



KEY RECOMMENDATIONS

2024-2029

Brussels, 3 July 2024

Orgalim key recommendations on energy and climate

Introduction

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,819 billion, manufacturing one third of all European exports and providing 11.9 million direct jobs. Our industries are global leaders in the carbon-neutral energy, electrification, alternative fuels and clean manufacturing technologies needed to achieve net-zero. We are committed to playing our part to deliver the net-zero transformation and the green transition.

The [Orgalim Policy Agenda](#) identifies six key areas policymakers should prioritise during the 2024-2029 legislative cycle in order to unleash Europe's high-tech manufacturing potential and make our net-zero future a reality:

- Decrease the regulatory burden
- Regain global leadership in research and innovation
- Recommit to the single market
- Make digital legislation work for manufacturing industries
- Remove trade barriers
- Ensure a competitive and secure energy supply

In this document, Orgalim is providing its **key recommendations on energy and climate for the upcoming EU legislative period, asking policy makers to commit to achieving the goals of the EU Green Deal while ensuring a strong boost for industry competitiveness in Europe.** For the green transition to be a success, clear and predictable milestones which allow European society and industry to adequately lay the necessary foundations are indispensable. This is why Europe's technology industries have expressed their support for the European Commission Communication on the 2040 Climate Target for the European Union and its recommendation for a 90% emission reduction target compared to 1990 levels.

To achieve these ambitious targets, our industries see great potential in the electrification of industry as well as of buildings and transport. We also believe that energy efficiency technologies are key to reducing carbon emissions, while strengthening energy security and resilience. Furthermore, both electrification and energy efficiency play an important role in increasing European competitiveness by helping to ensure affordable energy costs for companies. Deploying these essential elements of the net-zero transformation should be achieved in a streamlined and efficient manner without creating burdensome regulation.

Recommendations

The transition to a clean energy system and the net-zero transformation of the EU economy are key to Europe's response to climate change now and in the future. Energy and climate policies must remain at the core of EU decision-makers' actions in their upcoming mandate.

Orgalim recommends that European policymakers:

- Remain firmly committed to the EU Green Deal and continued efforts towards its 2040 goals
- Focus on the implementation of the 'Fit for 55' energy policies
- Adopt a comprehensive electrification plan for the EU
- Apply and maintain the 'energy efficiency first' principle at the heart of the upcoming climate legislation
- Accelerate the digitalisation of the energy sector
- Put the single market at the service of climate neutrality
- Ensure technology neutrality and a value chain approach in future industrial policies

Stay the course on the EU Green Deal

The EU must remain firmly committed to its Green Deal's goals and to carbon neutrality by 2050. The Green Deal is a package of policy initiatives that can stimulate lasting growth and enhance the global competitiveness of European industry. Orgalim members believe that the future of the EU's competitiveness and continued leadership in the energy transition will be interlinked, and that these goals do not need to be contradictory. For this to happen, the Green Deal needs to be closely connected to industrial policy in order to boost our domestic manufacturing base for the entire value chain of a wide range of net-zero innovative technologies.

In addition, the implementation of the Green Deal must be inclusive and consider the realities of European industry and society. Many companies are already struggling with regulation-overload and fear the additional reporting burden resulting from the Green Deal legislation. Businesses, especially SMEs, need support in the implementing process – allowing them to focus on their core business. As an example, reporting obligations under the Carbon Border Adjustment Mechanism (CBAM) are extremely onerous to fulfil, because of the complexity of the rules to calculate embedded emissions and the inherent difficulties in receiving the relevant data from operators of installations in third countries.

To rally private investors, policy support for the Green Deal objectives must be very clear. Instruments such as carbon pricing should drive economic choices and public funding must be used to kickstart decarbonisation projects and bring them to practical reality to de-risk private funding. Mixed messages on investment, such as fossil fuels subsidies schemes currently existing in a vast majority of Member States¹, must end.

Focus on energy policies implementation

Sufficient resources must be dedicated to ensuring that the legislation adopted under the 'Fit for 55' Package is wholly and consistently implemented across the EU. Efforts to promote electrification from carbon-neutral sources, energy efficiency and sustainable production must also be pursued at an accelerated pace. Likewise, policymakers and authorities need to ensure that companies and the public bodies they rely on are not struggling with compliance: meaning that it must be clear exactly which rules companies must follow and how different regulations interlink.

¹ European Commission, Directorate-General for Energy, [Study on energy subsidies and other government interventions in the European Union — 2023 edition](#), Final Report.

