

Europacable recommendations to upcoming European Grids Package: Securing European cable manufacturing to empower the Green Transition made in Europe for Europe

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Underground and subsea power cables are critical net-zero technology empowering Europe's decarbonisation. They will be the core backbone technology of Europe's future transmission and distribution grids that – at a time in which they are increasingly subject to intentional damage – are more than ever essential for Europe to preserve its social and economic stability and prosperity. Europe's cable systems 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 Mario Draghi's "EU Competitiveness Report", European Commission President Ursula von der Leyen's political guidelines for 2024-2029 as well as the EU Clean Industrial Deal and the EU Cable Security Action Plan. It should also be reflected in the upcoming European Grids Package.

Europacable, the voice of Europe's cable systems 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 European Grids Package.

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

- 1. Securing European Industrial Competitiveness: "Cables made in Europe for Europe"**
- 2. Protecting EU critical infrastructure: "Security and Resilience of subsea cable systems"**
- 3. Promoting Fair Competition: "Vital for a sovereign Europe"**

Please find our recommendations developed in further detail here below.

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 currently under way, Europe's leading manufacturers are responding to the increased demand for land and subsea cables to ensure that Europe's decarbonisation and energy security goals become a reality. These will contribute to more than 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 cable systems industry to secure investments in additional manufacturing capacity. The 2023 **EU Grid Action Plan** represents a significant step forward in this direction. Europacable urges bold commitment by all relevant actors and strong determination in

translating the Action Plan into concrete actions and calls on the European Commission to take further action in the upcoming European Grids Package, notably on:

- 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 of planning, permitting and execution;
- Regulatory schemes promoting anticipatory investments and a total expenditure (TOTEX) approach, including benefits and the economic and environmental cost of not getting the project built;
- Common approaches to speed up grid deployment, reduce redundancies and increase efficiencies as per the current work of ENTSO-E, EU DSO Entity, T&D Europe and Europacable within the framework of the Action 13.

b) “European preference principle” in revised EU Public Procurement Directives: Public procurement has a key role to play in supporting strategically important sectors and reinforce EU’s key competitiveness in leading net-zero technologies, such grid equipment manufacturing. The development of a dedicated “European preference principle” for particularly critical electricity infrastructure would concretely serve the purpose of both ensuring European competitiveness in supplying sustainable cable systems and promoting strategic autonomy in the European manufacturing of this critical technology. To do that, public procurement should integrate mandatory sustainability as well as resilience and security requirements to actively contribute to securing European technology leadership and enhancing the resilience and sovereignty of Europe’s electricity networks. In this respect **Europacable calls on the European Commission to develop and implement a “European preference principle” for particularly critical electricity infrastructure within the framework of the upcoming revision of the EU Public Procurement Directives.** This should be applied to tendering and auctions all across Europe and include the following recommendations:

- Mandatory non-price criteria should account for at least 30% of the weighting of all the selection criteria and include:
 - Environmental, Social and Governance (ESG) criteria;
 - Resilience criteria;
 - Security screening requirements, including cybersecurity, for non-European suppliers of EU’s particularly critical grid infrastructure and in accordance with the Critical Entities Resilience (CER) and the Network and Information Security (NIS2) Directives;
- Authorities should ensure proper verification, uniform application and control of mandatory non-price criteria in public procurement.

Furthermore, the new European public procurement legislative framework should provide:

- Harmonised rules for security requirements to all grid technology projects receiving EU funding, including EU grants and EIB loans/credits and for interconnector projects which are cross-border in nature
- Longer contractual timeframes and framework contracts, notably by 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. We welcome the EUR 1.5 BN proposal for an EIB counter-guarantee scheme for European cable manufacturers. However, to ensure a long-lasting support to European cable system manufacturers, Europacable calls for the European Commission and the EIB to consider a higher plafond to be allocated to the upcoming “Grids manufacturing package”. In parallel, we call for a significantly increased financial envelope to be devoted to electricity infrastructure projects via the Connecting Europe Facility for Energy (CEF-E);
 - A combination of private and public financing, including EU funding and direct State Aid up to 30% should be made available to support grid technologies. This would recognise the central and strategic role grid technologies, including power cable systems, have in the European agenda;
 - Appropriate investment schemes for network operators to make the energy transition a reality.
- d) A level playing field for carbon cost via extending 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 carbon tax on imported aluminium and steel while exempting import of power cables with a high content of aluminium or steel from outside the EU. Unintentionally, CBAM would therewith favour outsourcing power cable production to non-European 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 cable systems manufacturers, notably by:
- Including power cables containing steel and aluminium under CN8544 into the scope of CBAM by the end of the transitional phase;
 - Implementing effective market surveillance to prevent mechanism circumvention, leading to carbon leakage and loss of competitiveness;
 - Developing and implementing dedicated export support mechanisms, notably by exempting power cable production from CBAM when exporting to non-EU countries.
- 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)**: Europacable welcomes the inclusion of “electricity grid technologies, including power cables for transmission and distribution” in the NZIA as well as the clear recognition of “power cable systems” as well as “power cables connecting net-zero technologies to grids” in the implementing legislation adopted in May 2025. However, ensure a futureproof regulatory framework for cables, we call on the European Commission for clear and consistent recognition of cables as essential components of “net-zero technologies” other than “electricity grid technologies”.

