

DECLARATION ON FIT FOR 55 PACKAGE

We, as the representatives of the industry and employers' associations of the Central and Eastern European region, acknowledge the objectives of the EU Green Deal and its "Fit for 55" update and are ready to contribute responsibly to the EU climate neutrality target by 2050 .

Such profound transformation, however, is an unprecedented technological and economic challenge, requiring enormous capital spending on research and development, rethinking of production processes, and deploying breakthrough technologies to deliver substantial emission reductions.

High energy price reduce the resources that companies could invest in new technologies and green transition projects. For energy-intensive industries, higher energy prices increase costs by hundreds of millions of euros a year, affecting their competitiveness.

Due to this rather challenging picture, it is of outmost importance for the EU and national policy makers to develop the right framework and sufficient conditions, as outlined below, for the European industry to make its decarbonization plans and solutions economically feasible and thus preserve its competitiveness.

In this respect, the Fit for 55 need to take into account these basic principles/recommendations:

- The 55 % target should be achieved in the most cost-efficient way respecting technological neutrality.
- Member states have to be able to determine their own national contributions according to their possibilities, taking into account their respective energy mix based on the principles of non-discrimination and technological neutrality.
- Effective and targeted financial support from public sources to research, innovation and development at industrial scale of all necessary low carbon technologies,
- Access to competitively priced, abundant and sustainable low-carbon energy along with sensitive and reactive regulatory policy
- Higher climate ambition and rising carbon costs require strengthened rather than weakened carbon leakage protection, as long as there is no fair international level playing field. Free allocation at full benchmark level is needed at least until 2030, complemented by a CBAM in an adjusted manner to avoid double-protection and therefore ensure WTO conformity, to allow companies focusing on low carbon investment.
 - Any subsequent phase out should be conditional to a monitoring system assessing the effectiveness of the CBAM the ambition of key trading partners, coupled with an emergency solution to re-establish carbon leakage protection if needed.
 - The cross sectoral correction factor should be avoided by increasing the free allocation share and/or by using allowances from the Market Stability Reserve when needed.
 - Free allocation should not become conditional to energy efficiency investments to avoid double regulation.

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- Unrepresentative production volumes affected by covid pandemic should not influence free allocation.
- Retroactive changes in the Modernization Fund (ban on support for fossil fuels, including natural gas as a transition technology) shall be avoided.
- The Energy Efficiency Directive should focus on energy intensity instead of capping energy consumption as this risks limiting the potential for industrial decarbonization. The current goal of mandatory energy savings in Article 8 is sufficiently ambitious to meet the 55% greenhouse gas reduction target.

The overall transformation can be delivered only by a comprehensive regulatory framework that improves overall investment conditions, accelerates permitting procedures, and mainstreams the competitive transformation across several policy areas, including climate and energy, taxonomy, trade, state aid, industry, R&I, etc.

In order to achieve the objectives mentioned above, a level playing field needs to be ensured to avoid competitive disadvantages, globally but also within the EU.

European industries have a long history and are leaders in innovation, quality, and environmental performance. Therefore, it is essential that the transition will be made possible for all European plants and workforces over time and will be as orderly as possible.

The industry needs to preserve international competitiveness throughout the transition and beyond to retain financial ability and attractiveness to invest.

Croatian Employers' Association - Croatia

Federation of Austrian Industries – Austria

MGYOSZ – BUSINESSHUNGARY - Hungary

The National Union of Employers – Slovakia

Svaz průmyslu a dopravy ČR – Czech Republic

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