Sustainability Reporting and the Erosion of EU Competitiveness: A Path Toward Industrial Renewal

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Abstract

The EU is the world's spear point when it comes to sustainability goals and regulations. While these initiatives aim to promote transparency and accountability, the broader sustainability agenda, encompassing new regulations, permitting processes, and ambitious green targets, interacts with the baseline costs of European industries, potentially affecting their global competitiveness. This thesis examines how and where the EU's well-intentioned sustainability ambitions might create burdens for European businesses and explores what the EU must do to reignite European industry.

The urgency of this question is heightened by today's shifting global landscape. As the EU begins to prioritize defense and strategic autonomy, it raises a crucial question: how long will sustainability remain the top priority? Meanwhile, rising tensions with the U.S. and the ongoing trade war are pushing Europe to reconsider its alliances. The possibility of closer ties with China or even a reassessment of energy relations with Russia highlights the difficult choices ahead.

Key sectors like steel are at the heart of this discussion. Steel is essential not just for green infrastructure but also for building a potential European army. If the combined weight of sustainability regulations, reporting, and associated systemic issues continues to press heavily on this industry, can Europe maintain the industrial strength it needs to protect its independence?

At the same time, China is securing a dominant position in Africa's critical resources. Europe, held back by its colonial past, has been reluctant to compete. Yet, achieving resource independence may require overcoming this hesitation.

This thesis explores these complex tensions between environmental policy, industrial competitiveness, and geopolitical strategy. It includes an extensive interview with ArcelorMittal's head of EU competitiveness, offering firsthand insights into how these challenges are unfolding in practice. The result is a deep dive into how the EU's sustainability agenda, including its reporting mechanisms, is impacting Europe's long-term goals and what measures need to be taken to get there.

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2. U.S.: United States
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4. MEP: Member of European Parliament
5. ESG: Environmental, Social, and Governance
6. CSRD: Corporate Sustainability Reporting Directive
7. CBAM: Carbon Border Adjustment Mechanism
8. EFRAG: European Financial Reporting Advisory Group
9. GRI: Global Reporting Initiative
10. SMEs: Small and Medium-sized Enterprises
11. CSDDD: Corporate Sustainability Due Diligence Directive
12. SEC: Securities and Exchange Commission
13. CSDS: Chinese Sustainability Disclosure Standards
14. SFDR: Sustainable Finance Disclosure Regulation
15. ISSB: International Sustainability Standards Board
16. GSSB: Global Sustainability Standards Board
17. SASB: Sustainability Accounting Standards Board
18. CASS: Chinese Accounting Standards for Business Enterprises
19. ASRS: Australian Sustainability Reporting Standards
20. AASB: Australian Accounting Standards Board
21. NGRBC: National Guidelines on Responsible Business Conduct (India)
22. SEBI: Securities and Exchange Board of India
23. IEA: International Energy Agency
24. USGS: United States Geological Survey
25. BRI: Belt and Road Initiative
26. DRC: Democratic Republic of Congo
27. NATO: North Atlantic Treaty Organization
28. SAFE: Security Action for Europe
29. AfD: Alternative für Deutschland
30. ETS: Emissions Trading System

31. EAF: Electric Arc Furnace
32. MT: Million Tonnes
33. EUA: EU Allowances
34. CO2e: Carbon Dioxide Equivalent
35. NAP: National Allocation Plan
36. MSR: Market Stability Reserve
37. MENA: Middle East and North Africa
38. CCU: Carbon Capture and Utilization
39. CCS: Carbon Capture and Storage
40. CEPR: Centre for Economic Policy Research
41. CCP: Chinese Communist Party
42. FDI: Foreign Direct Investment
43. EV: Electric Vehicle
44. AIIB: Asian Infrastructure Investment Bank
45. R&D: Research and Development
46. EU GBS: EU Green Bond Standard
47. DNSH: Do No Significant Harm
48. PV: Photovoltaic
49. ESB: Electricity Supply Board (Ireland)
50. GDP: Gross Domestic Product
51. PHD: Doctor of Philosophy
52. UK: United Kingdom
53. USMCA: United States-Mexico-Canada Agreement
54. SSE: Scottish Southern Energy

1 Introduction

The European Union holds the potential to become a major global power once again. With a population of 450 million and a rich legacy of innovation and progress, the EU possesses all the key ingredients for success. However, it must confront a number of critical challenges. The transatlantic relationship, once a pillar of European strength, is beginning to show signs of strain. NATO and Article 5, while important, are facing new questions about their relevance in the face of evolving geopolitical threats.

The EU has grown overly reliant on external partners for key areas of its economy. Much of its manufacturing has been outsourced to Asia, and it depends heavily on the United States for technological innovation. In the ongoing scramble for Africa's vital resources, Europe's presence has been limited. Its reliance on energy imports from partners like Russia has proven risky, as the energy crisis of 2022 made clear. Internally, excessive bureaucracy continues to stifle innovation, while fragmented capital markets drive companies to seek funding abroad. Even the single market is hindered by internally imposed regulatory barriers that act as de facto tariffs.

Yet, these challenges also present opportunities. There is a growing awareness within the EU of its untapped potential—and an understanding that many of the current obstacles are self-inflicted. This positions the EU to address its weaknesses at the source. Mario Draghi's report on European competitiveness, for example, proposes the creation of an Energy Union to improve energy security and a European capital market union to provide the financial infrastructure needed for large-scale corporate financing. The EU is also moving to reduce bureaucracy through the first Omnibus package, closing the innovation gap via the 28th regime, and lowering manufacturing costs through a European Procurement Plan.

This thesis examines how the EU can realize this much-needed turnaround. It investigates the role of the EU's broad sustainability agenda, including but not limited to its reporting requirements, and its complex impact on the bloc's competitiveness. It explores the practical challenges faced by companies, examining the burdens associated with various elements of the sustainability framework, from reporting obligations like the European Sustainability Reporting Standards (ESRS) to the hurdles in permitting and the quest for a level playing field, especially in light of the insights from the Draghi Report. Through interviews with ArcelorMittal and field experts, the thesis seeks not only to identify which aspects of the EU's approach currently place the greatest strain on companies, particularly in an environment of regulatory uncertainty and high energy costs, but also to explore tangible ways forward. It investigates how Europe can better position itself on the global playing field, reignite its industrial base, and effectively protect its market.

The ultimate goal is to offer concrete recommendations and valuable insights for EU policymakers, grounded in firsthand accounts, thereby contributing to the development of a more targeted and efficient regulatory framework. Such a framework should allow businesses to reallocate resources toward R&D and scaling, ultimately supporting innovation, economic growth, and strategic autonomy. To analyze the multifaceted impacts on competitiveness, this thesis will utilize Michael Porter's Diamond Model, introduced in Chapter 2, as an analytical lens to dissect how the EU's sustainability agenda and related factors influence the determinants of industrial advantage for key sectors. Having laid out the broad aims and the analytical framework that will be employed, the following section will detail the specific research objectives and the rationale behind this inquiry.

1.1 Research Objectives and Rationale

This thesis undertakes an inquiry into the complex interplay between the European Union's expanding sustainability agenda and the competitiveness of its core industries. Acknowledging the EU's global leadership in sustainability regulation, this research seeks to understand the practical implications of these policies beyond their stated intentions. The specific objectives guiding this study are:

1. **To investigate the influence of the EU's sustainability framework on key industries and their responses:** This involves assessing how distinct components of the sustainability agenda, such as the European Sustainability Reporting Standards (ESRS), environmental permitting processes, and broader green targets, affect the operational dynamics, investment climate, and competitive standing of sectors like Steel, Energy, and Critical Materials. This objective includes analyzing how major firms, using ArcelorMittal as a primary case study, perceive and strategically navigate these evolving regulatory pressures and opportunities.
2. **To identify underlying systemic factors impacting competitiveness:** This research aims to identify and explore the broader systemic issues which interact with sustainability policies to shape the EU's industrial landscape. These include structurally high energy costs, the challenge of ensuring a level playing field amidst global trade pressures, regulatory uncertainty, and geopolitical competition for resources.
3. **To contribute informed perspectives to the policy debate:** Drawing upon findings from the literature review and qualitative analysis, including expert interviews, this thesis seeks to provide a nuanced analysis and valuable insights. The goal is to inform the development of regulatory frameworks that can effectively support European industrial renewal alongside the Union's long term sustainability and strategic autonomy objectives.

By achieving these objectives, this research endeavors to offer a deeper, evidence-based understanding of how sustainability policy and industrial competitiveness intersect within the current European context. The findings aim to provide valuable perspectives for policymakers, businesses, and stakeholders engaged in shaping a resilient and sustainable European industrial future. Understanding these dynamics is crucial, and to provide a structured investigation, the next section will define the precise scope of this research and acknowledge its inherent limitations.

1.2 Scope and Limitations

This Master's thesis investigates the intricate and often contentious relationship between the European Union's comprehensive sustainability agenda and the global competitiveness of its key industries. While the initial impetus involved sustainability reporting, the research acknowledges that competitiveness is influenced by a broader set of factors within this agenda. This section delineates the specific boundaries of the research (scope) and acknowledges its inherent constraints (limitations).

Scope of the Research

1. **Thematic Scope:** The primary focus concerns how the EU's broad sustainability framework affects industrial competitiveness. This framework includes not only reporting requirements like the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD), but also environmental permitting processes, ambitious green targets, high energy costs, policy uncertainty, and the challenge of maintaining a level playing field. It explores the practical burdens faced by businesses and seeks pathways toward a sustainable industrial renewal.

2. **Sectoral Scope:** The analysis concentrates on three strategically vital sectors: Energy, Steel, and Critical Materials. These sectors were chosen due to their foundational role in the EU economy, their centrality to the green and digital transitions, their significant exposure to both regulatory pressures and global competition, and their importance for the EU's strategic autonomy objectives.

3. **Geographic Scope:** The research adopts an EU-wide perspective but incorporates specific insights from member states where relevant data was accessible. Notably, it draws on the Belgian context through an in-depth interview with ArcelorMittal and Irish perspectives on energy policy via an interview with MEP Ciaran Mullooly.

4. **Policy Scope:** The study examines key EU policies and strategic documents. These include the ESRS/CSRD, the European Green Deal, the Clean Industrial Deal, the Carbon Border Adjustment Mechanism (CBAM), and the influential proposals within the Draghi Report on European Competitiveness.

5. **Temporal Scope:** The analysis primarily focuses on the current period. This timeframe is marked by significant policy implementation (like CSRD/ESRS), geopolitical shifts (war in Ukraine, EU rearmament), and strategic realignments (Draghi Report, Clean Industrial Deal), generally covering developments from recent years up to May 2025 and looking towards near term policy initiatives.

Limitations of the Research

Despite efforts to provide a thorough analysis, this thesis is subject to certain limitations:

1. **Qualitative Nature:** As a qualitative study relying on expert interviews and document analysis, the findings aim for depth and contextual understanding rather than broad statistical generalizability. The insights are rich but interpretive.

2. **Interview Sample Size:** While the interviews with key experts provide invaluable firsthand perspectives, the sample size is limited. Their views, though expert, may not capture the full spectrum of opinions within their respective fields.

3. **Company Size Focus:** The in-depth corporate perspective is drawn primarily from ArcelorMittal, a large multinational corporation. While this offers crucial insights, it means the specific burdens for Small and Medium sized Enterprises (SMEs) are not the primary focus, though SME related policy aspects are acknowledged.

4. **Dynamic Policy Environment:** The EU's regulatory and policy landscape is in a state of constant evolution. Initiatives like the Omnibus simplification package and upcoming reviews mean this thesis represents a snapshot based on information available up to May 2025. Future developments could alter the context and relevance of some findings.

5. **Complexity of "Competitiveness":** "Competitiveness" is a multifaceted concept influenced by numerous factors. This thesis focuses specifically on its intersection with the EU's sustainability agenda and related geopolitical factors, without attempting to model all variables.

6. **Data Availability:** The research relies primarily on publicly available documents and insights from interviews. Access to proprietary company data or internal governmental analyses was not possible, which may limit the depth of certain analyses.

7. **Potential for Researcher Bias:** In any qualitative research, there is an inherent potential for the researcher's perspective to influence data interpretation. Steps taken to mitigate this include relying on direct quotes, triangulating information from multiple sources, and using established analytical frameworks.

Delimitations

This thesis explicitly does **not** aim to:

1. Provide a quantitative economic model measuring the precise financial impact of sustainability reporting.

2. Conduct an exhaustive, detailed comparative analysis of the EU's sustainability framework against those of all major global competitors, although high level comparisons are provided for context.

3. Offer a comprehensive analysis of all EU industrial sectors; the focus remains strictly on Energy, Steel, and Critical Materials.

4. Present a definitive, long term prediction of the geopolitical landscape, but rather analyses its current impact.

By clearly defining the scope and acknowledging these limitations and delimitations, this thesis aims to provide a focused, transparent, and valuable contribution to the understanding of the challenges and opportunities facing the EU as it strives for both sustainability leadership and industrial renewal. This investigation will draw upon a comprehensive review of existing literature and policy documents, which will be explored in the next chapter to establish the current state of knowledge and identify key theoretical frameworks, including Porter's Diamond, that underpin this study.

