



Ministerie van Economische Zaken
en Klimaat



Green Industry Policy

David Pappie

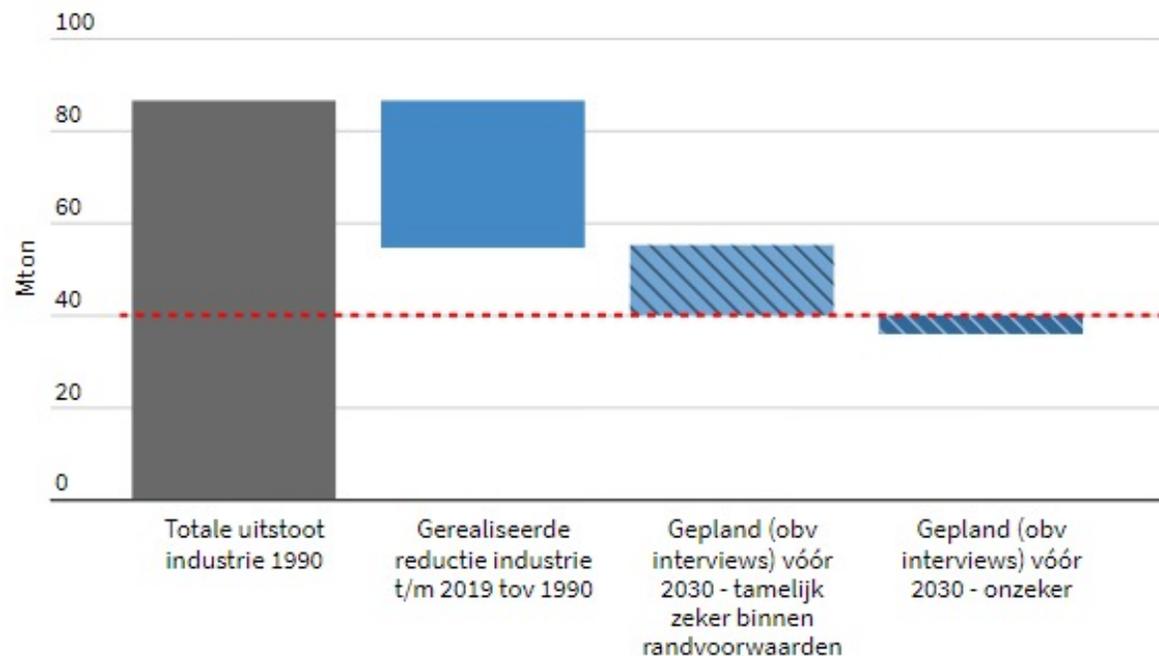
Director Topsectors and Industry Policy

SIL-event 16 februari 2022



Industry is already moving forward

- Plans for 19,4 Mton scope 1
- And 8 Mton scope 3
- Bottlenecks: permits, infrastructure, subsidies, regulation (national and EU)



Projectenpijplijn voor emissiereductie van geïnterviewde industriebedrijven (scope 1; Mton CO₂-eq.), 2020

www.dashboardklimaatbeleid.nl



Main message Vision 2050:

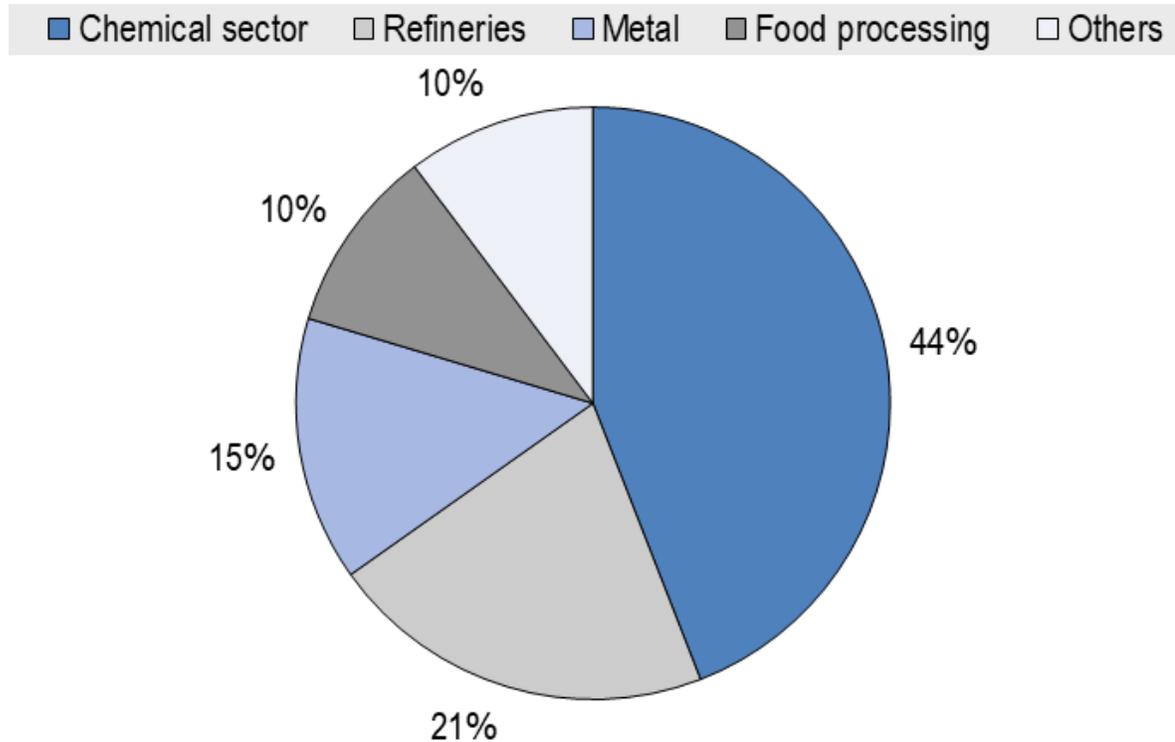
Invest green here, not grey elsewhere

Vision Sustainable Industry 2050

- › Industry sector provides jobs, value added, R&D and productivity growth. Demand for industrial products not likely to decrease.
- › NL is fully committed to Paris climate goals and EU Green Deal
- › NL is well equipped to remain excellent investment location for heavy industry, but...
- › Industry must become climate neutral. Investment needed!
- › Actions government: Infrastructure, Innovation, Scaling-up, Legislation



