

Press release

Industrial Plan pinpoints an EU trend for deindustrialisation, now it needs to choose what kind of industry it wants for its green future

Brussels, 16 March 2023

A legislative package proposed today by the European Commission has been presented as a way to avoid an exodus of EU industries. While it falls short on measures aiming to reduce the industry's dependence on fossils, it sends some positive signs to manufacturers turning towards a circular bioeconomy model.

A main element of the package, the Net Zero Industry Act, looks at boosting cutting-edge energy efficiency and renewable energy technology supply capacity in Europe and focuses on this specific manufacturing sector. It could go further in similarly **supporting take-up of these technologies within the larger group of energy-intensive industries**. It is lacking crucial provisions regarding permitting for installing renewable energy technology, and would not address the need for industry to rapidly deploy solar or wind energy on-site. In the paper industry alone [an important potential has been identified](#).

Still, the Net Zero Industry Act is a welcome development, as access to affordable renewable energy will reduce Europe's dependence on fossil fuels and in turn help the industry in meeting the ambitions of the EU Green Deal. But many projections show that such a transition will require more energy than is available today, while current energy prices have been putting Europe at a competitive disadvantage globally. **The danger is that the Green Deal will only exacerbate the situation and make higher energy costs structural for Europe**. The electricity market reform, also part of the legislative wave unveiled earlier this week, should strive to ensure that industry has reliable and affordable access to fossil-free energy.

Other proposals, including the Critical Raw Materials Act, show encouraging signs for industrial actors of the forest-based bioeconomy. A sector that already represents 20% of EU manufacturing companies and where Europe leads on technology and innovation at a global level. Today's proposals formally introduce in legislation the concept of 'material substitution' in the EU Commission's thinking on materials and strategic autonomy. **It could go further in actively supporting the transition to a circular bioeconomy, which has been identified by the Commission as key to Europe's long-term competitiveness.**

The EU Commission now sees renewable bio-based substitution materials as strategic, while finite, extractive resources deplete. The introduction of a category of strategic raw materials is welcome, as it makes the Act more dynamic and forward-looking compared to a proposal only focusing on critical raw materials. These **bio-based substitutes are already available at industrial scale and can be further scaled up**. Biotechnology as a whole is now expected to be part of European Sovereignty fund, which exact details will be unveiled in the summer.

Around 90% of wood used by Europe's pulp and paper industry originates from EU forests, warranting a level of security of supply and making it one of its most important renewable material resources. A **systematic impact assessment of EU policies on future wood supply for the European industry** should be part of Europe's new approach to industrial competitiveness, if it truly wants to foster an industry and an economy that is strategically autonomous from fossil resources.

Quotes by Jori Ringman, Director General Cepi, Confederation of European Paper Industries

"Preserving Europe's critical edge in bioeconomy is rightly recognised as a priority. Our sector should be able to securely source competitively-priced fossil-free and to invest in a variety of related technologies."

"Manufacturing is experiencing a very difficult moment. Regulatory pressures should not be a reason for the EU to lose the 'made in Europe' bio-based industries it aims to foster."

Notes to editor:

For press inquiries to Cepi, please contact Piotr Pogorzelski, Media Relations Manager, at

E: p.popogorzelski@cepi.org

T: +32.4.95.12.67.88

For more information on Industry commitments, please consult

[Cepi's Sustainable Product Pledge](#),

[Cepi's Pledge to support the 3 billion trees initiative](#).

[The 4evergreen cross-industry alliance](#).

For our 2022 industry statistics, please refer to

[Cepi Preliminary Statistics 2022](#)

About Cepi:

Cepi is the European association representing the paper industry. We offer a wide range of renewable and recyclable wood-based fibre solutions to EU citizens: from packaging to textile, hygiene and tissue products, printing and graphic papers as well as speciality papers, but also bio-chemicals for food and pharmaceuticals, bio-composites and bioenergy. We are a responsible industry: 85% of our raw materials are sourced in Europe and certified as sustainable, 92% of the water we use is returned in good condition to the environment. We are the world champion in recycling at the rate of 71.4%. At the forefront of the decarbonisation and industrial transformation of our economy, we embrace digitalisation and bring 21 billion value addition to the European economy and €4.5 billion investments annually. Through its 18 national associations, Cepi gathers 490 companies operating 885 mills across Europe and directly employing more than 179,000 people.

More information about our sustainability performance [here](#).