

Flash report meeting BDI – Commissioner Sinkevičius, 6 July 2022 from 15h00 to 15h45 on Webex

Present: Dr *Siegfried Russwurm*, president of the Federation of German Industries (BDI), [REDACTED]
[REDACTED] (BDI), [REDACTED] (DG ENV)

Dr Russwurm started by saying the vast majority of BDI's member companies are fully behind the Green Deal targets, and agree that we must have a common EU approach to have an effect globally, and that we need to protect the environment and "mother earth". BDI's members have no doubts on the importance of the main targets. On the other hand, there is a need to keep the strongest bargaining power that Europe has, also in global politics, and that is economic strength. To keep that strength he asks for "a diligent approach" and to remember the needs of companies. There is a concern that the Commission wants to go too far, too fast.

The Commissioner appreciated the support and understood the concerns and said that we need to find ways to make the transition fair to everyone.

In particular, BDI's members wonder "how many additional permits" they will have to deal with in the near future. Germany is investing in green infrastructure, decarbonisation and green energy but this is also required at plant level. Some of the Commission proposals give rise to concern to BDI that the requirements are "not in proportion with reality".

The Commissioner replied that stakeholder opinions matter and that his team is ready to cooperate if BDI would give further clarifications – we are open to such dialogue.

Mr. [REDACTED] made 3 points.

1. IED: BDI finds themselves in the rare position of rejecting the proposals and asking for them to be withdrawn. They consider that the proposals go too wide regarding deepening existing provisions, and extending the scope. BDI agrees that a transition is necessary, but that things are going too rapidly (he in fact refers to overall "Fit for 55" proposals by 2030 here, i.e., including buildings legislation) not solely with an emphasis on large industry and the IED.

What the Commission considers as strengthening the IED and the application of BAT, BDI thinks may actually slow down the whole permitting process.

2. SPI (now the *ESPR – Ecodesign for Sustainable Products – proposal*): this could be a great tool. One concern is that circular economy efforts have often been too waste-oriented in the past, rather than design-oriented. The new proposal builds on the Eco-design directive – but the concern is that companies will have to invest a lot to ensure compliance. The future requirements under ESPR must be product-specific, and look holistically at the products. E.g. we cannot allow environmental rules to result in decreased product performance. BDI would like to play a strong role in the process. BDI has established a Circular Economy grouping.

3. REACH: BDI is concerned that from a risk-based approach the Commission is moving too far to a hazard-based approach. The toxic-free environment and zero risk approach are not realistic.

The Commissioner replied on IED and BATs that his services are always willing to see how implementation can be improved but this should not give rise to loopholes. BDI should consider that it will be 4-5 years before the IED provisions truly enter into force, practically, and hence there is more time for adaptation, and indeed fine-tuning. However, the Commission has stated very clearly to Member States that they need to prepare adequate capacity to implement the Green Deal, i.e., resources and expertise.

Corporate level and plant-level controls will work together coherently. The Commission will take into account the dynamics of the situation overall, and sectors, but it must be remembered that depollution and decarbonisation go hand-in-hand.

The Commissioner stated that the new IED proposals do not regulate GHG. ETS remains the main instrument to do so. The deletion of Art. 9(2) of the IED creates a high-ambition level playing field across the EU, in which energy efficiency provisions and audits play a key role, also in implementing the recently recast Energy Efficiency Directive in doing so.

BAT provisions really drive progress, with the added advantage that the details of compliance are left to companies and Competent Authorities in Member States, unlocking the advantages. With regard to implementation, we can see how this might be better achieved, also with the co-legislators, but with these caveats: we cannot have any loopholes that would allow industry not to comply, and we must drive the process forwards.

Dr Russwurm insisted that incremental progress would be better, rather than being asked to implement more energy efficiency and more ambitious BATs at the same time.

On SPI, the Commissioner said that there is a different understanding in industry of eco-design than there was some five years ago, and that there is a lot of interaction with industry, and this is crucial to the process. He said impact assessments will play key roles in the preparatory process. BDI offered interaction with their committees regarding input to the SPI process.

The Commissioner confirmed that we will start working by product groups as from 2023.

On REACH the Commissioner said that science is informing us that in some cases we need to move to a more hazard-based approach.

It was agreed to keep contact over the coming months.