2. Protecting EU critical infrastructure: “Security and Resilience of subsea cable systems”

Recent intentional damages to power networks have shown that the protection of critical electricity infrastructure together with its resilience are vital for Europe to promote its

strategic autonomy and boost its economic security. Given the critical nature of Europe's electricity grids and components, both the European Commission and Member States should avoid dependence on non-trusted third country players by preventing them from supplying critical grid equipment for strategic electricity infrastructure. This will be key for Europe to preserve its strategic autonomy in the European supply of grid technology equipment which is a pre-requisite for a secure and resilient EU power infrastructure.

To achieve that, Europacable calls for an effective protection of EU critical electricity infrastructure, notably through:

a) EU Cable Security Action Plan: Europacable welcomes the European Commission's Action Plan. It sets out the right priorities, both short and mid-to long term, to enhance monitoring, prevention and repair capacities. The European cable industry is ready to support: technologies and market solutions are available to minimise possible threats, detect incidents as well as respond to them and rapidly repair damaged cable infrastructure. In particular:

- Protection and monitoring can be enhanced through cable design, installation and burial techniques, as well as sensing and monitoring systems to be included in the cable;
- Maintenance and repairs capacities can be enhanced through deploying and increasing existing service level agreements that encompass both preventive and corrective maintenance to guarantee optimal response times to bring the asset back to operation.

With this in mind, Europacable urges the EU and member states to empower asset owners to be able to make full use of already available technical and market solutions that encompass monitoring, preventive and corrective maintenance technologies and services. To do so, Europacable recommends the following steps:

- Operators should define the specific security needs and associated level of performance they consider relevant for their specific assets. The European industry will then meet these requests by proposing technologies and market solutions;
- Where possible, regional harmonisation of performance needs on top of existing performance service level agreements should be considered; and
- OPEX compensation and/or incentive schemes at national level via national regulators should be foreseen to compensate Operator's expenditures supported by EU level where possible to enhance the level of performance available on the market.

b) Foreign Direct Investments (FDI) Screening Regulation: The revised FDI screening mechanism should serve as a key tool to promote both the strengthening and expansion of European net-zero technologies manufacturing, including cable technologies and critical supply chains which are vital for ensuring the resilience and security of Europe's electricity networks. Europacable 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;
- Extension of the scope of the Regulation to cover indirect investments in the EU made by foreign investors;
- Mandatory security screening and approval of non-trusted third country players of power grids;
- Review of the Regulation within a reasonable period by taking into consideration the dynamic geopolitical environment and the technology advancements that might impose adaptations to the definition of "critical technologies".

- c) Coherence within EU legislation:** EU Public Procurement rules should go hand in hand with stricter scrutiny on foreign investments in particularly critical grid electricity infrastructure and net-zero technologies, including cable manufacturing under the revised FDI Screening Regulation. Furthermore, complementarity and consistency with the legislative frameworks of CER and NIS2 Directives should also be envisaged by highlighting that critical infrastructure must maintain high resilience against both natural and man-made risks including foreign interference.

3. Promoting Fair Competition: “Vital for a sovereign Europe”

The unilateral openness of the European Market for the upcoming, significant power grid deployment makes it vulnerable to unfair and dumping practices. The European optical fibre cable industry has already suffered from such practices. With the aim of restoring a level playing field in the European market, the European Commission imposed anti-dumping duties on imports of optical fibre cables from China and India respectively in 2021 and 2023. While being effective in reducing dumping activities as of the date of their imposition, the “ex-post” nature of anti-dumping measures had limited impact to safeguard the competitiveness of European manufacturers which had already been compromised. A similar situation should be avoided for the European power cable industry. 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 needed to restrict access of non-trusted third country players as the awarding of each and every tender contributes to shaping that relevant market for years and might set a precedent against the European industry.

To secure European grid technology leadership and to prevent possible European dependence on non-trusted third country 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 European Commission is encouraged to pursue a robust use of its new trade defence instrument. It needs to be ensured that all applicants enter tendering under equal prerequisites. Awarding public tenders to subsidised, non-trusted third country players 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 with State Aid rules: Europacable suggests reducing the threshold for the size of contracts in public tenders from €250 million for tenders and €125 million for individual lots down to €15 million, which is more equivalent and comparable to the applicable ceilings, for the exemption of member states from the notification procedure to the European Commission to grant state aid for European companies. A lower threshold is more appropriate and would be more likely to ensure a level playing field between European and non-European state aid;
 - More efficient and effective implementation: The upcoming “Guidelines on the FSR implementation” should be more efficient and effective in ensuring a level-playing field for the European cable systems industry as well as allow for the assessment of foreign subsidies to be carried out in its widest sense to capture their application all though the supply chain.
- b) Effective control by the European Commission:** The European cable industry encourages the European Commission not to limit its assessment to public tenders but to go beyond that by adopting a broader approach, including e.g. private tenders. Furthermore, the European Commission should make full use of the legislative tools at its disposal. These might include the FSR, as well as considering robust use of existing trade

defence instruments, including Anti-Dumping and Anti-Subsidy measures as well as the International Procurement Initiative.

- c) Fair global competition for electricity grids and interconnectors** also entails creating a coherent European vision for free and fair global interconnection and electrification that can counterbalance States which seek to influence and control global electrification and interconnection via state aid measures and increasing indebtedness while promoting their own rules. The EU Commission is encouraged to review the various existing EU instruments such as the EU Global Gateway, Projects of Common Interests linking the EU to its Neighbours, Global Europe and Pre-Accession instruments with a view to promoting electrification and global interconnectors based on rules that reflect existing free and fair cooperation.

Europacable remains committed to work together with the European Commission, EU co-legislators and relevant actors to contribute to the development of a European Grids Package that puts European cable systems industry at the heart of Europe's decarbonisation and strategic autonomy.

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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 2024. 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