In particular, we need to swiftly implement the new rules of key EU legislation such as the Energy Efficiency and the Electricity Market Design Directives. For the latter, it is crucial that the EU adopts a harmonised approach across the EU's internal electricity market and continues the integration of countries such as Switzerland and the UK to ensure stable and predictable energy prices.

A comprehensive electrification plan for the EU

For society as a whole to achieve climate neutrality by 2050, a comprehensive electrification plan for the EU will be necessary. The broad-scale electrification of Europe is essential to enable a much faster scale-up of carbon-neutral energy capacity and smarter, more flexible energy systems, and to unlock massive energy efficiency savings across industry, transport and buildings. The industry sector has a key role to play in reducing emissions. Electrification of industry processes gives the opportunity to power manufacturing plants using carbon-free generation. This is a significant transformation, for which the EU needs to build additional carbon-free power generation and future-proof electricity grid infrastructure at an affordable cost to ensure the competitiveness of our European industry.

Hydrogen will have a key role in decarbonising sectors that cannot be electrified and will also support electrification by providing storage for power generated from renewables. Policymakers need to plan better infrastructure adapted to new energy carriers, such as hydrogen, ammonia or other green molecules. This requires the adoption of a policy framework that ensures strong investments in digitalisation, electricity grids, district heating and cooling, energy system integration and efficiency infrastructure – with a focus on resource efficiency solutions to “deliver more with less”. In this regard, after the recent adoption of the cybersecurity network code, the network codes on data interoperability and demand response should be launched as soon as possible to help the deployment of an efficient digital infrastructure. In parallel, the right market conditions must be created for stimulating private investment in electrification of industry processes, transport routes and building stock heating and cooling. For this to happen, carbon pricing, the EU taxonomy and energy taxation must contribute to driving more economic activities towards electrification.

Digitalisation is key

Industry consumers and households need to adopt energy efficiency solutions such as demand-side flexibility enabled by AI-driven technologies and real-time analytics. Digital tools help consumers to use the right energy at the right time and contribute to the intelligent control of the energy system, enabling peak-load shaving and grid stability based on the availability of green energy.

Digitalisation is key to achieving the EU's energy and climate goals while also benefiting its citizens. A study commissioned by one of our members showed that by deploying state of the art demand-side flexibility technologies on energy systems in the EU and UK, it is possible to save 40 million tons of CO₂ emissions each year by 2030, achieve annual societal cost savings of €10.5 billion by 2030, and 7% savings on electricity bills for households in the EU and UK².

In order to reap the benefits of digitalisation, policymakers should accelerate the delivery of the Digital Decade in digital technologies and infrastructure, as recommended by the 2023 Report on the state of the Digital Decade.

'Energy efficiency first' principle

The 'energy efficiency first' principle is a major driver for reducing emissions in all economic sectors. This principle must remain at the heart of the energy legislation that will be revised as part of the alignment with the 2040 climate target.

Making the Green Deal an Industry Decarbonisation Deal means exploring all decarbonisation solutions for industry activities. This includes promoting the use of energy-efficiency technologies for industrial processes.

² Danfoss study, [Energy Efficiency 2.0: Engineering the Future Energy System](#), November 2023.

A concrete implementation of the ‘energy efficiency first’ principle is sector integration. Sector integration must be prioritised in order to develop the most cost-efficient decarbonisation pathways for Member States. For example, it is necessary for the EU to update its heating and cooling strategy to support the integration of excess heat in local heating plans.

Put the single market at the service of climate neutrality

Climate neutrality can only be successfully accomplished by empowering European industry and tapping into the multiple possibilities offered by the internal market to advance the net-zero transition. Full and harmonised implementation of European legislation (see page 2 on implementation of ‘Fit for 55’) is an important driver of the EU’s competitiveness and conducive business environment. Yet, at present, European companies continue to face complex and unharmonised national rules that prevent them from scaling up, hinder innovation and investment – and create major obstacles in trading across the EU market.

To remedy this, in its mission to advance climate goals the Commission should rely on “lean” regulation, in the form of market-/price-based instruments and approaches, as well as by ensuring legislation’s consistency with the New Legislative Framework³; for example by applying industry-led technical standardisation tools. In this regard, we welcome the EU Grids Action Plan’s focus on technical standards for speeding up network deployment and its recognition of the important work of the High-Level Forum on European Standardisation. The current system of international standards is working well for Europe’s technology industries. As an example, in the case of grid technologies, there are thousands of pertinent standards encompassing equipment, components, systems, software, and solutions for Europe’s electricity grid. These standards identify strict requirements which companies need to meet to supply high-quality grid technology components by guaranteeing required levels of performance over the expected lifetime. Adhering to these standards enables the European grid technology industry to stay compliant and maintain its competitive advantage in global markets by focusing on quality.