2 Literature Review

2.1 European Sustainability Reporting Standards (ESRS)

The European Sustainability Reporting Standards (ESRS) is a mandatory sustainability reporting framework introduced under the Corporate Sustainability Reporting Directive (CSRD), requiring large and listed companies in the European Union (EU) to disclose comprehensive environmental, social, and governance (ESG) data. Developed by the European Financial Reporting Advisory Group (EFRAG), an independent body advising the European Commission on accounting and reporting issues, ESRS aims to establish a standardized and legally binding approach to sustainability reporting, ensuring that corporate disclosures are consistent, comparable, and aligned with EU climate and sustainability objectives. Unlike voluntary frameworks such as the Global Reporting Initiative (GRI), ESRS enforces compliance through EU law, obliging firms to integrate double materiality assessments—considering both the impact of corporate activities on society and the environment, as well as financial risks posed by sustainability factors (Global Reporting Initiative, 2023) (EFRAG, 2024).

The implementation of ESRS has proven complex, with firms required to assess datapoints, value chain impacts, and governance structures in alignment with the framework. Early observations indicate that many companies struggle with the granular data requirements and the need to align ESG reporting with financial disclosures (EFRAG, 2024). Moreover, the ESRS introduces sector-specific standards, adding complexity to compliance but also enhancing the relevance of disclosures for different industries. While the framework promotes transparency and accountability, challenges remain in balancing regulatory demands with operational feasibility, particularly for companies with global operations that must align ESRS with other international sustainability standards (EFRAG, 2024). The ESRS is expected to shape the future of corporate sustainability reporting in Europe, influencing global sustainability practices as regulatory convergence continues.

On February 26, 2025, the European Commission proposed a major simplification package aimed at reducing administrative burdens, enhancing competitiveness, and unlocking investment. The reforms focus on streamlining sustainability reporting (CSRD & EU Taxonomy), sustainability due diligence (CSDDD), and the Carbon Border Adjustment Mechanism (CBAM) while optimizing investment programs like InvestEU. Notably, 80% of companies are removed from CSRD requirements, reporting deadlines are extended, and SMEs face fewer compliance obligations. CBAM is also simplified, exempting 90% of small importers while still covering 99% of emissions. These changes are expected to save €6.3 billion annually in administrative costs and mobilize €50 billion in additional public and private investment. The initiative, which aligns with the European Green Deal, aims to make EU regulations more business-friendly while maintaining environmental goals. The proposals now await approval by the European Parliament and the Council. All other major policy actions in the near future can be found in table 1, at the end of this section. (European Commission, 2025c)

These proposed amendments represent a first step towards simplifying ESRS and reducing the regulatory burden on businesses, particularly SMEs. By streamlining reporting requirements and providing more flexibility, the EU aims to make ESRS more manageable while still promoting transparency and accountability. However, it is important to note that this is an ongoing process, and further adjustments may be needed to ensure that ESRS effectively supports sustainable business practices without stifling innovation and growth. While the ESRS framework itself is a significant development, its perceived benefits and opportunities are multifaceted, as the following section will explore.

Table 1: Upcoming Policy Actions and Initiatives

Action/Initiative	**Expected Publication Date**
Omnibus simplification and definition of small mid-caps	26 February 2025
Clean Industrial Deal	26 February 2025
Industrial Action Plan	Q1 2025
Water Resilience Strategy	Q2 2025
Sustainable Transport Investment Plan	Q3 2025
Industrial Decarbonisation Accelerator Act	Q4 2025
Chemicals Industry Package	Q4 2025
Steel and Metals Action Plan	Spring 2025
Amendment of Climate Law	Sometime in 2025
Carbon Border Adjustment Mechanism Review	Sometime in 2025
Circular Economy Act	Q4 2026
European Climate Adaptation Plan	Sometime in 2026

2.2 Praise and Opportunities of Sustainability Reporting

2.2.1 Elevating Consumer Protection Through EU Sustainability Reporting

EU sustainability reporting mechanisms contribute significantly to enhanced consumer protection by fostering greater transparency and enabling more informed purchasing decisions. When companies disclose information about their environmental and social impacts, consumers gain valuable insights into the sustainability practices behind the products and services they consider. This transparency empowers consumers who are increasingly concerned about the ethical and environmental footprint of their consumption choices, allowing them to support businesses that align with their values. Furthermore, the EU has actively pursued initiatives aimed at combating greenwashing A.1.5, which refers to the practice of making misleading or unsubstantiated environmental claims. By ensuring the reliability of environmental claims, the EU seeks to protect consumers from deceptive marketing practices and promote a level playing field for genuinely sustainable companies.

The EU's approach to combating greenwashing offers a notable contrast to that of the United States and China. The EU has introduced specific directives designed to regulate green claims and empower consumers in the green transition. For example, the EU has proposed a directive that would limit sustainability labels to those based on certain key elements and has even created a list of banned terminology, such as "carbon neutral" due to its lack of a clear and consistent meaning (European Parliament, 2023). This proactive regulatory stance reflects a strong commitment to ensuring that environmental claims are accurate and not misleading. A 2020 European Commission study highlighted that a significant percentage of environmental claims in the EU were vague, misleading, or unfounded, underscoring the need for such regulations (European Commission, 2025a). In contrast, while the US places considerable emphasis on the reputational risks associated with ESG issues, its regulatory infrastructure for enforcing environmental claims is arguably less robust compared to the EU. Sustainability initiatives in the US tend to be more self-driven and based on internal priorities rather than strict legal mandates in the environmental pillar (Soyombo et al., 2024). China, while rapidly developing its ESG disclosure standards, is still in the process of formulating a unified national standard for sustainability disclosures. While these efforts are significant, the EU's more established and legally binding framework for combating greenwashing currently offers a potentially higher level of consumer protection in this specific area. Indeed, the drive

for consumer empowerment through reliable information is a key tenet, as MEP Barry Andrew noted, 'I strongly believe that European consumers want to be empowered with information and knowledge to make good consumer choices. And our sustainable development goals require us to be serious about responsible consumption and production' [Andrew Interview, 2:23-2:48]. This highlights the political support for robust frameworks that enhance consumer trust. The EU also aims to strengthen rules that make it easier for consumers to prove that companies are greenwashing and seek remedies for misleading environmental claims.

Beyond direct consumer information, sustainability reporting can indirectly contribute to higher product safety and environmental standards within the EU. The increased scrutiny on companies' practices resulting from mandatory reporting incentivizes them to avoid negative environmental and social impacts that could damage their reputation or lead to regulatory penalties. The EU has already established some of the strictest environmental standards globally. When companies are required to report on their sustainability performance, this transparency makes it easier for regulators and consumers to identify and address any potential deviations from these high standards, ultimately benefiting the health and safety of EU citizens. Beyond consumer benefits, the EU's sustainability reporting framework also aims to bolster corporate accountability, a critical aspect of its business ecosystem, which will be examined next.

2.2.2 Fostering Corporate Accountability in the EU's Business Ecosystem

The EU's sustainability reporting framework, particularly through the CSRD and the CSDDD, plays a crucial role in fostering corporate accountability within its business ecosystem. The CSRD significantly expands the number of companies required to report on their sustainability performance and introduces the principle of "double materiality" . This principle mandates that companies not only report on how sustainability issues impact their financial performance ("outside-in") but also on their own impact on the environment and society ("inside-out") (European Parliament and Council, 2022). This dual perspective ensures a more comprehensive understanding and management of sustainability issues, holding companies accountable for a broader range of impacts beyond purely financial considerations. The CSDDD further reinforces corporate accountability by imposing a corporate due diligence duty on companies to identify, prevent, mitigate, and account for adverse human rights and environmental impacts in their own operations, their subsidiaries, and, where related to their value chains, those of their business partners . This directive aims to foster sustainable and responsible corporate behavior across global value chains, extending accountability beyond a company's direct control.

When examining supply chain due diligence and accountability, the EU's CSDDD demonstrates a more comprehensive approach compared to the US and China. The CSDDD requires companies to conduct in-depth reviews of potential and actual adverse impacts throughout their value chains, including indirect business partners. This contrasts with the US, which, while having strong enforcement regarding the social pillar through laws prohibiting forced labor, lacks a similarly broad legal mandate for environmental and human rights due diligence across the entire value chain. China's sustainability disclosure standards are evolving, with a focus on aligning with international norms and incorporating double materiality. However, mandatory due diligence requirements comparable in scope to the CSDDD are still in the developmental stages. It is important to note the potential impact of the European Commission's recent "Omnibus simplification" proposal, which suggests limiting the CSDDD's due diligence obligations to direct (Tier 1) suppliers. If enacted, this change could significantly weaken corporate accountability for impacts occurring deeper within the value chain, where some of the most severe human rights and envi-

ronmental violations can occur. (European Commission, 2025c) MEP Barry Andrew expressed concern over such potential rollbacks, stating, 'I think the rollback on CS3D is negative. I think it will have a bad effect on business and human rights and environment and social standards' [Andrew Interview, 1:34-1:57]. This underscores the tension between simplification and maintaining strong accountability mechanisms.

The EU's regulatory framework, with its emphasis on legal obligations and potential penalties for non-compliance, generally fosters greater corporate accountability compared to the US, where ESG risk is often primarily a matter of reputational stakes. For instance, the CSDDD stipulates penalties with a maximum limit of not less than 5% of the company's net worldwide turnover for non-compliance (European Parliament and Council, 2024). This potential for significant financial penalties creates a strong incentive for companies to take their due diligence responsibilities seriously. While negative ESG shocks in the US can lead to substantial reputational damage and financial consequences through customer actions and market capitalization losses, the lack of a comprehensive federal regulatory framework with specific penalties for environmental and social due diligence might result in less consistent accountability compared to the EU's legally binding mandates. China's move towards mandatory ESG disclosure for listed companies signifies a growing emphasis on corporate accountability, but the effectiveness of enforcement mechanisms will be crucial in determining its impact. The principle of double materiality, embedded in both the CSRD and China's CSDS, further enhances corporate accountability by requiring companies to be responsible for their broader societal and environmental impacts, not just those that directly affect their financial bottom line. This comprehensive approach to accountability distinguishes the EU's framework and the direction China is taking from the more financially focused approach that has historically characterized sustainability reporting in the US. The enhanced accountability and transparency driven by these regulations are intended to deliver tangible advantages not just for the market, but directly for European Union citizens, a theme the subsequent section will elaborate on.

2.2.3 Tangible Advantages for European Union Citizens

The EU's policies and practices related to sustainability reporting provide several tangible advantages for its citizens. By driving corporate environmental responsibility, sustainability reporting contributes to improved environmental quality and public health. As companies are encouraged to reduce their environmental footprint through transparent reporting, this can lead to decreased pollution in the air and water, better conservation of natural resources, and concerted efforts towards climate change mitigation. These outcomes directly benefit the health and overall well-being of EU citizens. The EU's ambitious goal of becoming climate neutral by 2050 is supported by these reporting mechanisms, which push companies to actively minimize their negative environmental impacts (European Commission, 2019a).

Furthermore, sustainability reporting empowers consumers by providing greater transparency about the products they purchase. With increased information on how products are made, their environmental impact, and the social conditions under which they are produced, EU citizens can make more informed choices that align with their personal values. This access to information allows consumers to support companies that prioritize sustainable and ethically sound practices, thereby driving demand for more responsible products and services in the market. The EU's focus on combating greenwashing further reinforces this advantage by ensuring that environmental claims made by companies are credible and trustworthy.

Mandatory sustainability reporting also fosters a greater sense of corporate responsibility, which can

lead to increased trust between businesses and EU citizens. When companies are legally obligated to disclose their sustainability performance and are held accountable for their impacts, it can cultivate a culture of responsibility within the business sector. This transparency and accountability can enhance public confidence in the way businesses operate and their commitment to sustainability. Finally, the transition towards a more sustainable economy, facilitated in part by sustainability reporting, can generate new economic opportunities and contribute to long-term prosperity for EU citizens. The focus on green growth and innovation in sustainable technologies and practices can lead to the creation of new jobs, stimulate economic development, and build a more resilient and sustainable economic future for the EU. To better understand the EU's unique position, it is useful to compare its sustainability reporting framework with those of other major global economies like the US and China, which is the focus of the next section.

2.2.4 Comparative Analysis of Sustainability Reporting Frameworks: EU, US, and China

The sustainability reporting frameworks in the European Union (EU), the United States (US), and China exhibit significant differences in their regulatory structures, scope, and enforcement mechanisms. The EU has established a comprehensive and legally binding framework, primarily through directives such as the CSRD, CSDDD, EU Taxonomy, and SFDR. This top-down, regulatory-driven approach increasingly treats sustainability reporting as a legal obligation for a wide range of companies. In contrast, the US adopts a more voluntary and market-driven approach, particularly concerning environmental disclosures. While the Securities and Exchange Commission (SEC) encourages the disclosure of material ESG information, there is no comprehensive federal mandate for sustainability reporting comparable to the EU's CSRD. However, the US demonstrates stronger enforcement in the social pillar, particularly through laws prohibiting forced labor. China's framework is rapidly evolving, with the recent introduction of the Chinese Sustainability Disclosure Standards (CSDS). While initially voluntary, these standards, along with sustainability reporting guidelines issued by stock exchanges, signal a move towards mandatory disclosure, with a strong emphasis on aligning with international standards like the ISSB and considering specific industry characteristics. An overview of the differences in regulations can be found in table 3, at the end of this section.

