

“Kickstarting the emergence of an EU industry”



Christophe Grudler,

Member of the European Parliament since 2019,
Member of the Industry, Research and Energy committee

EdEn For the past five years, you've been a member of the European Parliament's Committee on Industry, Research and Energy (ITRE). What is your assessment of the 2019-2024 mandate in terms of energy transition?

Christophe Grudler: The 2019-2024 term was based on the discussion and adoption of the Green Deal, leading to a revision of the entire energy-climate framework of the EU to adapt it to the objective of reducing the Union's greenhouse gas emissions by 55% by 2030, with a view to achieving carbon neutrality by 2050.

Five years on, we can say that the mission has been accomplished: the European Parliament and the Council have succeeded in adopting more than 75 texts, including targets for the deployment of renewable energies, for the development of energy efficiency and for the decarbonisation of our transport systems, with the deployment of charging stations for electric vehicles.

This work has not been easy. With three succeeding crises that no one had foreseen - the COVID crisis, the gas crisis and finally the war in Ukraine - doubts have continuously been raised on whether or not the EU should go through with the Green Deal.

Yet, we found solutions that could both respond to the crises and drive EU climate actions. The European recovery plan adopted in 2020, followed by the REPowerEU plan in 2022, are perfect illustrations of this. We mobilised more than 750 billion euros to boost the European economy, further the EU's actions against climate change and support vulnerable households.

EdEn What are the next steps to further the European strategy for the energy transition?

C. G.: The mission of the new European mandate will necessarily be different from that of the previous one. While the 2019-2024 mandate needed to overhaul the legislative framework and to adapt it to our climate ambitions, the 2024-2029 term will have to stabilise and implement this new legislative framework. Political actors will have to avoid legislative inflation as it would be detrimental to the effectiveness of our climate action.

It will be crucial for the Union to get the secondary legislation out as quickly as possible, as these acts will set out the operational details for the Green Deal legislation to be implemented. This is in line with the demands of economic actors, who do not want to reopen and go back on the Green Deal, but are demanding that they be given the necessary tools to implement and comply with the new rules.

At the same time, the EU will also have to set the next milestones on the road to carbon neutrality, by extending to 2040 the trajectory and targets that have been set for 2030 by the Fit for 55 package.

The European Union will also need to focus on the financial aspects of the Green Deal to be able to implement the policies adopted during the previous mandate. In particular, I believe that the EU needs to set up a European sovereignty fund that would help strategic European industries to face foreign competition.

EdEn You say that manufacturers don't want to go back on the Green Deal. Yet some political groups have clearly made Europe's climate strategy the target of their campaign. Isn't this a worrying sign for the future of the Green Deal?

C. G.: There is indeed a risk that certain political actors will adopt an increasingly hard stance on the Green Deal in the next mandate. In particular, the EPP, the largest group in the European Parliament in terms of the number of MEPs, calls for the 2035 ban on new internal combustion engine cars - one of the Green Deal's key measures - to be reconsidered.



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As the EPP does not have an absolute majority in the Parliament, it has - until now - always negotiated and compromised with the S&D group and my group, Renew Europe, who continue to strongly support the Green Deal.

It will be very important to see what attitude the EPP adopt throughout this new mandate and with which groups its members choose to collaborate and discuss the texts.

EdEn The rise of nationalist parties is probably not good news either in this respect?

C. G.: The rise of nationalist parties in the European Parliament is indeed a very bad signal and must be fiercely opposed.

Usually, majorities in the Parliament have been built on compromises between the centre-right, centre-left and the centre. This process has prevailed since 2019 and has made it possible to establish a

“cordon sanitaire” to limit the influence of nationalist groups on European texts.

As a result, French MEPs who sit in far-right groups - representing half of the French delegation in the Parliament - have little influence on European legislation and in the Parliament. They do not negotiate reports and propose few amendments, which reduces the influence of France in Brussels.

EdEn Does this mean that France is unable to make its voice heard in Brussels?

C. G.: France manages to be influential in Brussels when it takes on a leading role in discussions, rallying other Member States around its positions. The question of nuclear power and its role in the Green Deal is an example of France’s ability to influence discussion in Brussels.

It should be remembered that at the start of the 2019 - 2024 term, the European Commission’s stance on nuclear was very hostile, and even in the Parliament, being a supporter of nuclear was frowned upon. In early 2023, the then French Minister of Energy, Agnès Pannier-Runacher, launched the Nuclear Alliance to bring together Member States which stood in favour of the inclusion of low-carbon electricity in European texts. In the Parliament, I also set up an intergroup on nuclear power, which brings together over a hundred MEPs from five political groups, to ensure that nuclear power is included ●●●



in the EU's energy transition strategy alongside other decarbonised energies.

