and Gas Employers' Federation
GRUDLER Christophe	Shadow rapporteur	ITRE	12/01/2024	Unilever
GRUDLER Christophe	Shadow rapporteur	ITRE	11/01/2024	Climate neutrality foundation
GRUDLER Christophe	Shadow rapporteur	ITRE	22/12/2023	First Solar GmbH
GRUDLER Christophe	Shadow rapporteur	ITRE	15/12/2023	Alstom
GRUDLER Christophe	Shadow rapporteur	ITRE	15/12/2023	Climate Action Network Europe
EHLER Christian	Rapporteur	ITRE	13/12/2023	Unilever
GRUDLER Christophe	Shadow rapporteur	ITRE	07/12/2023	Association Française des Entreprises Privées / French Association of Large Companies
GRUDLER Christophe	Shadow rapporteur	ITRE	07/12/2023	France Industrie
EHLER Christian	Rapporteur	ITRE	07/12/2023	Meyer Burger Technology AG Heckert Solar GmbH
DANTI Nicola	Member	07/02/2024	A2A	
BERENDSEN Tom	Member	01/02/2024	UNIFE	
GAMON Claudia	Member	24/01/2024	Österreichs E-Wirtschaft	
GAMON Claudia	Member	23/01/2024	WIENER STADTWERKE GmbH Wien Energie GmbH	
SOLÍS PÉREZ Susana	Member	22/11/2023	Solaria Energía y Medio Ambiente S.A.	
FUGLSANG Niels	Member	22/11/2023	Green Power Denmark	
BELLAMY François-Xavier	Member	10/11/2023	Air France-KLM	
BALT Marek Pawe?	Member	26/10/2023	ZF Czeszochowa	
ARIMONT Pascal	Member	25/10/2023	Fluxys SA	
FUGLSANG Niels	Member	24/10/2023	Airborne Wind Europe	