The scope of reporting requirements also varies across these regions. The EU's CSRD, even with the proposed "Omnibus simplification" changes, generally covers a broader range of companies based on employee count and financial thresholds than currently mandated in the US. The CSDDD initially aimed for more extensive value chain due diligence than is typically legally required in the US or currently in China, although this may be narrowed by the "Omnibus" proposal. Enforcement mechanisms and penalties for non-compliance also differ. The EU has established legal penalties for non-compliance with directives like the CSDDD, whereas enforcement in the US relies more on reputational damage and potential legal action related to specific violations. China's enforcement approach for its new sustainability standards is still under development.

In terms of maturity and effectiveness, the EU's approach can be considered relatively mature and effective in driving corporate sustainability due to its comprehensive legal framework. The US approach is evolving, with increasing investor and stakeholder pressure, but remains largely voluntary in the environmental pillar, with stronger enforcement in the social domain. China's framework is rapidly developing with significant government support and a clear intention to align with international standards, but it is still in the early stages of mandatory implementation and enforcement. International standards such as the GRI are widely utilized in both the US and Europe, often serving as a foundational framework

for reporting. China's new CSDS explicitly aligns with the ISSB standards to enhance international comparability, and the EU aims to ensure interoperability between its ESRS and international reporting standards. An overview of sustainability reporting standards in other parts of the world can be found in table 2, at the end of this section. While these frameworks aim for enhanced transparency and sustainability, they are not without their critiques and challenges, which the following section will address.

Table 2: Overview Global Sustainability Reporting Standards

Framework	Mandatory	Enforcer	Scope
GRI	No	Global Sustainability Standards Board (GSSB)	Voluntary for all organizations
SASB	No	Not specified	Voluntary, encourages sustainable practices
ESRS	Yes	European Commission and national authorities	Mandatory for large and listed EU companies
CASS	No	Not specified	Voluntary for listed, state-owned, and large private companies in China
ASRS	Yes	Australian Accounting Standards Board (AASB)	Mandatory climate reporting for large Australian businesses and financial institutions
NGRBC(India)	Yes	Securities and Exchange Board of India (SEBI)	Mandatory for top 1,000 listed companies in India

Table 3: Comparison of Sustainability Reporting Regulations

Feature	European Union (EU)	United States (US)	China
Regulatory Approach	Comprehensive, legally binding (CSRD, CSDDD, EU Taxonomy, SFDR)	Primarily voluntary, market-driven in environmental pillar; stronger enforcement in social pillar (e.g., forced labor laws)	Evolving towards mandatory; emphasis on industry characteristics; aligning with international standards (ISSB, CSRD)
Key Directives	CSRD, CSDDD, EU Taxonomy, SFDR	No comprehensive federal mandate; SEC encourages disclosure of material ESG information; state-level initiatives	CSDS (draft), Sustainability Reporting Guidelines for Select Listed Companies (Stock Exchanges)
Scope	Broad; covers many companies based on size criteria; CSDDD aimed for extensive value chain reporting	More limited mandatory requirements; focus on materiality for SEC disclosures	Phased implementation; initially for large corporations and listed companies, aiming for full compliance by 2030
Enforcement	Legal penalties for non-compliance; supervisory authorities in member states	Primarily reputational risk; potential legal action for specific violations (e.g., forced labor, misleading claims)	Developing enforcement; initial phase is voluntary
Key Principles	Double materiality (financial and impact); strong emphasis on transparency and accountability	Materiality (primarily financial); increasing focus on stakeholder expectations	Double materiality; alignment with national sustainability goals ("dual-carbon"); emphasis on comparability with international standards
International Alignment	Aims for interoperability with global standards (GRI, ISSB)	Utilizes global standards (GRI, SASB) voluntarily	Explicitly aligning with ISSB standards

2.3 Critiques and Challenges in Sustainability Reporting

While the proliferation of sustainability reporting frameworks represents progress, it also presents significant challenges. One major critique is the tendency of reports to focus on quantity over quality, with extensive documents that often obscure meaningful insights . This issue is exacerbated by vague methodologies and a lack of standardization, which hinder the comparability and reliability of sustainability data. For example, the existence of multiple reporting frameworks, such as the GRI, Sustainability Accounting Standards Board (SASB) and ESRS can lead to inconsistencies and hinder comparability across companies and industries active in multiple continents (Adams & McNicholas, 2024) . This lack of standardization makes it difficult for investors and other stakeholders to compare the sustainability performance of different companies and make informed decisions.

Another significant critique is the limited understanding of the link between sustainability reporting and corporate financial performance. While evidence suggests a positive correlation between sustainability performance and financial outcomes, further research is needed to establish a clear causal link and understand the long-term effects of sustainability reporting on corporate behavior and financial performance. However, some studies have shown that effective sustainability reporting can enhance corporate reputation, build stakeholder trust, and ultimately contribute to long-term financial performance (Lozano & Huisingh, 2015). Moreover, the cost and resources required to develop and implement robust sustainability reporting practices can be a barrier for some companies, particularly smaller ones (Adams & McNicholas, 2024) . Companies also face the challenge of balancing transparency with confidentiality , disclosing sensitive information without compromising their competitive advantage. Finally, aligning with stakeholder expectations can be challenging, as different stakeholders have varying priorities and expectations regarding sustainability reporting.

2.3.1 Global Disparities in Regulatory Approaches

Europe's ambitious regulatory landscape is not mirrored worldwide, exacerbating its economic challenges. The United States, for instance, under the Trump administration, withdrew from the Paris Agreement, signaling a reduced emphasis on global climate initiatives. Many developing countries, particularly in the Global South, continue to contribute significantly to greenhouse gas emissions without equivalent regulatory constraints. Their reliance on fossil fuels and deforestation for economic growth further widens the gap in sustainability efforts. This begs the question of whether Europe's persistence to sustainability could lead to its own downfall, leaving no industries to be saved.

A stark example of overregulation can be seen in the European automotive industry, historically dominated by Germany. Germany, once a powerhouse of innovation and economic growth, has been the frontrunner in pushing for sustainability, often criticizing other EU members for not doing enough. Ironically, their main export sector now grapples with stringent emissions standards, rising production costs, and fierce global competition because of this. These pressures have led to declining market share and a grim outlook for years to come (Razgo, 2025).

However, as of March 2025, Germany has broken its long-standing fiscal conservatism by amending its debt brake and launching an ambitious €1 trillion infrastructure and defense investment plan (Wall Street Journal, 2025). This move marks a departure from austerity-driven policies and is expected to revitalize Germany's industrial base, modernize critical infrastructure, and bolster Europe's economic resilience. With €500 billion allocated to infrastructure projects, Germany aims to stimulate domestic demand and attract investment, potentially reversing the downward trajectory of key industries, in-

cluding automotive and energy (Bruegel, 2025). As Europe's largest economy, Germany's willingness to take on deficit spending may set a precedent for other EU nations to adopt a more flexible fiscal approach, striking a balance between regulatory ambition and economic sustainability. While this policy shift presents opportunities for economic revitalization, it also raises questions about long-term fiscal sustainability and the future direction of EU economic policy. More importantly, it raises eyebrows to what extend sustainability as a whole will remain the EU's priority.

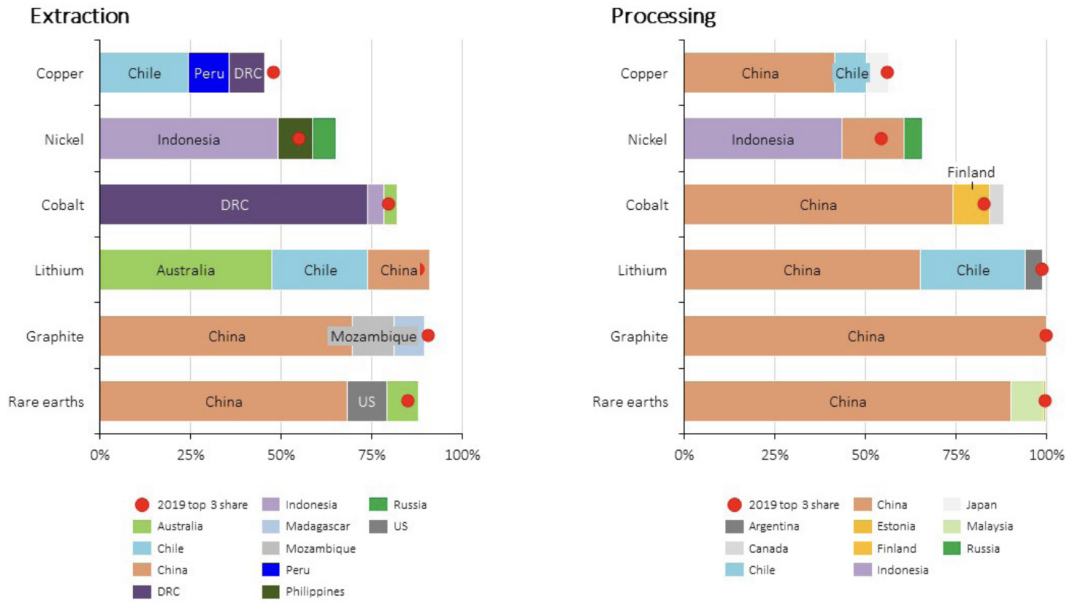
2.3.2 China's Role in Renewable Energy and Pollution in Africa

While the expansion of sustainability reporting frameworks marks progress, it is essential to recognize the broader global context of environmental regulation and pollution. A significant portion of the world's pollution originates from countries with less stringent environmental regulations. For instance, in 2023, China was the largest emitter of greenhouse gases, accounting for nearly 30% of global emissions, followed by the United States and India. (Razgo, 2025)

China has made substantial investments in renewable energy, achieving its 2030 solar power capacity target six years ahead of schedule. In 2024, China's installed solar power capacity increased by 45% from the previous year, reaching almost 887 GW. However, China's environmental impact extends beyond its borders. Through its Belt and Road Initiative, "no interference" policy and bilateral agreements, China has become a significant player in Africa's mining sector, controlling an estimated 8% as of 2024. This involvement often prioritizes resource extraction over environmental considerations, leading to pollution and ecological degradation in African countries. (Razgo, 2025)

A large part of China's pollution stems from its predominant position in the global extraction of rare earths, accounting for 68% of the global market. In addition, China maintains a dominant role in graphite production, accounting for 70% of global output. Most cobalt production, around 74%, is concentrated in the Democratic Republic of Congo, of which most mines are Chinese owned. Additionally, China holds half of all planned lithium chemical plants and Chinese firms own 15 out 19 copper and cobalt mines in the Democratic Republic of Congo. (Draghi for European Commission, 2024)

Figure 1: Concentration of Extraction and Processing of Critical Materials



Source: Mario Draghi Report 2024

China is the largest investor in renewable energy and has made significant progress in mitigating pollution domestically. However, its global influence through the Belt and Road Initiative (BRI) tells a different story. While China is advancing sustainability within its own borders, its massive investments in infrastructure and industry abroad, where environmental and human rights standards are minimal or nonexistent, continue to drive global pollution. As the largest financier of high-emission projects worldwide, China's indirect environmental and social impact offsets its domestic progress, making it both the leader in renewable energy and the world's largest polluter. These global dynamics, particularly China's extensive reach, directly impact Europe's own efforts to balance sustainability with industrial competitiveness, a challenge explored further in the next section.

2.3.3 Europe's Challenges in Balancing Sustainability and Competitiveness

Europe's industrial sectors are increasingly caught between external trade pressures, internal regulatory burdens, and geopolitical risks, all of which threaten their competitiveness on the global stage. The United States' import tariffs on European steel have already weakened heavy industry, compounding the challenges posed by strict EU environmental regulations that demand costly compliance measures.

Regulatory burdens are a significant concern for businesses operating within the European Union. According to a report by BusinessEurope (2025), more than 60% of EU companies perceive regulation as an obstacle to investment, with 55% of small and medium-sized enterprises (SMEs) identifying regulatory obstacles and administrative burdens as their greatest challenges. This suggests that a considerable portion of resources, including workforce allocation, is directed towards managing compliance requirements. The European Commission has recognized this issue, with a proposal of simplification (Omnibus 1) aimed at reducing reporting requirements by at least 25% (and 35% for SMEs) to alleviate the compliance burden on companies. This sentiment was echoed by ArcelorMittal representatives, who noted the significant administrative effort involved in new reporting requirements: 'De rapporteringsverplichtingen die op de grote bedrijven vandaag worden gelegd, dat is enorm... In ons geval is dat Ernst Young die ons

geauditeerd heeft. Ja, als je alles optelt, dat is een enorm werk om dat te gaan doen.' (The reporting obligations placed on large companies today are enormous... In our case, Ernst & Young audited us. Yes, if you add it all up, it's an enormous amount of work to do that.) [ArcelorMittal Interview, 51:06-51:24, 55:36-55:46].