Robust market surveillance and effective enforcement to ensure the compliance of energy efficient products are preconditions to ensure fair competition and a level playing field among economic operators based both inside and outside the EU. The energy savings obligations set out in Article 8 of the Energy Efficiency Directive are implemented in some Member States by providing financial incentives to end-users to invest in energy-efficient products in buildings, industry, agriculture, transport etc. These incentives are granted subject to compliance with the technical specifications of the installed products. Unfortunately, weak market surveillance attracts eco-criminals who flood the market with imported low quality and non-compliant products. These practices are an obstacle to achieving energy efficiency objectives, an abuse of public funding and of end-consumers’ investment, as well as unfair competition for our European industries.

Finally, the EU legislation’s regulatory burden on companies should be urgently addressed to improve the EU’s internal market dynamism. In this regard, we consider President von der Leyen’s commitment to reduce reporting requirements by 25% as an important starting point, and we welcome the new political interest in maximising the potential of our single market in Enrico Letta’s “Much more than a market” high level report⁴.

Support technology neutrality and a value chain approach

The Net-Zero Industry Act opened the discussion on clean tech manufacturing while the EU Communication on the 2040 climate target recognises the EU’s industrial strength in clean tech sectors.

³ The New Legislative Framework (NLF) implies that legislation sets out the essential requirements for products while their technical specifications are formulated in harmonised standards. See NLF’ key principles in [Internal Market: Orgalim position paper on the New Legislative Framework | Orgalim](#)

⁴ [Much more than a market](#), Enrico Letta, April 2024

A focus on the whole industrial value chain (components, materials, machines) based on a technology-neutral approach should be the basis for the future climate and energy policy framework. While the 'Fit for 55' package sets the target for production and use of necessary technologies such as renewable energy, having a holistic approach to the industrial value chain for all sectors essential for the energy system transformation – notably grid infrastructure and storage – will be a policy priority for the energy and climate agenda. This should also include a consistent and integrated link with the EU's policy on critical raw materials (including the Critical Raw Material Act) from the start of the value chain and including all services and necessary skills. It also requires a technology-neutral approach for manufacturing technologies so that every part of the value chain can contribute to the energy transition. Let the market and innovation decide which technologies are needed for the energy system transformation, including adaptation to local market and environmental conditions in Member States and regions.

In addition, the EU needs to accelerate collaboration with trade partners through the conclusion of further trade agreements that boost global cooperation, reinforce industry competitiveness and ensure supply diversification. We believe a proactive trade policy in clean technology manufacturing is beneficial to Europe's long term objectives. In our view, creating global market opportunities for Europe's innovative clean technology manufacturing is a more dynamic approach than setting further criteria for public procurement and auctions, whose fulfilment may lead to administrative burden for both authorities and industries.

Finally, to ensure that the EU's technological leadership on clean solutions can be maintained, it is essential to invest in research and innovation programmes to support the invention of breakthrough green technologies, as well as their development and market deployment in Europe.

Links to Orgalim publications

Orgalim Policy proposals for the upcoming EU legislative period 2024-2029

[Orgalim Policy Agenda](#) for a European high-tech manufacturing base for the 2024-2029 legislative cycle

Orgalim [key recommendations on the circular economy](#)

Orgalim [key recommendations on the single market](#)

Orgalim [key recommendations on digital policy](#)

Orgalim [key recommendations on investments](#)

Orgalim publication on energy & climate

Orgalim [position and recommendations](#) on the **Communication on the 2040 Climate Target** for the European Union, 5 February 2024

Orgalim [position paper](#) on the revised **Electricity Market Design**, 23.05.2023

Orgalim publications on the green transition

Orgalim's [Technology at Heart series](#) present stories showcasing how the technology industries we represent are shaping a future that's good for Europe's environment, economy and society

Orgalim position papers on research & development

Orgalim [position paper](#) on the new **EU Research Framework Programme (FP10)**, 25.04.2024

Orgalim [recommendations](#) for the **Horizon Europe Strategic Plan 2025-2027**, 23.02.2023

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of €2,835 billion, manufacturing one-third of all European exports and providing 11.7 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.



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