

CEO Alliance for Europe's Recovery, Reform and Resilience: Our contribution to a more resilient, prosperous and sustainable Europe

Who we are – a cross-industry Action Tank of like-minded companies

The **CEO Alliance for Europe's Recovery, Reform, and Resilience (R3)** is a group of leading European companies representing different industries. We and our **1.5 million employees** all **stand ready to strongly support** the **European Union's Recovery Plan "Next Generation EU" (NGEU)** to kick-start the economies in short-term, but also prepare for the longer-term transformation to build a more resilient, digitalized, prosperous and sustainable Europe for future generations. In particular, **we share the EU's goal of climate neutrality by 2050**. We are convinced that the ambitious climate targets of the EU Green Deal (EUGD) and in particular GHG emission reductions of **at least minus 55% by 2030 (compared to 1990 levels)** are **achievable** – if the emission reduction measures are implemented across all sectors and in cross-sectoral collaboration.

The CEO Alliance is truly an "Action Tank": The CEO Alliance members have already pledged to invest **more than EUR 100 billion over the next ten years in their respective decarbonization roadmaps** to help reach these targets. Every member has defined its **own strategy to address decarbonization**. In order to reach the respective CO₂ targets across entire value chains, each member depends on other companies and industry sectors. Consequently, we as Alliance are **first movers for pan-European Joint Projects** with strong emphasis on **cross-sector collaboration and ecosystems**. We have kick-started the following pan-European Joint Projects – and will deliver first results already in 2021:

- **Cross-EU charging infrastructure for heavy duty trucks:** In this project, we will develop a roadmap for an EU-wide charging infrastructure, realize pilots for electrifying relevant corridors by 2023 and pursue a visible ramp-up, focusing on charging infrastructure and catenary.
- **Integration of EU Power systems, in particular grids:** Focus is the evolution and digitalization of distribution grids (as backbone of the future power system) to e.g. empower customers, foster cost-effective integration of distributed resources and strengthen public EV charging networks.
- **Digital carbon footprint tracking:** In order to ensure transparency on carbon emissions along the full supply chain of products, we will realize an open, trusted and decentralized platform – establishing pilots, shaping global standardization and collaborating on suitable frameworks.
- **Sustainable healthy buildings for the future of work and living:** Sustainability in buildings requires bringing together a range of different players and solutions, from materials to technologies. The project will present best practices (incl. integrating EV), incentivize aligning own building strategies and contribute bottom-up policy recommendations.
- **E-buses for Europe:** The main goal is to foster electrification of all public transport bus fleets across EU by 2040 through deployment of industrial initiatives in cities, building on a broad set of business models and complementary services.
- **Green hydrogen value chain:** We will jointly push the build-up of a European green hydrogen value chain, to foster commercial and technological availability wherever and whenever needed.
- **Rapid build-up of battery production:** We will support the EU's industrialization of sustainable battery production with activities and collaboration along the value chain.

Further projects are in preparation, e.g. on EU-driven production of advanced biofuels and synfuels at scale, sustainable finance and circular economy.

What we stand for – an ambitious framework for EU climate protection

We fully support the seven **flagship areas of the EU COM** and want to contribute in particular to the following industry-focused flagship areas, i.e. **Power Up** (build-up of renewable power generation and stimulation of electrification across sectors, in particular mobility and transport), **Recharge and Refuel** (in particular charging infrastructure for electric mobility and heavy road transport), **Renovate** (energy efficiency and sustainability in the buildings sector) and **Connect** (The fast rollout of rapid broadband services including fiber and 5G networks), and also related topics such as **green hydrogen** (electrolyzers for H₂ production, infrastructure and deployment of H₂ in heavy industry (“industrial valley”) and for synfuels for aviation and shipping).