Beyond regulatory challenges, Europe's heavy reliance on imported raw materials and energy exposes its manufacturing base to supply chain vulnerabilities. Disruptions in global trade, energy dependencies, and resource scarcity destabilize production and reduce industrial resilience. These economic threats are compounded by security risks, with reports indicating that Russia has been testing European infrastructure, including key assets in the North Sea . Such activities raise serious concerns about cyber and physical vulnerabilities, highlighting the urgent need for infrastructure resilience and strategic autonomy in critical industries.

To safeguard its economic and industrial strength, Europe must find a delicate balance between sustainability, competitiveness, and security (Razgo, 2025; Draghi for European Commission, 2024). Streamlining regulations, supporting innovation, and fostering international cooperation will be essential in ensuring that environmental policies do not unintentionally stifle industrial vitality. A strategic, coordinated response is needed. One that enhances energy independence, strengthens industrial policy, and reinforces infrastructure resilience, to allow European industries to thrive in a rapidly shifting global landscape. This balancing act is further complicated by the interplay of sustainability goals with broader geopolitical, trade, and defense considerations, as the following section will discuss.

2.3.4 The Interplay of Sustainability, Geopolitics, Trade, and Defense

Sustainability reporting carries significant weight in the geopolitical arena, shaping international relations, trade agreements, and the global balance of power. Nations demonstrating robust sustainability performance and transparent reporting can enhance their global standing and influence. Conversely, geopolitical instability and conflicts present considerable threats to the progress of sustainability initiatives and severely disrupt international supply chains, necessitating careful risk assessment and management by companies operating in such regions. The increasing global convergence towards standardized sustainability reporting frameworks, exemplified by the EU Taxonomy and the ESRS, is setting new benchmarks and expectations for corporate environmental and social responsibility. While Europe has enjoyed a period of relative peace for the past eight decades, allowing for a strong focus on sustainability, the recent plan to substantially increase defense spending by the EU in response to a rapidly evolving global landscape may signal a shift in priorities as security concerns take center stage. MEP Ciaran Mullooly illustrated this potential shift with an example from Poland, where ministers indicated a reluctance to close coal mines due to new defense priorities: 'Defense means we're going to be fighting for Europe. We must also ensure we have our energy secure for Europe... And in that respect, Europe is going to need the coal mining region after all.' [Mullooly Interview, 3:37-3:48, 3:48-4:00].

2.3.5 The Dual Impact of Rearmament: The €800 Billion ReArmEurope Pledge and its Implications

In response to the evolving geopolitical landscape, particularly the war in Ukraine and concerns about the long-term commitment of the United States to European security, EU leaders have endorsed a landmark plan to unlock a combined €800 billion for European military spending (European Commission, 2025e). This significant financial commitment signifies a major strategic shift, aiming to reduce the bloc's reliance on the US for weapons and overall security by encouraging member states to "buy more

European" and strengthen the continent's own defense technological and industrial base. The "ReArm Europe" plan outlines a roadmap to achieve a robust European defense posture by 2030, indicating that this increased focus on defense is not merely a temporary adjustment but a sustained, long-term commitment. A key component of this plan is the €150 billion Security Action for Europe (SAFE) funding package, which is specifically designed to promote joint procurement of defense equipment from European industries. The remaining €650 billion is an estimate based on all EU member states meeting the NATO target of spending 2% of their GDP on defense, a benchmark that most currently fall short of (NATO, 2025). This emphasis on European production aims to bolster the domestic defense sector and potentially stimulate economic growth within the Eurozone. The overarching goal is to build up a formidable European military-industrial complex capable of deterring potential aggressors, most notably Russia, and preparing for a scenario where the US might reduce its security commitments to the continent.

While there is broad agreement on the need for increased defense spending, some internal disagreements have surfaced. For example, France, a leading military power within the EU, expressed some initial hesitation regarding the initiative, citing a lack of early consultation. Despite these political nuances, the overall direction points towards a significant increase in defense expenditure. Interestingly, the EU's sustainable finance regulations, while promoting environmentally and socially responsible investments, do not impose overarching restrictions on defense investments. However, they do include limitations on financing companies involved in the production of what are termed "controversial weapons," as defined by international treaties and conventions (European Commission, 2022). This suggests that while sustainability regulations might not directly prevent increased defense spending, ethical considerations and the preferences of investors adhering to ESG principles could influence how defense industries are financed. The substantial financial commitment to rearmament will likely necessitate trade-offs with other policy areas, including sustainability initiatives. While the EU has stated its continued commitment to environmental goals, the sheer magnitude of the €800 billion defense pledge suggests a potential competition for resources, funding, and political attention. This could lead to certain sustainability projects facing delays or reduced funding as defense priorities take precedence. Furthermore, the focus on rapidly expanding the European defense industrial base could lead to increased demand for specific raw materials and energy resources. If this surge in production is not managed sustainably, it could potentially increase the overall environmental footprint and make it more challenging to achieve the EU's ambitious sustainability targets. The carbon cost associated with increased military spending and production is also a significant consideration that warrants careful attention.

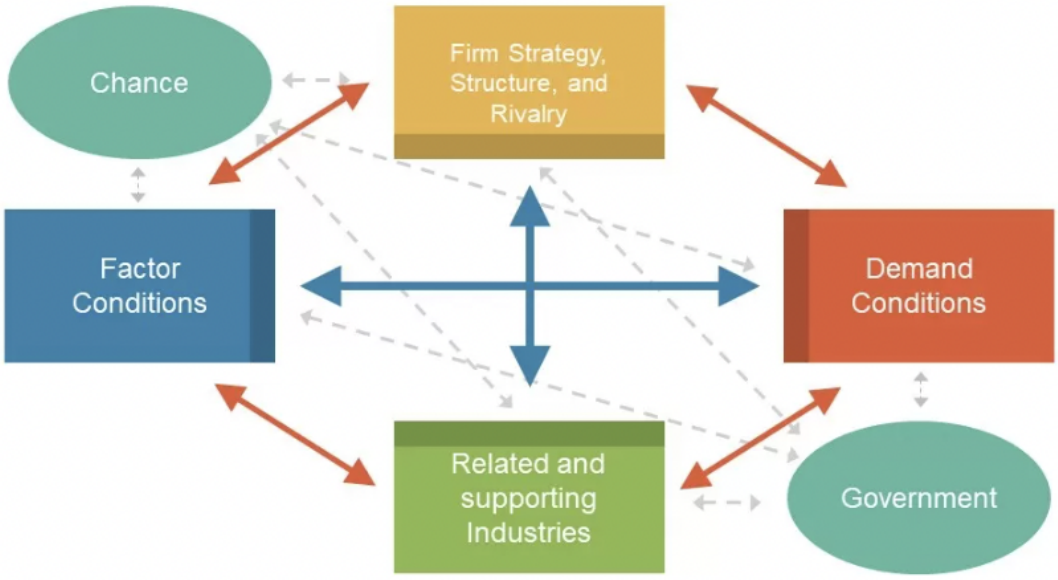
The magnitude of the EU's rearmament pledge highlights the shift in priorities, which could come at the expense of long-term environmental goals. As geopolitical tensions escalate and public security and standard of living are increasingly threatened, political dynamics across Europe are shifting. A growing number of citizens are moving away from left-wing support, as polls show a rise in support for right-wing parties that focus more on issues such as immigration and protectionism. In Germany, the AfD is gaining traction, while in France, Marine Le Pen's National Rally emphasizes national security and limiting immigration. In Italy, Prime Minister Giorgia Meloni's government is adopting a more protectionist stance, and in Belgium, the far-right Vlaams Belang is challenging EU unity. Similarly, Hungary's Viktor Orbán has been an outspoken critic of EU policies, often undermining European cohesion, while Poland and several Balkan countries are already spending more on military defense than the European average. Meanwhile, the U.S. under President Donald Trump has been advocating for NATO members to meet the 2% military spending target and running back sustainability requirements, further shifting the political conversation toward defense priorities. As this thesis examines the impact of sustainability practices, it is important to acknowledge that, in the coming years, increasing con-

cerns over public safety and economic stability could erode support for sustainability in Europe. This shift in priorities may ultimately undermine the relevance and usefulness of this research in five years' time. These complex interactions highlight the need for a robust analytical framework to understand the drivers of competitiveness. The next section introduces Porter's Diamond Model, which will serve as such a framework for this thesis.

2.4 A Framework for Competitiveness: Porter's Diamond Model

To provide a structured analytical lens for understanding how the EU's sustainability agenda intersects with industrial competitiveness, Michael Porter's Diamond Model offers a valuable framework (Porter, 1990). It moves beyond simplistic cost comparisons to identify the complex, interacting determinants that foster or hinder competitive advantage for industries within a specific nation or region. The model posits that four key attributes, influenced by government actions and chance events, create the 'diamond' of national advantage. Applying this model helps to dissect how and where EU policies impact the competitiveness of its key sectors like steel and energy.

Figure 2: Porter's Diamond Model



Source: SlideModel.com, August 17th, 2023

The first key attribute is Factor Conditions, which refers to the inputs necessary for production, including natural resources, infrastructure, skilled labor, and capital. For the EU, sustainability policies directly interact with critical factor conditions. Energy, for example, is a major burden; ArcelorMittal highlights that European electricity prices are two to three times higher and gas prices four to five times more expensive than in other regions. MEP Ciaran Mullooly reinforces this, describing his personal electricity bill in Ireland as "€1,000 for two months" and points to monopolistic practices and cumbersome grid access as significant infrastructure failures. The call for an Energy Union, as discussed in Chapter 4.1.3, is a direct attempt to improve this factor condition. Similarly, Europe's reliance on imported Critical Materials (Chapter 4.3), especially given China's dominance in extraction and processing, presents a significant vulnerability. Furthermore, while the EU aims to lead in green technology, ArcelorMittal expresses concern that the financial burden of regulations might divert capital that "could otherwise be channeled into crucial research, development, and the deployment of innovative, breakthrough decarbonization technologies".

Demand Conditions, the second attribute, relates to the nature and sophistication of demand within the home market. The EU's sustainability goals aim to cultivate advanced Demand Conditions for environmentally friendly products, such as green steel. ArcelorMittal acknowledges this potential, emphasizing the importance "that there is sufficient demand for green steel" and advocating for public procurement mandates requiring its use. However, this potential advantage is undermined if domestic demand is weakened by high costs or if the market is saturated with cheaper, less sustainable imports, which currently account for nearly 30% of the European market.

Thirdly, Related and Supporting Industries involve the presence of internationally competitive supplier industries and related sectors, which can foster innovation and efficiency. The EU's Clean Industrial Deal (Chapter 4.1.5) is designed to strengthen these sectors. Yet, practical challenges in deploying new technologies persist. The decade long development and regulatory complexities faced by ArcelorMittal's innovative Steelanol project, due to differing national interpretations and energy grid intensities, illustrate how a supportive ecosystem is often hampered by inconsistencies across member states.

The fourth attribute, Firm Strategy, Structure, and Rivalry, considers how companies operate and compete. EU regulations heavily influence Firm Strategy. ArcelorMittal's approach to vital investments, like new Electric Arc Furnaces, is significantly affected by the "uncertainty... due to the European framework," prompting a more cautious stance. Rivalry is intensely affected by the lack of a level playing field. Internally, inconsistencies like the Steelanol case create distortions. Externally, ArcelorMittal asserts, "European steel production is... more expensive... because of energy costs, and also because of CO2 costs", while facing "unsustainable market conditions" due to issues like Chinese steel dumping.

These four attributes are influenced by Government and Chance. Government actions, encompassing EU policies like ESRS, ETS, CBAM, and the Clean Industrial Deal, are central to this thesis. Porter's model frames these as interventions reshaping all four points of the diamond, yielding both intended results like enhanced accountability and unintended consequences such as cost burdens and investment delays. Chance events, such as the war in Ukraine, increasing US protectionism, and the EU's subsequent focus on defense, are fundamentally altering the competitive environment, influencing both government policy and firm strategies.

By applying Porter's Diamond, this thesis can move beyond a simple "regulation versus competitiveness" dichotomy. It facilitates a more nuanced analysis, demonstrating how the entire system of factors, demand, related industries, and firm strategies within the EU is being reshaped by sustainability policies and the broader geopolitical context, ultimately determining whether European industries can achieve a sustainable and competitive renewal. Having established the theoretical and contextual groundwork, including the analytical framework of Porter's Diamond, the next chapter details the methodological approach undertaken in this thesis to investigate these complex dynamics.

3 Methodology

This section outlines the methodological approach employed in this Master's thesis to investigate the complex interplay between the European Union's sustainability reporting requirements, broader sustainability agenda, and its impact on industrial competitiveness, with a particular focus on the energy, steel, and critical materials sectors.