Industry emissions concentrated in four sectors



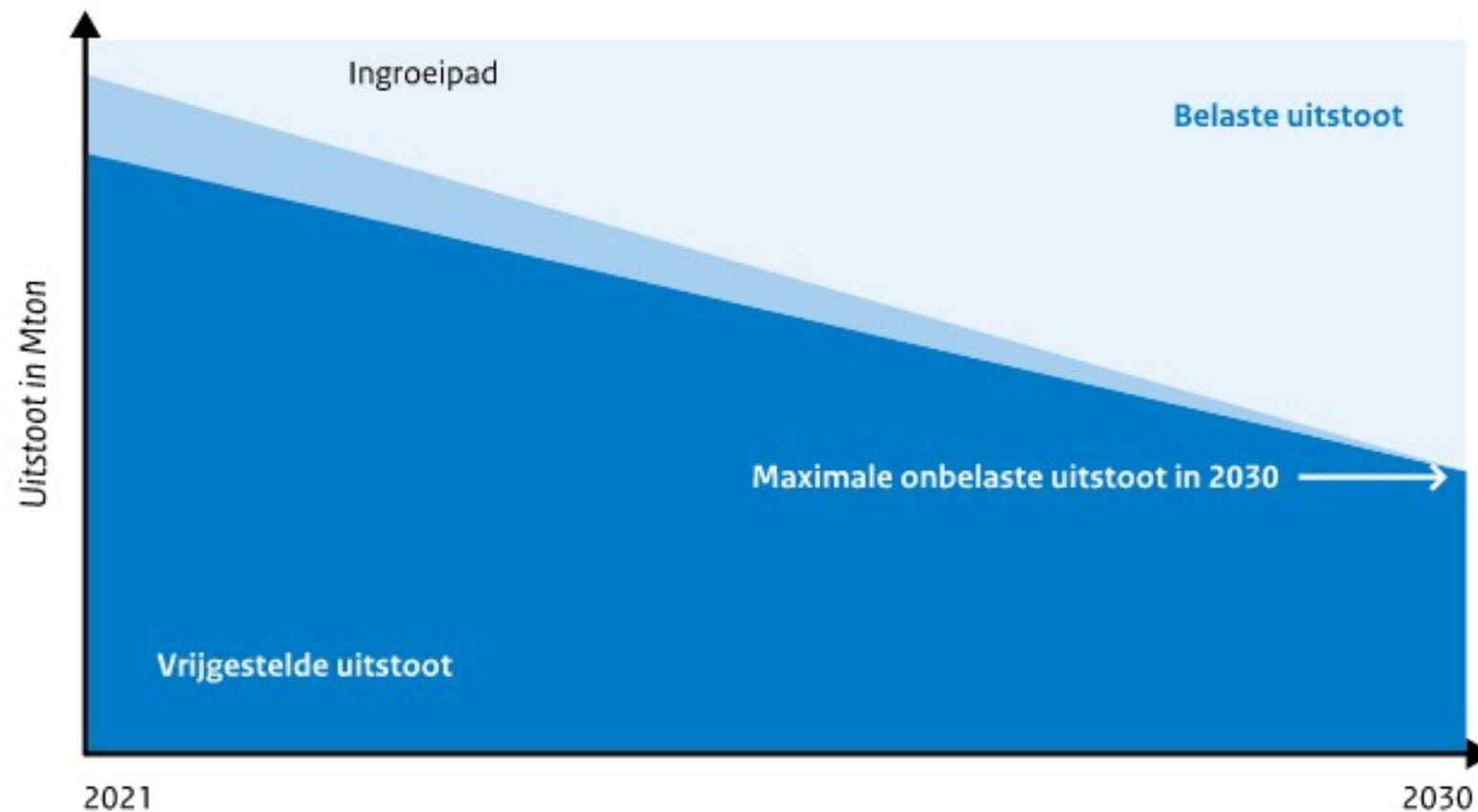
OECD study (2021)

- > Four sectors account for 90% of industry's direct (scope 1) GHG emissions in 2018
- > Also significant share of industry's scope 2 emissions: 72% of the electricity use of the manufacturing sector
- > In 2050, all technologies are needed, including CCS



