

## Joint Statement following the High-Level Industrial Meeting of the European Battery Alliance on the impact of the Inflation Reduction Act on the European battery ecosystem, 8 December 2022

The European Battery Alliance (EBA) held, via video conference, a High-Level Industrial Meeting to discuss with European Commission Vice-President Šefčovič how to best address the impact of the Inflation Reduction Act on the European battery ecosystem. Industrial stakeholders along the entire battery value chain were present.

### State of play for the European Battery industry

- The **growth of the European battery industry is currently at risk**, due to geopolitical developments and unbroken dependencies from Asia, accentuating supply chain shortages. Combined with rising electricity costs in the EU, affecting OPEX, as well as emerging distortions to the transatlantic level playing field in the face of the US Inflation Reduction Act (IRA) and similar support schemes in Canada, Japan and South Korea, we see investments in the EU either stalled or refocused elsewhere.
- **Investments across the EU battery value chain are being delayed** also due to uncertainties around EU and/or national financial support, so far unable to match attractive CAPEX and OPEX incentives deployed by the USA *inter alia* via the IRA.
- **The EU and national framework for industrial permitting lacks speed and clarity**, compared with that of other global economies, such as the USA, contributing to additional risks and delays in investment and project execution.
- **The upcoming weeks will be decisive for decision makers to act and prevent the outflow of investment from Europe.**
- **An emergency package of measures** is urgently needed at EU, Member States and local levels **to accelerate and de-risk investments, speed up industrial projects, and level the global playing field.**
- **The EBA has contributed by identifying a shortlist of strategic projects** across the value chain for which emergency and temporary support measures would be needed to unlock investments and accelerate project execution. It estimates that this could lead to over 100bn EUR of CAPEX investments in 2023-2024<sup>1</sup>, bridging gaps in the EU value chain and strengthening the EU's industrial base.

### Proposal for an emergency package of EU measures to unlock over 100 bn EUR of investments and accelerate project delivery in 2023-2024

1. **Emergency financial incentives to accelerate investments in the EU**
  - **Accelerate, reprioritize, and reallocate the deployment of existing EU funds**, including from NextGenerationEU, its Recovery and Resilience Facility and RepowerEU for strategic projects and capacity scale-ups in the battery value chain, from raw materials to recycling.
  - **Announce the battery value chain as a priority for the new EU Sovereignty fund.** The fund should be operational in H1 2023 with the objective of providing non-dilutive and dilutive finance for strategic projects, including raw materials.
  - **Approve an extension of the battery IPCEIs in Q1 2023, and reduce the complexity in the IPCEI funding process** to improve EU competitiveness through scale.

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<sup>1</sup> Assessment of EBA250 in view of the current status of the value chain

14 December 2022

- **Decide temporary rules for State Aid**, allowing Member States to provide financial aid to strategic industrial projects, notably in the form of CAPEX and OPEX support (including relatively to the cost of energy).
- 2. Emergency measures to shorten and ease industrial permitting for raw materials, materials and industrial projects**
- **Adopt emergency and temporary measures for industrial permitting**: a short-term acceleration for strategic projects within the current regulatory framework to help reinstate, secure and quickly bolster the EU supply chains across the entire battery value chain<sup>2</sup>. This regulation shall allow fast-tracking, time-line abbreviations and streamlining of permitting procedures.
  - **Provide exceptional financial and administrative support to national and local permitting authorities** to create regular transparency among member states, reduce bottlenecks and accelerate execution of permitting procedures (and link financial support to faster/simplified permitting).
- 3. Additional actions to boost the global leadership and long-term competitiveness of the EU battery value chain**
- **Strengthen the up- and midstream sectors of the battery value chain**
    - Leverage financing instruments from the EU and the EIB to catalyse private investments
    - Install a mechanism against materials leakage, notably of used batteries for recycling and black mass, from the EU.
  - **Ensure just competition to support the growth of the EU battery eco system**:
    - Create a level playing field where battery manufacturers producing in Europe compete on equal terms, independent of higher subsidies or lower sustainability standards in Asia and the US.
    - Introduce high demands on local production and sustainability in a distinct 'Buy European Act'.
    - In light of the US IRA, review relevant EU trade measures, including duties for EV components and EVs, from third countries with different regulatory requirements and incentive schemes.
  - **Obtain equal treatment in the US for EU companies in the battery value chain**,
    - In particular, expand the definitions of "final assembly" and "free trade agreement" in US IRA to give equal treatment to the EU with respect to the Clean Vehicle Tax Credit.
    - Elaborate ways to combine European measures with the IRA and to strengthen the collaboration with the US government.
  - **Set up an Energy Task Force with the objective to bring energy costs across EU to a competitive level in the next 24 months** (building on current European efforts, convening EU and national regulators, utilities and key industrial energy users).

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<sup>2</sup> Similar to: COM(2022) 591 final. 2022/0367 (NLE). Proposal for a COUNCIL REGULATION laying down a framework to accelerate the deployment of renewable energy