Research Design

To adequately capture the nuances and multifaceted nature of the research question, this thesis adopts a qualitative research design. Given the objective of exploring how and where sustainability ambitions might burden businesses and understanding the intricate links between environmental policy, industrial health, and geopolitics, a qualitative approach is best suited. This approach is further guided by Porter's Diamond Model, as outlined in Chapter 2.4, which provides a structured lens to analyze how various factors, including the EU's sustainability agenda, influence the determinants of competitiveness for the selected sectors. This design can be further characterized as exploratory and employing case studies. The exploratory nature allows for an in depth investigation into a phenomenon, the impact of sustainability policies, where the variables and their relationships are not yet fully understood or easily quantifiable. It facilitates a deeper understanding of the experiences, perceptions, and challenges faced by key actors within the EU. The case study approach enables a focused examination of specific, critical areas. By selecting key industrial sectors (Energy, Steel, and Critical Materials) and a major industry player (ArcelorMittal), the research can achieve a "deep dive" into the practical manifestations of EU policies, rather than relying solely on broad generalizations. This approach allows for the collection of rich, contextualized data to illustrate the broader themes and contributes to a deeper understanding.

Case/Sector Selection Rationale

The selection of the energy, steel, and critical materials sectors was deliberate, driven by their central role in the current European landscape, encompassing economic competitiveness, the green transition, and strategic autonomy. Energy is fundamental to all industrial activity and a core focus of the EU's decarbonization efforts and competitiveness challenges, as highlighted by high prices and the need for an Energy Union. Its transformation is critical for both climate goals and industrial viability. Steel, as a foundational heavy industry, is essential not only for traditional manufacturing but also for green infrastructure and, increasingly, for defense capabilities. It stands at the heart of the debate, facing significant pressures from both regulations and global competition. Access to critical raw materials is paramount for the green and digital transitions and strategic independence. Europe's reliance on external sources, particularly in light of China's dominance, makes this a crucial area of geopolitical and competitive concern.

ArcelorMittal was selected as a key industry informant for several reasons. It is a leading global steel producer with a significant European presence, making it a representative example of a large company grappling with EU policies. As the EU's leader in the steel sector, its experiences offer critical insights into the challenges of complying with sustainability requirements and maintaining competitiveness. The company is actively engaged in major decarbonization projects, providing practical examples of the opportunities and hurdles involved. Access to its key executives provided invaluable firsthand insights and primary data for the research.

Data Collection

This study utilized a multi method approach to data collection, primarily relying on expert interviews and document analysis. A series of semi structured interviews were conducted with key experts. Interviewees were selected based on their deep knowledge and involvement in the core areas of this thesis. MEP Ciaran Mullooly provided insights into EU energy policy and its practical implementation. MEP Barry Andrew offered perspectives on international trade and corporate accountability. ArcelorMittal Executives, Jan Cornelis and Christophe Vandekerckhove, delivered crucial firsthand perspectives on the steel industry's challenges with EU competitiveness, sustainability reporting, energy costs, trade, and green investments. Professor Jeremey Alan Garlick contributed expert analysis on EU China relations and their geopolitical implications.

The interviews were semi structured, using a pre defined set of questions as a guide but allowing flexibility to probe deeper into emerging themes and gain rich, detailed narratives. The primary aim was to gather qualitative data on experiences, perceptions, specific challenges, and potential solutions related to sustainability policies and competitiveness.

Furthermore, an extensive review of key policy documents, official reports, academic literature, and industry publications was conducted. Key sources included The Draghi Report on European Competitiveness, EU Legislation and Communications like the CSRD, ESRS, and the Clean Industrial Deal, European Commission and EFRAG Reports, Industry Reports and Data such as those from BusinessEurope and ArcelorMittal, and relevant academic literature. These documents were selected for their direct relevance and authority. They were utilized to understand the existing regulatory and economic landscape, identify policy intentions and critiques, and provide a factual basis to complement and contextualize the interview data.

Data Analysis

The data collected from interview transcripts and documents were analyzed using a qualitative approach, primarily involving thematic analysis and comparative analysis. Interview transcripts and textual documents were systematically coded and reviewed to identify recurring themes, patterns, and key arguments. This involved identifying core challenges such as the lack of a level playing field, regulatory uncertainty, high energy costs, and permitting delays, perceived impacts of policies, and proposed solutions. These themes were then structured to form the core arguments presented in the literature review and sectoral analysis chapters.

Comparative analysis involved comparing and contrasting different perspectives and data points. Examples include comparing the sustainability reporting frameworks of the EU, US, and China, contrasting the development approaches of Europe and China in Africa, examining differing experiences across the selected sectors, and comparing the views of policymakers with those of industry representatives and academic experts. This analytical process allowed for the synthesis of diverse data sources into a coherent narrative, highlighting key tensions, and supporting the development of evidence-based conclusions and recommendations.

Justification of Methodology

The chosen qualitative, exploratory, and case study based methodology is particularly well suited for this research. It allows for an in depth exploration of the complex, real world impacts of EU policies, capturing the context and nuances that quantitative methods might miss. It enables the research to understand the perceptions and experiences of key stakeholders, which is vital when assessing the burden of regulations and their impact on business decisions. The semi structured nature of the interviews allows for flexibility, enabling the researcher to explore unexpected insights. Expert interviews provide direct access to the knowledge and opinions of those directly involved, offering a richness of data unavailable through other means. By examining specific cases and gathering detailed qualitative data, the research can generate findings and recommendations that are highly relevant for policymakers and businesses seeking to balance sustainability and competitiveness. While acknowledging limitations, this qualitative methodology provides the necessary tools to navigate the intricate relationships under investigation, thereby contributing valuable insights to the ongoing discourse. With the research design and data analysis methods now clarified, the thesis will proceed in Chapter 4 to examine the specific impacts on key EU sectors: Energy, Steel, and Critical Materials, applying the qualitative insights and the Porter's Diamond framework.

4 Key EU Sectors

4.1 Energy

This chapter will analyze the factors undermining the EU's competitiveness in the energy sector and examine the role of sustainability reporting within this context. It will explore critiques of current approaches and then consider recently proposed bills by the European Commission aimed at addressing these challenges. A fundamental aspect of this analysis is understanding the drivers of high energy prices in Europe. It is crucial to acknowledge that these elevated prices are not attributable to the EU's decarbonization goals. Instead, they stem from a confluence of factors, primarily: Europe's scarcity of natural resources, its lack of unified bargaining power despite being the world's largest natural gas importer, and the influence of volatile gas and coal prices on nuclear and renewable energy pricing due to marginal energy needs and peak demand pricing structures. Finally, the chapter will delve into how sustainability reporting is specifically undermining energy competitiveness within the EU. It will conclude by assessing how adjustments to reporting mechanisms, in combination with other strategic initiatives such as the establishment of a robust EU Energy Union and a single European supervision of EU energy projects, could potentially reshape the EU's competitive position. A critical starting point for this discussion is the Draghi Report, which offers a high-level assessment of the EU's competitiveness challenges in the energy sector and beyond.

4.1.1 The Draghi Report: A Call for Streamlining and Competitiveness

The 2024 Draghi Report, commissioned by the European Commission, provides a comprehensive assessment of the challenges hindering EU competitiveness and underscores the urgency of accelerating the energy transition (European Commission, 2024). It highlights the need for increased investment in innovation, streamlined regulations, and a more unified approach to energy policy to bridge the productivity gap between the EU and global competitors, particularly the United States. The report advocates for a technology-neutral approach to decarbonization, leveraging all available solutions to meet the EU's climate goals without sacrificing economic growth. To achieve this, it calls for simplifying and accelerating the authorization processes for energy projects, recognizing that lengthy permitting can stifle innovation and deter investment. Additionally, it stresses the importance of creating a more coordinated industrial policy at the EU level, removing national obstacles to cross-European activities, and strengthening the EU single market in key sectors such as new technologies and venture capital.

Furthermore, the Draghi Report addresses the financial challenges of decarbonization, estimating that €340 billion will be required over the next 15 years to decarbonize the four largest carbon-intensive sectors in the EU: chemicals, metals, non-metallic minerals, and pulp and paper products. To support this transition, the report proposes reforming energy taxation, suggesting a common cap on taxes and surcharges for electricity and gas to avoid distortions and create a more unified energy market. Effective stakeholder engagement is also identified as a crucial element in the deployment of energy projects. Initiatives like the Pact for Engagement aim to ensure the early, regular, and meaningful involvement of stakeholders in grid development, addressing potential public opposition and facilitating efficient energy network deployment. By tackling these challenges, streamlining regulations, fostering collaboration, and investing in innovation, the Draghi Report provides a strategic framework for enhancing the EU's economic competitiveness and achieving its energy transition goals. While the Draghi Report calls for streamlining, existing market structures, such as energy monopolies, present significant obstacles to achieving these goals, a problem highlighted by interviewed experts and explored next.

4.1.2 Energy Monopolies: Leveraging Sustainability Reporting for Dominance

Energy monopolies can pose a significant obstacle to the development of a competitive renewable energy sector. These monopolies often have significant influence over energy markets, which they may use to shape sustainability regulations in a way that favors their existing infrastructure and business models. This can create barriers to entry for new renewable energy projects and stifle competition. For example, monopolies may use their position to advocate for complex and costly sustainability reporting requirements that disproportionately burden smaller companies and new entrants. This can effectively limit the growth of the renewable energy sector and maintain the dominance of existing players.

I had the opportunity to interview Ciaran Mullooly, a Member of the European Parliament, at the EU Parliament, where he shared key insights into how energy monopolies are actively undermining new renewable projects. In Ireland, for example, the state-controlled Air Grid, in collaboration with ESB, creates a monopoly-like structure where new energy providers—such as wind farms, solar companies, and bio digesters, face excessive grid connection costs and bureaucratic delays. Mullooly highlighted that even when multiple renewable energy projects apply for grid access together, they are still charged separately, drastically increasing costs and discouraging investment. This restrictive and expensive grid access prevents competition and stifles innovation in the renewable energy market.

Beyond monopolistic behavior, Mullooly also pointed out that high energy prices in Europe are not just the result of external factors but also of poor long-term planning and inefficient transition policies. He cited Ireland's energy transition as an example—where traditional power plants were shut down before the renewable infrastructure was fully operational. This lack of foresight has led to an increased reliance on costly diesel-powered backup systems, which contradicts the goals of the Green Deal and directly contributes to skyrocketing electricity prices.

These insights underscore how energy monopolies, combined with regulatory inefficiencies, are not only suppressing competition but also keeping energy costs artificially high. If sustainability reporting and regulatory frameworks are to genuinely support Europe's transition to clean energy, they must include mechanisms that prevent monopolistic practices, lower grid access costs, and accelerate the approval process for new renewable projects. The issue of monopolies and their impact on grid access and cost was vividly described by MEP Ciaran Mullooly regarding Ireland: 'Our national grid is controlled on behalf of the state by a company called Air Grid... Between the two of them, it's a monopoly situation. And they're not providing access to the national grid for the new people... They tell me it is too expensive and it's too cumbersome.' [Mullooly Interview, 13:33-13:47, 13:57-14:24]. He further detailed how multiple projects applying together are still charged separately, drastically increasing costs [Mullooly Interview, 13:57-14:24]. This practice directly contributes to what he described as exorbitant personal energy costs: 'my electricity bill, where I live in Ireland, is about €1,000 for two months' [Mullooly Interview, 26:05-26:14]. Moreover, the premature shutdown of traditional plants before renewables were fully operational led to reliance on 'tanker loads of diesel oil... to basically boost a booster for the national system' [Mullooly Interview, 09:59-10:29], a situation that contradicts Green Deal goals. These monopolistic challenges and policy missteps are exacerbated by a fundamental weakness in the EU's energy architecture: the lack of a truly unified Energy Union, which is a root cause of broader vulnerabilities.

4.1.3 The Missing Energy Union: A Root Cause of Vulnerability

The 2022 energy crisis exposed the EU's vulnerability to external shocks and highlighted the lack of a truly integrated European Energy Union. Over-reliance on imported fossil fuels, coupled with fragmented national energy policies, left the EU exposed to price volatility and supply disruptions. The absence of a unified energy market hindered the efficient allocation of resources and limited the EU's ability to respond effectively to the crisis. Table 4 shows the share of primary production by energy source in the EU in 2024, illustrating the continued reliance on fossil fuels:

Table 4: Share of Primary Energy Production in The EU by Source

Energy Source	**Share of Primary Production**
Crude oil	3.3%
Natural gas	6.2%
Solid fuels	19.5%
Nuclear energy	27.6%
Renewable energy	43.2%
Other	0.2%

Source: 2022 Data from Draghi Report, 2024

The Draghi Report's recommendations for a more coordinated energy policy and streamlined regulations emphasize the need for a stronger Energy Union (European Commission, 2024). By creating a unified and efficient energy market, the EU could reduce its reliance on external sources and enhance resilience to future disruptions. However, the current fragmented approach to sustainability reporting, with varying standards and requirements across member states, hampers progress toward this goal. The lack of standardized grids means they are often incompatible, preventing the efficient transfer of energy between countries, especially during peaks in renewable energy production. In such cases, countries may be unwilling to share resources, prioritizing their national energy supply. This inefficiency drives up energy prices for all member states, as lower prices could be achieved if energy could flow freely across borders, regulated at a European level. Additionally, it would reduce the need for extensive energy storage and provide a solution for overproduction. For example, if one country experiences rain while a neighboring one enjoys sunshine, energy could be cheap for all if it could be shared. The Draghi Report identifies this reluctance to share energy as one of the root causes of the 2022 energy crisis. This selfish approach ultimately undermines the very goals of the EU's energy policies.

