

Europacable contribution to the upcoming EU Clean Industrial Deal: Securing European cable manufacturing for a green transition made in Europe for Europe

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Europacable requests to ensure that European cable manufacturing competitiveness is at the heart of the upcoming EU Clean Industrial Deal:

1. Securing European Industrial Competitiveness: “Cables made in Europe for Europe”

a) EU Grid Action Plan:

- Realistic, longer-term commitments by Member States and network operators for on- and off-shore network development plans and to turn these into industrial plans in terms planning, permitting and execution;
- Regulatory schemes promoting anticipatory investments and a total expenditure (TOTEX) approach, including benefits and the cost of not getting the project built;
- Common approaches to speed up grid deployment, reduce redundancies and increase efficiencies.

b) EU Public Procurement Directives and 2022 Guidelines for Climate, Environment Protection and Energy:

- Development of a “European preference principle” to be applied to tendering and auctions all across Europe;
- Security screening requirements for non-European suppliers for EU grid infrastructure to be considered as a particularly critical infrastructure;
- Harmonised rules for security requirements to all grid technology projects receiving EU funding and for interconnector projects which are cross-border in nature;
- Longer contractual timeframes and framework contracts for utilities, notably removing the existing 8-year time limit.

c) Financial and investment schemes:

- Policy support to unlock investments together with targeted funding to alleviate industry’s financial burden;
- State Aid rules and EU Structural Funds for power cable manufacturing;
- Appropriate investment schemes for network operators to make the energy transition a reality.

d) Carbon Border Adjustment Mechanism (CBAM):

- Inclusion of power cables containing steel and aluminium under CN8544 into the scope of CBAM by the end of the transitional phase;
- Effective anti-circumvention measures to mitigate negative effects on downstream industries;
- Dedicated export support mechanisms like exempting power cable production from CBAM when exporting to non-EU countries which do not have a similar CBAM regime in place.

e) Net-Zero Industry Act (NZIA):

- In line with the NZIA, grid technologies, including extra high voltage and high voltage power cables, should be coherently recognised as a strategic net-zero technology in the future EU Industrial Policy to be promoted under the upcoming Clean Industrial Deal;
- Clear and consistent recognition of cables as essential components of “net-zero technologies”.

2. Promoting Fair Competition: “Vital for a sovereign and resilient Europe”

a) Foreign Subsidies Regulation (FSR):

- Priority focus on net-zero technologies, including wire and cable systems;
- Alignment of FSR thresholds for non-European companies with EU State Aid Rules for European companies;
- Dedicated guidance for EU Members States, TSO and Developers on the implementation of the Regulation, notably regarding public tenders.

b) Foreign Direct Investments (FDI) Screening Regulation:

- Definition of a minimum sectoral scope by explicitly addressing strategic electricity infrastructure and net-zero technologies that mandates screening by all EU Member States;
- Expansion of the scope to cover indirect investments in the EU made by foreign investors;
- Mandatory security screening and approval of non-EU suppliers of power cables, which includes fibres, when these companies are participating in EU tenders;

c) Effective control by the European Commission:

- Commission in its continuous analysis of public tenders to consider robust use of existing trade defence instruments.

d) Fair global competition for the electrical grid and interconnectors:

- Review of the existing global EU instruments with a view to developing a coherent European vision for free and fair trade with grid technology and promote global interconnections and electrification.

3. Fostering Sustainability: “Enablers of the green transition”

a) Public Procurement Directives and 2022 Guidelines for Climate, Environment Protection and Energy:

- Non-price criteria, notably ESG and resilience, to be central in tendering and auctions and to be accounted for at least 30% of the weighting of all the selection criteria;
- Proper application and control.

Underground and subsea power cables are a strategic net-zero technology empowering Europe's decarbonisation. They will be the core backbone technology of Europe's future transmission and distribution grids. Europe's cable manufacturers are global technology leaders delivering cables made in Europe for Europe. Securing their leadership requires fair market conditions, and a regulatory framework allowing them to further invest and create long lasting jobs which are vital for a sovereign, resilient and competitive Europe. This is well echoed in both Mario Draghi's "EU Competitiveness Report" and European Commission President Ursula von der Leyen's political guidelines for 2024-2029. It should be reflected in the upcoming EU Clean Industrial Deal.

Europacable, the voice of Europe's leading wire and cable manufacturers, welcomes this opportunity to share its recommendations and urges the European Commission to place European cable manufacturing competitiveness at the heart of the upcoming EU Clean Industrial Deal.

Boosting value creation in Europe by securing industrial competitiveness of cables as net-zero technologies and empowering a green transition made in Europe for Europe will only be achieved if the following recommendations are accounted for:

1. Securing European Industrial Competitiveness: "Cables made in Europe for Europe"

Europe has all it needs to decarbonise: the European cable industry has the technologies, the experience, the expertise, the people and the capacities to electrify Europe. With over EUR 4BN of investments already under way, Europe's leading manufacturers are responding to the increased demand for land and submarine cables to ensure that Europe's decarbonisation and energy security goals become a reality. These will contribute towards doubling the capacity of high and extra-high voltage cables produced in Europe by 2030.

