

Stockholm 5 October 2023

Net-Zero Industry Act – a focused update to our position

While the co-legislators are working on this file, the Confederation of Swedish Enterprise would like to offer further opinion on the following parts of the proposal, as an update to our previous position paper.¹

The scope – clarity and competition neutrality

- A single list of strategic net-zero technologies to achieve clarity and competition neutrality between technologies.
- Include the installation and use of technology, to ensure the entire project is promoted.

Although complete technology neutrality is generally preferable, it is also important that any future regulation will be straightforward in its application and does not create unnecessary issues of demarcation. Without considering this aspect, it could lead to a considerable administrative burden and create delays in making desirable investment decisions. There are good reasons to support the European Commission's view that this initiative should focus on a number of established technologies. Such an approach would facilitate their scaling up in future. This is also the reason why we would resist defining the scope by referencing to the Taxonomy Regulation.

This justifies the use of a clear and limited list of technologies to delineate the scope of the initiative. The installation and use of technology should also be covered by the Regulation; this way, it will address the overarching goal of both stimulating production and bringing more fossil-free energy in the EU. That said, care should be taken when expanding the scope to those less well-defined parts that sit earlier in the value chain. Additional clarification is required to further define and delineate what characterises the *manufacture* of net-zero technologies, including the extent to which a facility needs to manufacture - over a certain period of time – to make these technologies eligible.

In addition, some parts - not least those addressing permit processes - should only be viewed as an initial step, one which can be followed by a wider application in the future. There are no restrictions on Member States also treating other technologies in the same fashion when it comes to - for example - permit procedures.

¹ [Confederation of Swedish Enterprise's input on the EU Net-Zero Industry Act](#)

Last, it is fundamental that all major fossil-free technologies are treated in the same way. We therefore advocate for nuclear technologies to be included in the list of strategic net-zero technologies.

Permit procedures – high but realistic ambitions

- Maintain the suggested timeframes in the Commission's proposal.
- Design the proposal in a similar fashion to the Critical Raw Materials Act.
- Remove the use of tacit approval to help avoid unmotivated rejections.

It appears to be challenging to design a proposal that imposes time limits tailored to different types of technologies. There are a lack of proper statistics and an absence of established best practices to benchmark against. Therefore, it must be concluded that the time limits on the permit procedure must be seen as creating a new, long-term precedent, establishing new standards and sending a clear signal that these types of procedures need to be given a much greater level of prioritisation. As a result, it makes sense to keep the current proposed time limits, without further granularity. There is one exception: the specific circumstances associated with nuclear technology could warrant a specific - and longer - timeframe for such permit procedures.

In terms of the scope of the time-limited permit procedure, it appears reasonable that the consultation made by the project promoter/developer during the preparation of the environmental impact assessment should be excluded. However, consultations made by competent authorities, or by authorities once an application has been submitted, should be included.²

While the use of tacit approval might appear valuable for setting a fixed time limit for an individual permit process, it creates a clear risk of leading to unnecessary rejections. It provides the authorities or courts that are assessing applications with an incentive to reject those applications where they do not have sufficient time to examine thoroughly, which will mean starting the whole process over again. We would therefore oppose such tacit approvals and encourage the regulatory framework to be viewed as long-term normative.

Increased predictability in the permit process is of great value to companies. Given that it has been proposed that Member States would be able to extend this process by one or a few months in exceptional circumstances, the nature of these situations should be clarified. We suggest that the Net-Zero platform is given this task.

To further improve predictability, we also suggest that - as an addition to Article 5 - the European Commission should establish a webpage where the coordinating authorities in each respective Member State should provide statistics, on an ongoing basis, indicating the duration of the different permit procedures. The webpage should also include hyperlinks to the sites of all of the coordinating authorities.

² Article 1 (2)(g) (ii) of Directive 2011/92/EU

Additional important questions

- It remains unclear to the Confederation as to why a 'pick-the-winners' model, through **strategic projects**, would offer an improvement to having all projects within the scope of the proposal enjoy get the same benefits. The proposal risks leading to increased administration and further time-consuming approval processes. There is also the risk of political and administrative failure. This is due to the reality that it presumably will be larger projects that primarily will enjoy extra beneficial treatment, rather than smaller, promising projects – those which may really be the ones that could benefit from assistance.

We therefore propose that all projects within the scope of the proposal receive priority treatment and the status of overriding public interest. To avoid further distortions of competition, measures relating to accelerated implementation and coordination of financing should be made more general in nature. These should encompass entire technologies, rather than being directed towards specific projects.

- The **access to market** proposal provides cause for concern. Public procurement in the EU is already facing challenges as a result of the high levels of complexity involved. The consequence has been a fall in the number of procurement bids, leading to lower levels of competition and worse deals for taxpayers. We urge the legislators to build in a higher degree of flexibility in this proposal, in order to constrain further complexity and administrative burdens for companies and contracting authorities.
- The European Parliament's proposal for '**Net Zero Valleys**' has valid intentions, not least for the purpose of creating better conditions for establishing new manufacturing capacity for specific technologies. The ambition to make Member States better cater for new establishments by performing at least some parts of the permit procedures for specific kinds of establishments in advance is to be welcomed. However, some of the other parts of the proposal seem to place excessive stress on the importance of geographical distances as a means of cooperation between companies and with other institutions. This will lead to too much control over where production of different technologies should be placed. We therefore do not support the 'Valleys' proposal and urge that - at most – it becomes a voluntary alternative for Member States to use. The sections relating to the permit processes could be incorporated into Article 7 on Environmental assessments and authorisations.