Furthermore, existing market rules in the power sector prevent end users from fully capturing the benefits of clean energy in their bills. These rules often tie the price of renewable and nuclear energy to the more volatile fossil fuel prices, hindering the competitiveness of clean energy sources and discouraging their adoption. This situation underscores the need for market reforms that promote a level playing field and incentivize the transition to a low-carbon energy system.

Europe has strengths and an excellent track record in the field of renewables, boasting abundant solar and wind resources. To capitalize on these strengths and achieve its ambitious climate goals, the EU needs to create a more unified and competitive energy market. Achieving such a market requires cutting

through significant red tape A.1.6, a challenge that calls for coordinated action, including the potential role of a single European coordinator for energy projects.

4.1.4 A Single European Coordinator: Cutting Through the Red Tape

The European Union stands at a critical juncture, striving to achieve ambitious goals for both decarbonizing its economy and enhancing its industrial competitiveness. These dual objectives necessitate a fundamental transformation of the energy system, a transition underpinned by key policy initiatives such as the Clean Industrial Deal, the Energy Union, and the Affordable Energy Act. A central challenge in this transformation lies in streamlining existing processes and overcoming bureaucratic hurdles (red tape), to facilitate a swift and effective energy transition. This report focuses on analyzing how the promotion of readily implementable clean technology solutions, termed "off-the-shelve projects", and the standardization of grid infrastructure are addressed within these significant EU policy frameworks, aiming to identify their role in cutting red tape and accelerating progress towards a sustainable energy future.

4.1.5 The Clean Industrial Deal: A Road Map for Competitiveness and Decarbonization

The European Commission unveiled the Clean Industrial Deal on February 26, 2025, marking a significant step in its ongoing efforts to align climate action with industrial strategy. This initiative builds upon the foundations of the European Green Deal, acknowledging the imperative for Europe to maintain its industrial edge in an increasingly competitive global landscape. The necessity for such a comprehensive strategy arises from the pressing need to address high energy costs and the risk of industrialization within the EU, particularly in the face of strong competition from regions like the United States, with its Inflation Reduction Act, and China. The Clean Industrial Deal, alongside the concurrently published Action Plan for Affordable Energy, represents a determined effort to support both energy-intensive industries and the burgeoning clean technology sector throughout the current Commission mandate . (European Commission, 2025b)

The Clean Industrial Deal is structured around several key pillars designed to foster a competitive and resilient European industry (European Commission, 2025b). Access to affordable energy forms a cornerstone, with the Deal aiming to lower energy bills for industries, businesses, and households by accelerating the deployment of clean energy sources, enhancing the integration of the internal energy market through improved physical interconnections, and promoting greater energy efficiency. A second pillar focuses on creating lead markets for clean technologies, seeking to boost demand for EU-made sustainable products through the incorporation of non-price criteria in public procurement processes and the introduction of incentives for private sector investments in green manufacturing. Mobilizing both public and private investments constitutes another critical pillar, with the Deal outlining mechanisms to channel funding towards industrial carbonization and the scaling up of clean technology manufacturing. Finally, a crucial aspect of the Clean Industrial Deal is its commitment to cutting red tape, aiming to simplify regulations and streamline the often-cumbersome permitting processes that can hinder the deployment of clean energy projects. This multi-faceted approach underscores the understanding that achieving the Deal's ambitious goals requires coordinated action across various interconnected domains, from ensuring a stable and affordable energy supply to fostering demand for innovative clean technologies and creating a supportive regulatory environment.

4.1.6 Permitting Challenges

A significant impediment to the EU's energy transition is the persistent issue of lengthy permitting times for energy projects across member states. This challenge is highlighted in the Draghi report on EU competitiveness and corroborated by other analyses. The time required to obtain permits for various renewable energy technologies can vary dramatically across the EU. For instance, the permitting process for rooftop photovoltaic(PV) systems can range from just one and a half months in Malta to as long as ten months in Bulgaria. Ground-mounted PV systems face even longer timelines, from one year in Bulgaria to four years and six months in Greece (European Commission, 2024). Onshore wind projects typically encounter the most protracted approval processes, often taking around six years on average, with the shortest duration reported in Latvia at two years and eight months, while Greece and Ireland report processes lasting eight and nine years respectively. These extended timelines have a detrimental impact on investment in the renewable energy sector, hinder the EU's overall competitiveness in the global clean energy market, and jeopardize the achievement of crucial climate targets (European Commission, 2024). The complexity of existing regulations, understaffing within relevant authorities, and unnecessary bureaucratic burdens are identified as key contributing factors to these delays(European Commission, 2024). In response to this critical issue, the EU has introduced various measures, including provisions within the Renewable Energy Directive, aimed at streamlining and accelerating the permitting process.

4.1.7 Promoting "Off-the-Shelve" Projects to Accelerate Clean Technology Deployment

While the Clean Industrial Deal does not explicitly define the term "off-the-shelve projects", it can be inferred to mean standardized, readily implementable clean technology solutions or pre-designed project blueprints that can be deployed with minimal customization. The Deal's emphasis on creating lead markets for clean products and boosting demand for EU-made technologies can indirectly foster the adoption of such standardized projects by creating a predictable and potentially large market for proven solutions. This is further supported by the Deal's focus on streamlining permitting processes, which would be particularly beneficial for the rapid deployment of projects that follow established patterns and have well-defined environmental and technical specifications. Notably, the Deal includes "off-the-shelf" options for Member States to demonstrate the compatibility of their state aid measures with EU rules and simplified procedures for setting aid amounts . This suggests a broader intention to facilitate easier and faster implementation of support mechanisms for clean energy initiatives.

The promotion of "off-the-shelve projects" holds several potential benefits for accelerating the EU's clean energy transition. Firstly, it can significantly reduce the time and costs associated with project development, as these projects leverage existing designs and proven technologies, minimizing the need for extensive bespoke engineering and planning. Secondly, standardized projects may offer easier access to financing due to their lower perceived risk. Investors are often more comfortable with well-established technologies and project models that have a track record of success. Finally, the widespread adoption of readily available clean energy solutions can contribute to a faster overall achievement of the EU's ambitious clean energy targets, allowing for a more rapid reduction in greenhouse gas emissions and a quicker transition to a sustainable energy system. This move towards standardization and simplification aligns with the overarching goal of the Clean Industrial Deal to lower barriers to entry and accelerate the deployment of clean technologies across the European Union.

4.1.8 Chapter Conclusion

In conclusion, the European Union is actively pursuing the reduction of red tape in its energy sector through strategic initiatives like the Clean Industrial Deal, supported by the overarching framework of the Energy Union and the targeted measures of the Affordable Energy Act. The promotion of "off-the-shelve projects" offers a pathway to accelerate the deployment of clean technologies by leveraging standardization and simplifying implementation. Similarly, the focus on standardizing grid infrastructure, particularly through the proposed "European Grid Package," aims to enhance compatibility across member states, streamline cross-border energy flows, and facilitate the integration of renewable energy sources. These efforts are crucial for achieving the EU's ambitious carbonization goals, enhancing its industrial competitiveness in a global market, and ensuring affordable and secure energy for all its citizens. Moving forward, it will be essential to ensure the effective implementation of these policy measures, particularly the "European Grid Package," and to continuously monitor their impact on reducing permitting times and other forms of red tape that can impede the EU's energy transition. Continued attention to stakeholder engagement will also be vital for the successful and timely deployment of clean energy infrastructure across the Union.

The challenges in the energy sector, particularly high costs, regulatory hurdles, and monopolistic practices as highlighted by MEP Mullooly [Mullooly Interview, 13:57-14:24, 26:05-26:14], severely impact Factor Conditions within Porter's Diamond for all EU industries. The lack of a cohesive Energy Union and inconsistent permitting processes also negatively affect Firm Strategy, Structure, and Rivalry by creating uncertainty and an uneven playing field. Initiatives like the Clean Industrial Deal and calls for an Energy Union represent Government efforts to improve these facets and bolster overall competitiveness. Having examined the energy sector, the thesis now turns to the steel industry, another cornerstone of the EU economy facing intense pressures from the sustainability agenda and global competition.

4.2 Steel

This chapter delves into the multifaceted challenges and transformations within the European steel industry, with a particular focus on the interplay between sustainability initiatives, regulatory frameworks, and global competitiveness. A significant portion of the insights and primary information presented herein is derived from an in-depth interview conducted at ArcelorMittal Belgium in Gent. This important step in my research provided the chance to interview two key voices in the European steel industry: Jan Cornelis, Country Manager and an expert on EU competitiveness, and Christophe Vandekerckhove, Head of Sustainability, Energy & Circularity. Our wide-ranging conversation explored how the EU steel sector is dealing with climate rules, global trade dynamics, and rising costs, offering firsthand perspectives that have substantially informed the analysis within this chapter. The transcript can be found in Appendix A.3.4.

4.2.1 The Future of European Steel: Addressing the Challenges of Global Competition and EU Policy

Concerns Raised by Arcelor Mittal's CEO

ArcelorMittal, one of the world's largest steel producers with a significant presence in Europe, has voiced serious concerns about the future of the EU steel industry, urging the European Union to strengthen trade protection measures and provide more immediate support for green investments. The company warns that the European steel sector is at a critical juncture due to a combination of rising production costs, surging imports—particularly from China and policy shortcomings that threaten the industry's long-term viability.

Geert Van Poelvoorde, CEO of ArcelorMittal Europe, has issued a stark warning, stating in an interview with De Tijd: "We have one year to save the European steel industry." He describes the industry as being in intensive care, with the symptoms, diagnosis, and treatment well understood, yet urgent action still lacking. The sector, which provides approximately 1.5 million direct and indirect jobs in the European Union (Van Poelvoorde, 2024), has been shrinking at an alarming pace. In the past five years alone, the European steel industry has contracted by 25%, and in 2023, the sector lost 9 million tons of production capacity, equivalent to twice Belgium's annual steel consumption, leading to 18,000 direct job losses.

A major concern is the flood of cheap steel imports, with imports now accounting for 30% of the European market, double what it was five years ago. Unlike the United States, where strong trade barriers restrict such imports, the EU remains vulnerable to an oversupply of steel from China, where excess production is heavily subsidized by the government. This creates unfair competition, as European producers must comply with strict environmental regulations and carbon pricing schemes, further increasing their costs. ArcelorMittal CEO Aditya Mittal has called for tougher trade measures, warning that China's aggressive steel dumping is creating "unsustainable market conditions."

The Clean Industrial Deal, recently introduced by the European Commission, aims to address these concerns by providing long-term support for industrial competitiveness and sustainability. While the initiative is a step in the right direction, Van Poelvoorde criticizes it for being too slow and insufficient to address the immediate crisis. He emphasizes that a patient in intensive care needs urgent intervention, not just long-term plans. The European steel industry is already struggling to invest in clean steel production, with no viable business case for building electric arc furnaces (EAFs), which produce significantly lower CO2 emissions, under current conditions.

As a result, ArcelorMittal has been forced to put key decarbonization projects on hold, including its planned €1.3 billion green steel investment in Ghent. Similar investments in Dunkirk have also been paused, despite the French government offering €850 million in state aid. The company has made it clear that without stronger trade protection, a revision of the EU's carbon border adjustment mechanism (CBAM), and lower electricity prices, these projects will remain on hold, and the long-term future of European steelmaking will remain uncertain.

Another pressing issue is Europe's high energy prices, among the highest in the world, which further erode the competitiveness of its steel industry. While France offers stable electricity pricing through EDF, Belgium still lacks a competitive energy contract for energy-intensive industries like steelmaking. Van Poelvoorde has warned that without urgent action to reduce energy costs, production slowdowns and even plant closures will become inevitable, further accelerating the industry's decline.

The geopolitical situation is adding another layer of urgency. With growing concerns about European defense capabilities, Van Poelvoorde warns that if the EU allows its domestic steel industry to collapse, it will become dangerously dependent on foreign suppliers, including China, for critical defense materials. He questions: "What happens if we need to order steel from China for military production? It could take months before it even arrives."

The European Commission has acknowledged the crisis and has committed to presenting a Steel Action Plan by March 19, 2025, along with a review of temporary aid measures by April 1, 2025. However, industry leaders remain skeptical, warning that without immediate, concrete action, Europe could lose up to one-third of its steel industry. A development that would have severe economic and social consequences for the continent.

Van Poelvoorde's message is clear: this is the last call. Without decisive intervention, the European steel industry may soon reach a point of no return, forcing companies like ArcelorMittal to outsource production to lower-cost regions. Already, the company is considering relocating back-office functions such as HR, finance, and marketing to India, highlighting the broader risks of deindustrialization in Europe. If the EU fails to act swiftly, not only will thousands of jobs be lost, but the continent's strategic industrial base could be permanently weakened.