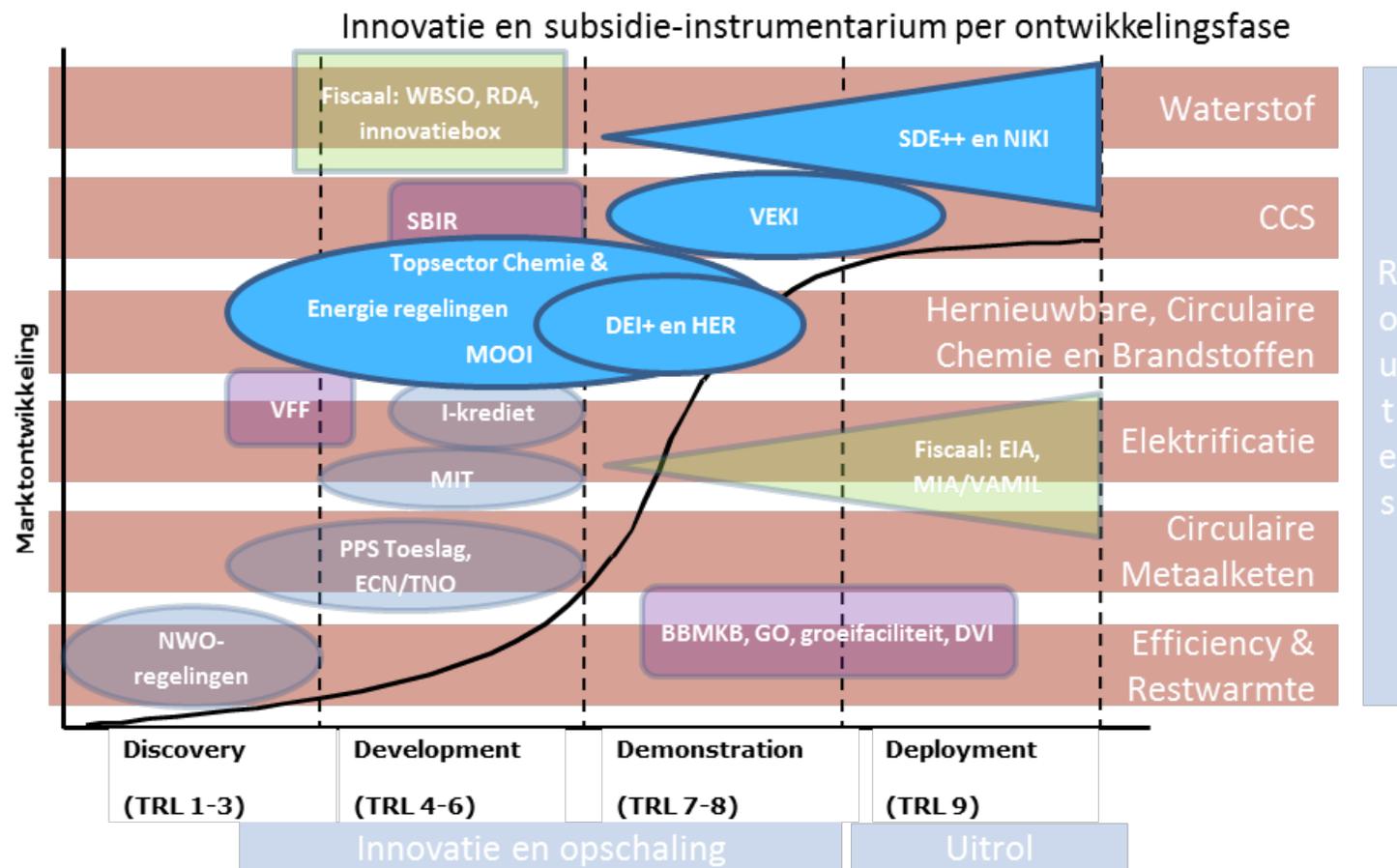
Policies in place (1): sticks

- > National CO2-levy
- > Energy tax on fossil inputs





Policies in place (2): carrots





Goals for sustainable industry policy

- › Additional reduction of greenhouse gas emissions
- › Security critical feedstocks and materials (EU) by means of circular value chains
- › New sustainable business opportunities Dutch industry



International cooperation for sustainable industry

- > NL is a small country; cannot excel on all technological frontiers
- > EU is central in strategies for climate, circular economy, strategic autonomy and industrial policy
- > NL should aim to benefit from EU (innovation) subsidies and recent proposals for IPCEIs
- > EU legislation (FF55%) provides a level playing field within a large market
- > NL can also choose bi/trilateral partnerships for specific technological development, or because existing networks (i.e. ARRRRA) provide opportunities and synergies for the climate/energy transition



New national policies on the drawing board:

- > Customized approach (maatwerkaanpak)
 - 10-20 largest emitters
 - Facilitation infrastructure, permits and regulation
 - Financial support as last resort, generic if possible (NIKI)
- > Target(s) for Circular Economy
 - Link between climate and circular is scope 3 reduction
- > SME's
 - Already benefit from generic policies (60-80%), more needed?
- > Challenge to link 'maatwerkaanpak' and CE policy to (inter)national growth opportunities
 - New business activities in new value chains
 - Solutions for climate and CE, security of materials and feedstocks



Dilemma's for government: discussion topics

1. Picking / backing winners or not?
 - Can we achieve SDGs without an entrepreneurial state (Mazzucato)?
 - (wo)man on the moon projects and/or solving 'ghetto problems'?
2. If you do, do you back technologies, new firms or assets in strategic value chains?
 - A technological approach (focussing on a limited portfolio based on backcasting and

foresight analysis) could provide guidance for coherent decisions regarding infrastructure, regulation, subsidies, taxation, etc. But, wasn't this the role of private actors?

3. How to deal with 'losers'?
 - "you don't need the ability to pick winners, you need the ability to let losers go" (Dani Rodrik)
 - Active policy of divestment to free up resources? (human capital, land, nitrogen permits)