Thanks to these efforts, the EU's position on nuclear power is evolving. Nuclear power has already been included in a number of key texts, acknowledging its contribution to the development of a clean industry, to the decarbonisation of the construction sector and to the production of synthetic fuels for example. Yet, there is still some way to go before it is fully integrated into the EU's framework. For example, the Hydrogen Bank still excludes low-carbon hydrogen coming from nuclear power from its financing resources, as do the European funds and the EIB.

EdEn This European U-turn on the nuclear issue is indeed quite striking. Is it only the French position that has tipped the balance in favour of the atom?

C. G.: The French position was a driving force but it's not the only factor. A first factor

is quite simply the fact that nuclear power, as a decarbonised source of energy, is a necessary part of the European strategy to achieve carbon neutrality.

The Commission itself recognised back in 2018 that the EU would need nuclear power, explaining in its strategy "A Clean Planet for All" that 15% of nuclear power would be needed in the Union's energy mix to meet 2050 targets.

A second factor explaining Europe's U-turn is the fact that opposition to nuclear power was not just ideological. There was also a fear on the part of certain Member States whose nuclear parks are not as developed as ours, of being less competitive than France and its nuclear electricity.

The reality is that competition between Member States is not the issue that needs to be addressed. I am not aware of any German manufacturers that would be considering relocating to France. On the other hand, many of them are already considering relocating to the United States, where they can benefit from more favourable conditions.

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EdEn Yet Europe is having a hard time moving from a national to a European industrial strategy. Do you think we will manage to make this transition?

C. G.: For me, the debate is not about Germany vs France, but rather the Union's competition with other major global players such as the United States and China.

The EU has long been reluctant to promote the emergence of industrial champions, believing that the market should regulate itself, without outside intervention.

If we want to develop a domestic industry and leadership in transition technologies, we need to strive for the emergence of a European industry rather than fragmenting our efforts into 27 industries which will, individually, never be able to compete globally.

That is why, I will support in the new mandate the adoption of an industrial deal to complement the Green Deal. This industrial deal would set European targets for industrialisation and would include an action plan for direct support towards the investments required for the transition.

EdEn The first step in the EU's industrial policy was the adoption of the Net Zero Industry Act, NZIA, in response to the US Inflation Reduction Act. What is your assessment of this first initiative?

C. G.: The NZIA regulation is a very important piece of legislation because it identifies all the technologies that need to be deployed to achieve climate neutrality, including renewables, nuclear technologies, carbon management technologies, biofuels and synthetic fuels.

The European Commission had initially proposed a much narrower list of strategic technologies, which would have led to blockages when we would have needed to develop technologies outside of the list.

The fact that this regulation has been adopted with this much wider list is a very important first step in the European industrial strategy.

On the other hand, unlike the American IRA (Inflation Reduction Act), the financing envelope to which the NZIA regulation was supposed to be associated (STEP) melted like snow in the course of negotiations. From the 13 billion euros demanded by the Parliament for the creation of a sovereignty fund, it was reduced to 1.5 billion, which were then entirely reallocated to the European Defense Fund (EDF).

The NZIA regulation will only facilitate access to existing European funds. This is not comparable to what is being done in the United States, which is why, as part of the next European financial framework, I and the MEPs in my group will be asking for the creation of a sovereignty fund worth several billions of euros.

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EdEn Do you think it's realistic for Member States to agree to create such a sovereignty fund when Europe is already heavily indebted?

C. G.: Financing the energy transition is a major challenge that the resources of individual Member States won't be able to meet.

We've already seen in the past that, when the EU is faced with exceptional circumstances, it can rise to the challenge.

In the face of the COVID crisis, for example, the EU adopted a recovery plan that unlocked 750 billion euros to support the European economy. It was an entirely European plan, financed by a collective debt which did not require any national contribution from Member States.

In the same way, we now need to identify solutions for financing the energy transition program. This could involve setting up new own resources for the European Union through the carbon adjustment mechanism. This is one of the avenues we will be exploring.

EdEn The EU ETS carbon price has fallen sharply in recent months. What do you think of this situation?

C. G.: The fall in the EU ETS carbon price is a bad signal that disincentivises investment in low-carbon solutions.

We voted for a revision during the previous mandate to improve and adapt this market to our decarbonisation efforts.

It therefore seems important to me, in the context of the next term to have a new, in-depth analysis of the functioning of the ETS market and to assess whether its revision will enable us to effectively meet our emission reduction targets.

If it proves not to be in line with our decarbonisation objectives, I think it would be necessary to develop the system - even if it means intervening in the carbon market - for example by setting a carbon price floor. ●

Interviewed by Cecil Coulet,
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