4.2.2 Analysis of Europe's Flat Steel Import and Export Evolution

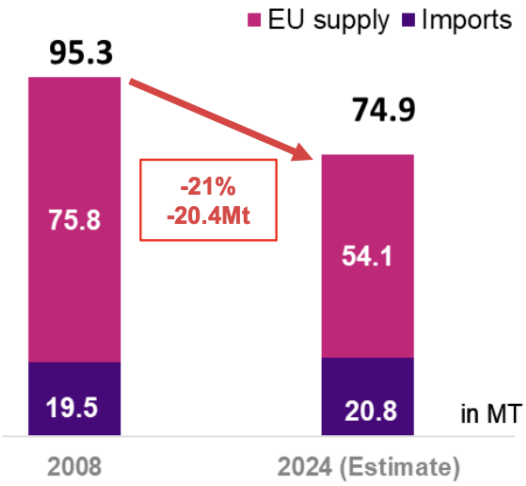


Figure 3: Flat Steel Demand Evolution

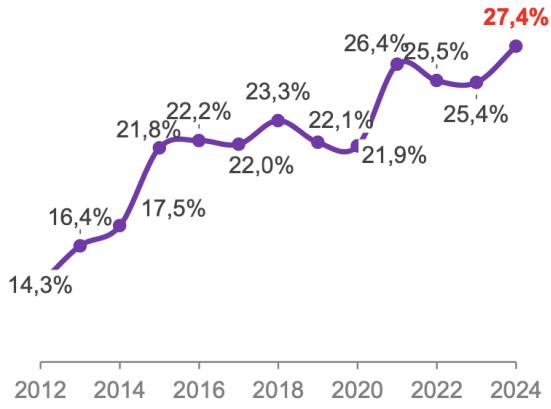


Figure 4: Flat Steel Import Share Evolution

Source: ArcelorMittal Belgium 2025

The European flat steel sector has experienced a notable contraction in demand over the last 15 years. As illustrated in figure 3, the total apparent flat steel consumption (demand) in the EU fell from 95.3 million tons in 2008 to an estimated 74.9 million tons in 2024. Within this shrinking market, domestic EU supply decreased significantly from 75.8 million tons to 54.1 million tons during the same period, a drop of 21.7 million tons. This overall capacity loss for the European steel industry is estimated to be around 25 million tons over the past decade, as mentioned in the interview transcripts with ArcelorMittal. Currently, imports have increased their market penetration: The share of imports in European steel consumption has nearly doubled, climbing from 14.3% in 2012 to an estimated 27.4% in 2024, approaching the 30% mark, as seen in figure 4. In absolute terms, imports were 19.5 million tons in 2008 and are estimated at 20.8 million tons in 2024, thus claiming a larger piece of a shrinking pie. Part of this erosion in market share can be attributed to Europe's significantly higher energy costs, with electricity prices being 2-3 times higher and gas prices 4-5 times more expensive than in other regions, leading to "Carbon Leakage".

From the European Union's perspective, Carbon Leakage refers to the situation where, due to stringent EU climate policies and associated carbon costs (such as those under the ETS which will be handled in the next section), there is an increase in greenhouse gas emissions in non-EU countries that have less ambitious climate measures. This typically occurs in two ways: either energy-intensive production moves from the EU to these jurisdictions to avoid carbon costs, or EU demand is increasingly met by carbon-intensive imports from these regions. The consequence is that global emissions may not decrease, and could even rise, undermining the EU's own climate mitigation efforts, while simultaneously harming the competitiveness of European industries that face these carbon costs domestically.

Figure 5: Global Steel Consumption

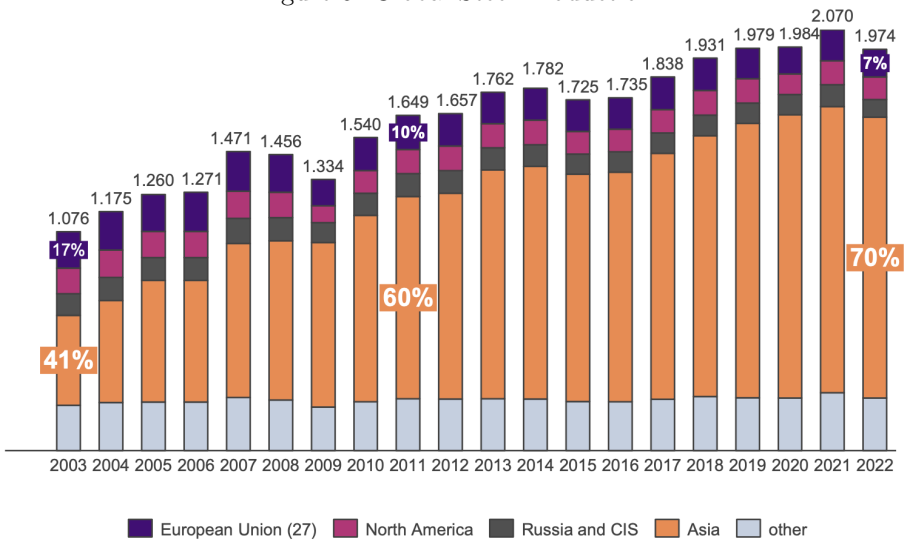
Regions	million tonnes			y-o-y growth rates, %		
	2023	2024 (f)	2025 (f)	2023	2024 (f)	2025 (f)
European Union (27) & United Kingdom	138.7	136.6	141.4	-8.7	-1.5	3.5
Other Europe	44.7	42.5	42.2	14.7	-5.0	-0.7
Russia & other CIS + Ukraine	60.3	60.5	60.0	11.5	0.3	-0.8
USMCA	132.5	131.3	133.4	-0.3	-0.9	1.6
Central and South America	45.7	45.6	47.8	1.0	-0.3	4.8
Africa	35.4	37.1	38.9	0.5	4.8	4.8
Middle East	54.2	56.9	58.7	4.2	4.9	3.3
Asia and Oceania	1 255.5	1 240.5	1 249.1	-1.2	-1.2	0.7
World	**1 767.0**	**1 750.9**	**1 771.5**	**-0.8**	**-0.9**	**1.2**
World excl. China	871.3	882.1	911.4	2.0	1.2	3.3
Developed Economies	359.4	352.2	359.0	-4.1	-2.0	1.9
China	895.7	868.8	860.1	-3.3	-3.0	-1.0
India	132.8	143.4	155.6	14.4	8.0	8.5
Em. and Dev. Economies excl. China & India	223.7	238.9	255.0	7.4	6.8	6.8
ASEAN (5)	71.0	74.2	76.8	-2.2	4.5	3.5
MENA	67.8	71.3	74.1	0.6	5.3	3.8

f - forecast
ASEAN (5): Indonesia, Malaysia, Philippines, Thailand, Viet Nam

Source: ArcelorMittal Belgium 2025

Globally, market dynamics have been heavily influenced by China, whose domestic steel demand is forecast to decrease significantly by approximately 35.6 million tonnes between 2023 and 2025 (from 895.7 MT in 2023 to 860.1 MT in 2025) as per figure 5. Despite this internal slowdown, Chinese steel production has not been correspondingly reduced, leading to substantial overcapacity. This surplus is subsequently directed to the global market, contributing to increased steel dumping in various parts of the world, including Europe. Consequently, Europe's share in world steel production has diminished, as figure 6 presents: in 2022, the European Union (27) produced 7%, while Asia produced 70% out of a world total of 1974 million tonnes. The transcripts and data in figure 6 confirm that Asia, particularly China, has grown to dominate global steel production, increasing its share from 41% to 70%, while Europe's contribution has more than halved from 17% to 7%.

Figure 6: Global Steel Production



Source: ArcelorMittal Belgium 2025

4.2.3 Current EU safeguards on Steel and Their Inefficiency

The European Union Emissions Trading System (EU ETS) stands as a central pillar of the bloc's climate change mitigation strategy, representing the world's pioneering and most extensive international carbon market. Established in 2005, its fundamental aim is to curtail greenhouse gas emissions from energy-intensive sectors through a market-based mechanism. However, the ETS's design, evolution, and particularly its recent reforms have elicited significant apprehension from industries operating within its purview. The European steel sector, a critical component of the EU's industrial base and a notable emitter of CO2, finds itself at a challenging crossroads, contending with the escalating costs imposed by the ETS while navigating intense global competition and the imperative to decarbonize. This analysis will dissect the operational framework of the EU ETS, trace its developmental phases, critically evaluate the arguments positing it as a "dysfunctional tool," and specifically investigate its profound implications for ArcelorMittal, a leading global steel manufacturer with a substantial European presence. The core tension examined is the ETS's pursuit of ambitious environmental targets versus its consequential impact on the competitiveness and investment capacity of vital European industries.

The EU ETS operates on the "cap and trade" principle, a market-driven approach to emissions reduction (European Commission, 2025f). Annually, the European Commission establishes a declining "cap," or an upper limit, on the total volume of specific greenhouse gases that can be emitted by installations covered by the system, which include power generation facilities, various energy-intensive industrial plants such as iron and steel works, cement production, refineries, and, more recently, the aviation and maritime transport sectors. Within this overarching cap, companies are either allocated or must purchase emission allowances (EU Allowances, or EUAs), where one EUA corresponds to the right to emit one tonne of carbon dioxide equivalent (CO2e) (European Commission, 2025g).

A key feature of this system is the ability for companies to trade these allowances. Entities that successfully reduce their emissions below their allocated or acquired allowances can sell their surplus to those who find it more costly to abate and thus exceed their allowance holdings. This trading mechanism is designed to ensure that emission reductions occur where they are most economically efficient. At the end of each compliance period, typically annually, installations are mandated to surrender a quantity of EUAs equivalent to their verified emissions. Failure to comply with this obligation incurs substantial financial penalties, thereby creating a strong incentive for adherence to the system's requirements.

The EU ETS has undergone a significant evolutionary trajectory since its inception, marked by distinct phases of development and increasing regulatory stringency. Phase 1 (2005-2007) served as an initial pilot period, primarily focused on establishing the necessary infrastructure and operational protocols. During this phase, the majority of emission allowances were distributed to businesses free of charge, based on National Allocation Plans (NAPs) developed by individual Member States. However, this initial phase was characterized by an over-allocation of allowances, largely due to a lack of robust historical emissions data, which ultimately led to a collapse in allowance prices and consequently limited tangible emission reductions. Phase 2 (2008-2012) aligned with the first commitment period of the Kyoto Protocol. While the emissions cap was tightened and auctioning of allowances was introduced as a principle, free allocation remained the predominant method for industrial sectors. The global financial crisis of 2008 led to a decrease in industrial output and emissions, contributing to a persistent surplus of allowances in the market and keeping carbon prices relatively subdued.

A more harmonized and centralized approach characterized Phase 3 (2013-2020). This phase saw the introduction of a single, EU-wide cap on emissions, replacing the previous system of national caps, and auctioning became the default method for allocating allowances in the power sector. Industrial installations, however, continued to receive a substantial portion of their allowances for free, albeit based on EU-wide harmonized rules and benchmarks rewarding the most CO2-efficient performers within each sector. To address the growing surplus of allowances and bolster the carbon price, the Market Stability Reserve (MSR) was conceptualized and subsequently implemented towards the end of this phase. The current Phase 4 (2021-2030) represents a significant escalation in the EU's climate ambition, directly reflecting the targets set forth in the "Fit for 55" package. This phase is defined by a markedly steeper annual reduction factor for the emissions cap, a strengthening of the MSR's parameters to more aggressively tackle allowance surpluses, and, critically for industry, a progressive and systematic phasing out of free emission allowances for most sectors, including steel. The explicit goal is to reach zero free allocation for these sectors by 2034. For instance, it is projected that by 2030, industries such as steel will receive only approximately 35% of their required allowances free of charge. Concurrently, CBAM has been introduced as a measure intended to mitigate the risk of carbon leakage by imposing a carbon price on certain imported goods. (European Commission, 2025h)

Despite its intended environmental benefits, the EU ETS, particularly in its current and evolving form, faces substantial criticism from energy-intensive industries, which often describe it as a "dysfunctional tool" that undermines their operational viability and competitive standing [ArcelorMittal Interview, (7:45-8:26)]. A primary contention is the absence of a global level playing field. The ETS imposes direct and escalating carbon costs on European producers, costs that are not mirrored in many non-EU jurisdictions where competing industries operate. This asymmetry, industry argues, erodes the competitiveness of European manufacturers in both domestic and international markets. Historically, free allocation of allowances was designed to mitigate carbon leakage. However, the efficacy of free allowances in preventing leakage has been a subject of ongoing debate, and their progressive withdrawal, without a globally harmonized carbon pricing framework, is seen as significantly heightening this risk. The introduction of the CBAM is the EU's primary policy response to this challenge, but its comprehensive impact and ability to fully level the playing field remain subjects of observation and analysis.