Additional investments will be needed to fully meet Europe's upcoming demand for transmission and distribution grid buildout and RES connections. For these to materialise, Europacable calls for:

- a) **Demand visibility beyond 2030:** Longer-term demand visibility will allow the European wire and cable industry to secure investments in additional manufacturing capacity. The 2023 **EU Grid Action Plan** represents a significant step forward in this direction. To deliver on it, Europacable urges bold commitment by all relevant actors and strong determination in translating the Action Plan into concrete actions, notably:
 - Realistic, longer-term commitments by Member States and network operators for on- and off-shore network development plans and to turn these into industrial plans in terms planning, permitting and execution;
 - Regulatory schemes promoting anticipatory investments and a total expenditure (TOTEX) approach, including benefits and the cost of not getting the project built;
 - Common approaches to speed up grid deployment, reduce redundancies and increase efficiencies.
- b) **"European preference principle":** Public procurement and tendering processes have a key role to play to secure European manufacturing and allow for TSOs/DSOs flexibility in their investments. In this respect, a targeted **revision of the Public Procurement Directives and 2022 Guidelines for Climate, Environment Protection and Energy** should be pursued to ensure:
 - Development of a "European preference principle" to be applied to tendering and auctions all across Europe;
 - Development of security screening requirements for non-European suppliers for the EU grid infrastructure recognising that it is a particularly critical infrastructure; as well as harmonised rules for security requirements to all grid technology projects receiving EU funding and for interconnector projects which are cross-border in nature;

- Non-price criteria (notably ESG and resilience) to be accounted for at least 30% of the weighting of all the selection criteria in tendering and auctions;
 - Longer contractual timeframes and framework contracts, notably removing the existing 8-year time limit.
- c) Appropriate financial and investment schemes:** it is paramount for Europe and EU Member States to turn their decarbonisation ambitions into clear and effective political and financial commitments via:
- Policy support to unlock investments together with targeted funding to alleviate the financial burden for the industry. In this respect a strengthened and extended European Investment Bank (EIB) counter-guarantee programme, the long-awaited EU Competitiveness Fund and a possible European Electrification Bank should be pivotal in massively supporting European net-zero technology competitiveness and electricity infrastructure projects;
 - In line with the Net-Zero Industry Act (NZIA), grid technologies, including extra high voltage (EHV) and high voltage (HV) power cables, should be coherently recognised as a strategic net-zero technology in the new EU Industrial Policy. Grid technologies should receive state aid up to 30% through EU Member State use of EU Structural Funds or direct State Aid. The European Commission might beyond this approve state aid matching Chinese, US, Indian or other non-European state aid offers;
 - Appropriate investment schemes for network operators to make the energy transition a reality.
- d) A carbon cost level playing field via amending the **Carbon Border Adjustment Mechanism (CBAM)**:** The implementation of CBAM will be a game changer in the European path towards decarbonisation. However, the regime in its current form is counterproductive to European power cable industry as it would penalise production in Europe by imposing a CBAM tax on imported aluminium while exempting import of power cables with a high content of aluminium from outside the EU. Unintentionally, CBAM would therewith favour outsourcing power cable production to non-European low-cost countries. A targeted improvement of this piece of legislation should aim at effectively fighting against carbon leakage while safeguarding European competitiveness of downstream industries, like European wire and cable manufacturers, notably by:
- Including power cables containing steel and aluminium under CN8544 into the scope of CBAM by the end of the transitional phase;
 - Developing and implementing dedicated export support mechanisms as well as effective anti-circumvention measures to mitigate negative effects on downstream industries.
 - Developing and implementing dedicated export support mechanisms, notably by exempting power cable production from CBAM when exporting to non-EU countries, which do not have a similar CBAM regime in place. Otherwise, EU producers would risk to become uncompetitive on non-EU markets to the detriment of European exporters.
- e) A futureproof regulatory framework fit for cables:** A consistent EU policy-making approach is needed, recognising the strategic enabling role of cable technologies, which strengthen and do not undermine the European manufacturing base while ensuring a timely power grids buildout. Fast implementation as well as targeted improvements of existing current EU plans and legislation are paramount to secure and boost European wire and cable competitiveness:
- **Net-Zero Industry Act (NZIA):** The NZIA should become the cornerstone of which technologies to promote in the upcoming EU Clean Industrial Deal as it identifies the key net-zero technologies that are vital to empower a green transition made in Europe for Europe. In view of the upcoming implementing legislation, currently under discussion, we call for clear and consistent recognition of cables as essential components of “net-zero technologies”, not just as specific components of those

projects, but also an essential link to connect them to the grid infrastructure at both transmission and distribution level.