Cross-sectoral frameworks that we consider to be particularly crucial are as follows:

- **The EU’s investment frameworks are bold and important steps to incentivize the green transformation, especially of infrastructures and key technologies.** We see great potential in:
 - deploying the EUGD and the NGEU to modernize infrastructures (e.g. power grids) and build additionally required infrastructures (e.g. for charging for mobility and transport);
 - deploying the EUGD and NGEU to create preconditions to increase industrial value creation along the value chains and international competitiveness of key technologies in the EU economy. To this end, we suggest to review the EU’s framework for aid and funding which is currently based mainly on country or region. For the future, we recommend that the EU COM and national governments allocate their aid and funding programs for investments in production facilities for “decarbonization” technologies (e.g. battery manufacturing, green hydrogen production, steel furnaces) based on *local availability of low cost renewable power supply* and on *contribution to job creation*;
 - ensuring that the financial support will pick up where national programs end with a focus on projects with high social and ecological impact (e.g. job creation, GHG emission reduction) and cross-border and/or cross-sector dimensions;
 - increasing the cooperation of the European Investment Bank (EIB) and national development banks in order to provide loans, blended finance and co-financing solutions and other instruments (e.g. capital injections to SPVs) to Corporates and SME with link to sustainability and decarbonization, also in the context the NGEU loans deployment.
- **There are several strong approaches in the EU to both effectively and responsibly phase out carbon-intense technologies,** e.g. coal exit in Germany by 2038, or energy efficiency standards for new buildings. We would recommend to bolster activities charting the course towards climate neutrality by
 - fostering new zero-carbon technologies by market incentivation schemes;
 - removing regulatory barriers for deployment of innovative zero-carbon technologies;
 - accelerating the decarbonization of the building sector by promoting a system efficiency perspective and sector convergence;

- setting end-dates for carbon-intense technologies, e.g. regarding tenders for public transportation, roadmaps for phasing-out coal plants, heating technologies in buildings
- **The EU COM aims to evolve its carbon pricing schemes towards a more ambitious instrument.** We second this aim, and we offer to discuss suitable macroeconomic incentives and instruments for the reduction of CO₂, e.g.
 - gradually reversing today's separation of sectors such as mobility/ transport, energy and building (as today in the EU ETS) to enable cross-sector convergence regarding CO₂ pricing;
 - evolving and expanding the existing EU-wide emission trading scheme (EU ETS) and avoid or phase out a multitude of national models for CO₂ taxation;
 - continuing to pursue a standardized cross-sector CO₂ price in the long run, i.e. via a cross-sector carbon floor price at European level with a clear increasing path;
 - maintaining scarcity of CO₂ allowances to preserve the price signal, e.g. in case of coal phase-out.
- **With the Digitizing Europe Initiative (DEI), the EU COM launched the right strategy to unlock the full potential of the 4th industrial revolution.** We aim to support DEI and the EU COM
 - in accelerating and enabling digital/ smart technologies, e.g. sensors and robotics, Big Data, AI and Industrial IoT with digital platforms for smart cities and smart factories;
 - in building up digital infrastructure, in particular expanding broadband/ 5G network;
 - in strengthening EU-wide data flow (in line with EU privacy and competition standards), across sectors and across countries, in order to contribute to the transformation towards resilience and climate neutrality (carbon footprint tracking, chain of custody in value chains, early warning systems, flexibility of the industries and companies to react to external shocks).
- **The EU is currently finalizing its ambition level for 2030.** We fully support this ambition level and encourage the EU and all its Members States to review and accelerate the National Climate Plans (NCPs) to achieve the new 2030 target (at least -55% vs. 1990 levels), in order to strengthen the NCPs as today's most important instruments and to show the Member States' commitments. We recommend to anchor rapid electrification of all sectors and digitalization in the NCPs, as core enablers with cross-sector perspective.

What we want to achieve - A more resilient, prosperous, sustainable Europe – the opportunity of the 21st century

We firmly believe that **EUGD and NGEU** will put Europe's innovation and business ingenuity to the service of the global climate cause, will kick-start a wave of investments into sustainability and resilience and will create future-proof jobs across the EU. As a first order of magnitude, experts estimate that the transition to climate neutrality by 2050 would require massive **investments of EUR ~1 tn p.a. between now and 2050, summing up to EUR ~30 tn in total.** Nevertheless, experts state that it is manageable with additional EUR 180 bn investments p.a. compared to the average annual capital spending of EUR 800 bn and will create **net gains in employment of ~5 mn jobs.**

We stand committed to **provide valuable, actionable input to the EU institutions and Member States** to achieve our **joint goals in the transition** of energy, transport and industrial sectors.



Björn Rosengren



Thierry Vanlancker



Francesco Starace



Leonhard Birnbaum



Ignacio Galán



MAERSK

Søren Skou



Christian Klein



SCANIA

Henrik Henriksson



Jean-Pascal Tricoire

VOLKSWAGEN

AKTIENGESELLSCHAFT

Herbert Diess