2. Promoting Fair Competition: “Vital for a sovereign and resilient Europe”

The unilateral openness of the European Market for the upcoming, significant power grid deployment makes it vulnerable to unfair and dumping practices. Numerous examples can already be witnessed in Europe’s current grid buildout, notably regarding the supply of onshore and offshore energy cables: the effects of unfair imports from subsidised companies located in Far East Asia have the potential of jeopardising European manufacturing. Swift and decisive action is all the more necessary considering that the award of a particular tender shapes, and potentially excludes European producers, from the relevant market for years.

To secure European grid technology leadership and to prevent possible European dependence on foreign technology supplies, Europacable calls for urgent and bold actions, notably via:

- a) Foreign Subsidies Regulation (FSR):** With European grid tendering being open to manufacturers from across the globe, the Commission is encouraged to pursue a robust usage of the new trade defense instruments. It needs to be ensured that all applicants enter tendering under equal prerequisites. Awarding public tenders to subsidised, non-European companies not only unduly undermines the European manufacturing basis, but also allows companies not fiscally based in Europe to benefit from European public financing. The FSR has a key role to play, provided that there is:
 - Priority focus on net-zero technologies, including wire and cable systems;
 - Alignment of FSR thresholds for non-European companies with EU State Aid Rules for European companies to ensure fair and equal playground for manufacturers operating in the EU market. This is key as the FSR should mirror the rules for EU companies in the internal market. As a consequence, a coherent approach by the use of equal thresholds should be pursued. FSR’s threshold of €250M should be reduced to the same as the threshold for Members States permission to provide state aid without having to notify the EU Commission, that is €15M;
 - Dedicated guidance for EU Members States, TSO and Developers on the implementation of the Regulation, notably regarding public tenders.
- b) Foreign Direct Investments (FDI) Screening Regulation:** The revised FDI screening mechanism should serve as a key tool to support both the strengthening and expansion of net-zero technologies manufacturing, including cable technologies and critical supply chains. Europacable welcomes the new provisions presented by the European Commission in their proposal and calls for:
 - Definition of a minimum sectoral scope by explicitly addressing strategic electricity infrastructure and net-zero technologies that mandates security screening by all EU Member States;
 - Expansion of the scope of the Regulation to cover indirect investments in the EU made by foreign investors.
- c) Effective control by the European Commission:** We encourage the European Commission that their continuous analysis of public tenders may lead to consideration of a robust use of existing trade defence instruments including Anti-Dumping and Anti-Subsidy as well as other European trade defensive instruments including the International Procurement Initiative.
- d) Fair global competition for the electrical grid and interconnectors also** entails creating a coherent European vision for free and fair global interconnectedness and electrification that can counterbalance States which seek to influence and control the global electrification and interconnection based on state aid and increasing indebtedness while promoting their own rules and norms. The EU Commission is encouraged to review the

various existing EU instruments such as Global Gateway, Projects of Common Interests linking the EU to its Neighbors, Global Europe and Pre-Accession instruments with a view to promoting global interconnectors and electrification that promote norms and rules based on the existing free and fair cooperation.

3. Fostering Sustainability: “Enablers of the green transition”

European cable manufacturers are actively pushing high environmental, social and governance (ESG) performances both within their companies in the way they operate and interact with the social environment as well as in their production and use. Doing so comes with significant investments in research and innovation in products and processes as well as in engagement with stakeholders and communities which should be properly rewarded. Sustainability should then become a clear competition differentiator.

To ensure the future competitiveness of sustainable European production, these factors need to be valued and accounted for, including in tendering. Europacable urges that:

a) Non-price criteria are properly included and weighted in procurement and auctions all across Europe: the upcoming revision of the **Public Procurement Directives** together with a suggested update of **2022 State Aid Guidelines for Climate, Environment Protection and Energy** should serve this purpose:

- ESG criteria as well as resilience should form the bulk of non-price criteria in procurement and auctions;
- Non-price criteria should account for at least 30% of the weighting of all the selection criteria;
- Ensure proper application and control.

Europacable remains committed to work together with the European Commission, EU co-legislators and relevant actors to contribute to the development of an EU Clean Industrial Deal that puts European net-zero technology industries at the heart of Europe’s decarbonisation.

About Europacable

Europacable is the voice of Europe’s leading wire and cable producers. High-quality, sustainable power and telecommunication cables, produced by our members in Europe, empower the electrification and digitalisation of our societies. Founded in 1991, Europacable represents the largest cable makers in the world providing global technology leadership, as well as highly specialized small- and medium sized businesses from across Europe.

With our future being ever more electrified and digitalised, cable technology will be the core backbone of Europe’s energy and telecommunication infrastructures. Sustainable, low-carbon manufacturing and high-performance cables are essential to achieve Europe’s climate neutrality objectives by 2050. Europacable is committed to the principles of free enterprise and fair trade. Our members employ over 80.000 people of which more than 50% in Europe, generating a worldwide turnover over € 70 billion in 2023. Europacable is a member of EuroFSA, FEEDS, Orgalim, RGI, WindEurope and a partner of CENELEC and EUEW. Europacable is listed in the European Commission’s Transparency Register under 453103789-92. www.europacable.eu