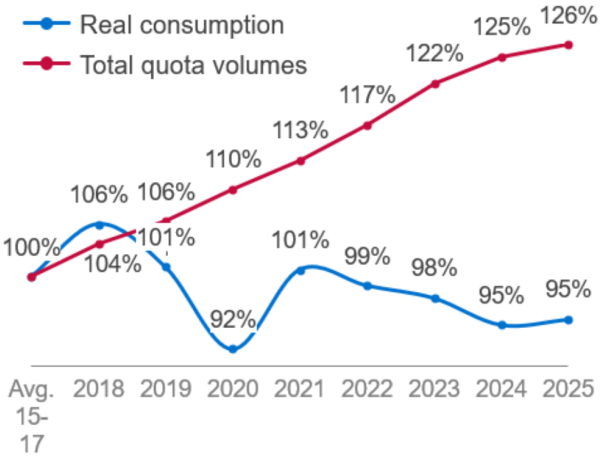
The escalating direct costs associated with CO2 emissions under the ETS present a formidable challenge. The combination of a continuously tightening emissions cap and the systematic reduction in free allowances translates into a growing financial burden for EU producers. Even companies that are leaders in CO2 efficiency within their respective sectors are confronted with substantial and increasing compliance costs. This financial pressure is further compounded by the fact that energy prices in Europe are often significantly higher than in other major industrial regions, creating a structural cost disadvantage that the ETS exacerbates, as the ArcelorMittal interview confirms. A critical consequence of these rising carbon costs, as highlighted by industry representatives, is the potential diversion of capital. The substantial financial resources allocated to purchasing emission allowances could otherwise be channeled into crucial research, development, and the deployment of innovative, breakthrough decarbonization technologies. These investments are indispensable for achieving the long-term green transition goals. Thus, there is a concern that the current ETS design, by imposing heavy short-to-medium-term costs, may inadvertently hinder the very investments necessary to achieve deeper, long-term emissions reductions.

ArcelorMittal, as one of the world's largest steel producers with a significant operational footprint in Europe, serves as a pertinent case study for examining the tangible impacts of the EU ETS. The company,

despite being recognized for its relative CO2 efficiency (reporting emissions of approximately 1.7 tonnes of CO2 per tonne of steel produced, which is notably below the global average of around 2.3 tonnes), faces considerable direct financial outlays under the ETS. Based on interview data, ArcelorMittal was already paying for approximately 25-30% of its CO2 allowances, which, at a carbon price of €70 per tonne, translated into an annual expenditure of €160-170 million. The progressive elimination of free allowances under Phase 4 of the ETS is poised to dramatically escalate these costs. The projection that by 2030 the company will receive only 35% of its allowances for free, necessitating the purchase of the remaining two-thirds on the carbon market, signals a substantial future increase in its compliance burden. By 2034, with the complete phase-out of free allowances for the steel sector, ArcelorMittal's ETS-related expenditure is anticipated to rise by many hundreds of millions of euros annually, the precise figure being contingent on the prevailing carbon price, which itself is subject to market volatility and regulatory pressures. This impending financial impact underscores the company's, and the wider European steel industry's, urgent calls for effective policy instruments that can ensure a genuinely level playing field. While a review of existing safeguard measures was noted as having occurred by April 2025 with some adjustments, the industry looks towards mid-2026 for the potential implementation of new or strengthened mechanisms, likely referring to the full operationalization and potential refinement of the CBAM or other supportive frameworks designed to facilitate investment in green steel production without compromising competitiveness.

EU Reaction on US' Section-232

Figure 7: Inefficiency of Safeguard Measure



Source: ArcelorMittal Belgium 2025

The European Union's steel safeguard measures, introduced in 2018 as a response to the Section 232 tariffs imposed by the United States under the Trump administration, were designed to protect the domestic industry from excessive import surges (European Commission, 2019b). The initial tariff-rate quotas were established based on the average import levels of 2015, 2016, and 2017, which set the 100% baseline. A critical aspect of these safeguards is that imports exceeding this annually adjusted quota volume are subject to a 25% levy. However, an analysis of the quota mechanism reveals a significant disconnect with market realities. As illustrated in figure 7, the total quota volumes have been progressively indexed upwards since their inception, rising from the 100% baseline to a projected 126% by 2025.

Conversely, real steel consumption within the EU has not kept pace with this expansion of quota headroom; for instance, in 2020, real consumption dropped to 92% of the baseline while the quota volume stood at 110%, and by 2024, consumption was at 95% against a quota volume of 125%. Consequently, the safeguard tariffs are seldom triggered because actual import levels, in the context of overall consumption, often remain comfortably below these inflated quota thresholds. This situation exemplifies an ineffective policy tool, as the intended protective mechanism largely fails to engage, thereby highlighting the need for alternative or more robust measures, such as the Carbon Border Adjustment Mechanism (CBAM), to address underlying competitiveness issues and ensure a level playing field for the European steel sector. (European Commission, 2025i)

4.2.4 Understanding the Carbon Border Adjustment Mechanism (CBAM)

The European Union is set to launch its CBAM on January 1, 2026, marking the implementation of the world's first carbon tariff on imported goods. This landmark policy is designed to support the EU's ambitious decarbonization goals while simultaneously ensuring the competitiveness of European industries by imposing a carbon fee on imports of carbon-intensive goods such as steel, aluminum, cement, hydrogen, and fertilizers. The fundamental aim of CBAM is to prevent carbon leakage, thereby undermining the effectiveness of the EU's climate policies. The carbon levy imposed by CBAM is directly linked to the carbon price payable under the EU Emissions Trading System (ETS) for the same goods produced within the EU. This linkage ensures that importers face a similar carbon cost to domestic producers, creating a more level playing field. Under the CBAM framework, importers will be required to purchase certificates corresponding to the embedded carbon emissions associated with the production of their goods. The price of these certificates will fluctuate based on the prevailing carbon price in the EU ETS, creating a direct financial cost associated with the carbon footprint of imported products. (European Commission, 2025d)

4.2.5 How CBAM Can Be Undermined

While the CBAM is intended to level the playing field for carbon costs, its effectiveness can be undermined through several avenues, notably "resource shuffling" and challenges related to export rules for EU companies. "Resource shuffling" poses a significant threat: producers in regions with a different energy mix, such as the Middle East where abundant and often cheaper energy supports a high share of Electric Arc Furnace (EAF) steel production (around 87% of production in the MENA region is via the EAF route) (ArcelorMittal Belgium, 2025), could strategically redirect their lowest-carbon steel to the EU market to minimize CBAM levies. Their higher-emission steel would then be sold to other global markets that lack stringent carbon pricing. This practice would not lead to a net global reduction in steel production emissions, thereby subverting the EU's climate goals, while EU companies would still bear the high costs associated with domestic carbon pricing and green steel investments. This concern is directly echoed by industry stakeholders, as highlighted by ArcelorMittal: "Wat moeten we vermijden? Als CBAM start in 2026, dat de exporteur uit het Midden-Oosten bijvoorbeeld zegt, ik heb veel EAF staal, ik zal dat naar Europa brengen, laag CO2 staal, ik zal dan geen of nauwelijks CBAM-tax betalen, en ik zal mijn hoogovenstaal in het Midden-Oosten verkopen." (What must we avoid? If CBAM starts in 2026, that the exporter from the Middle East, for example, says, I have a lot of EAF steel, I will bring that to Europe, low CO2 steel, I will then pay no or hardly any CBAM tax, and I will sell my blast furnace steel in the Middle East.) [ArcelorMittal Interview, 18:18-18:50, 19:22-20:00].

Furthermore, the current framework for CBAM presents uncertainties regarding export rules. If EU steel producers, who pay ETS carbon costs, are not adequately compensated or exempted when exporting to countries without comparable carbon taxes, their products become uncompetitive. This could effectively isolate EU-produced steel from significant portions of the global market, limiting their export potential and further disadvantaging European industry. The critical nature of this impact on export competitiveness was also emphasized by ArcelorMittal: "Als wij vandaag exporteren naar een land dat zelf geen CO2-rechten betaalt. Wij betalen wel CO2... En wij zijn niet meer competitief." (If we export today to a country that does not pay CO2 duties itself. We do pay CO2... And we are no longer competitive.) [ArcelorMittal Interview, 17:59-18:14]. The CBAM is currently being revised in consultation with EU companies like ArcelorMittal, as per the transcripts from the interview.

4.2.6 Steelanol: How the Business Case for Green Investments Remains Uncertain

The uncertainty surrounding the business case for green investments in Europe is exemplified by projects like ArcelorMittal's Steelanol facility. As a key component of their "Smart Carbon" strategy, an approach aimed at maximizing output value while minimizing CO2 emissions, Steelanol innovatively transforms carbon-rich off-gases from the steel production process into bio-ethanol. Despite its environmental promise, the project was under discussion for approximately ten years, partly due to regulatory complexities and inconsistencies within the EU. The prolonged development, as detailed by Jan Cornelis, illustrates these regulatory inconsistencies: "In de regelgeving zijn we al vijf jaar bezig... Voor de levering aan de fuelmarket nog altijd niet." (In terms of regulation, we have been working on this for five years... For delivery to the fuel market, still not.) [ArcelorMittal Interview, 33:51-34:03]. For instance, the viability and classification of Steelanol, particularly concerning its status as a "Recycled Carbon Fuel," differed significantly depending on its potential location, such as Ghent in Belgium versus Dunkirk in France. This disparity arises because national energy mixes, like France's heavy reliance on nuclear power which results in a lower grid CO2 intensity, directly impact how such innovative projects are assessed and whether they meet specific EU sustainability criteria, a point further explained by Jan Cornelis: "Met andere woorden, indien deze installatie in Duinkerke zou gebouwd worden, dan heeft deze installatie het label recycled carbon fuel. Omdat men daar elektriciteit van de nucleaire plants neemt. En wij hebben die niet." (In other words, if this installation were built in Dunkirk, then this installation would have the recycled carbon fuel label. Because they take electricity from nuclear plants there. And we don't have that.) [ArcelorMittal Interview, 36:40-36:46, 37:05-37:11].

This situation starkly illustrates why pioneering green projects in the EU often face prolonged development timelines compared to other parts of the world. The business case for significant investment remains clouded by intricate regulations and disparate treatment across member states, and as Christophe Vandekerckhove noted, this uncertainty slows investment: "Maar je merkt dat het beslissingsproces zeker niet versnelt, in het tegendeel." (But you notice that the decision-making process certainly doesn't speed up, on the contrary.) [ArcelorMittal Interview, 2:02:32-2:02:46]. Such regulatory fragmentation and the resulting uncertainty are precisely what initiatives like Mario Draghi's proposed Energy Union aim to address, by seeking to harmonize grid infrastructure for better energy flow and standardize rules to prevent investment delays. Ultimately, this persistent uncertainty is a major impediment for businesses and a key reason why Europe risks falling behind on its own ambitious green agenda. (ArcelorMittal Belgium, 2025)

4.2.7 Chapter Conclusion

The European Union's sustainability agenda extends far beyond sustainability reporting, encompassing a wide array of environmental and climate policies. For companies like ArcelorMittal, the principle of sustainability reporting itself is not inherently contested. Insights from interviews conducted with their management reveal an appreciation for transparency and a commitment to corporate responsibility towards Europe, its citizens, and investors. However, the primary challenges highlighted by the industry do not stem from the act of reporting but rather from cumbersome permitting processes for new investments and, crucially, the persistent lack of a level playing field both across EU member states and globally due to disparate energy costs and regulatory burdens. These pressures have, in part, driven ArcelorMittal to achieve remarkable levels of innovation and productivity, evidenced by their significantly lower CO2 emissions per tonne of steel (1.7 tonnes) compared to the global industry average (2.3 tonnes) (ArcelorMittal Belgium, 2025). In line with the ESRS framework, ArcelorMittal's double materiality assessment understandably places climate-related issues at the forefront of its sustainability concerns, alongside worker safety and diversity, although the latter two are not the central focus of this thesis.

There is a growing sentiment within the industry, as expressed by ArcelorMittal, that EU policymakers are beginning to engage more constructively to develop policies that can effectively safeguard the steel sector's future. The ongoing efforts to refine and revise the Carbon Border Adjustment Mechanism (CBAM) are viewed as a positive step towards creating fairer competitive conditions. However, significant hurdles remain. The lack of harmonized regulations across EU member states creates an uneven playing field internally; the Steelanol project serves as a clear example, where differing national energy grid CO2 intensities and regulatory interpretations made its business case significantly more complex and location-dependent, contributing to lengthy delays. This regulatory fragmentation fosters uncertainty, one of the most detrimental factors for business investment, and consequently slows the progress of Europe's green agenda. Such uncertainty is further compounded by a lack of clarity on how mechanisms like CBAM will effectively prevent circumvention, such as the resource shuffling by regions with different energy mixes like the Middle East. The concluding chapter of this thesis will delve deeper into recommendations, exploring ArcelorMittal's perspectives on the path forward and how a sustainable industrial renewal can be achieved in Europe.

The European steel sector, as detailed extensively, faces profound challenges that resonate strongly with Porter's Diamond. High energy and CO2 costs [ArcelorMittal Interview, 10:04-10:25] directly erode Factor Conditions. The influx of cheap imports and the complexities of CBAM [ArcelorMittal Interview, 18:18-18:50] heavily influence Firm Strategy, Structure, and Rivalry, forcing defensive postures. The Steelanol case [ArcelorMittal Interview, 36:40-36:46, 37:05-37:11] exemplifies how inconsistent Government regulation across member states creates uncertainty and hampers investment in innovative Related and Supporting Industries (like green tech). The EU's trade defense mechanisms and industrial policies are critical Government levers that are currently perceived by industry as insufficient to ensure a level playing field and foster competitiveness.The discussion now shifts from the challenges of established heavy industries like steel to the equally critical domain of securing critical raw materials, where geopolitical factors add another significant layer of complexity.

4.3 Critical Materials

While this thesis primarily examines the impact of the EU's sustainability agenda on competitiveness, it is crucial to acknowledge that in the realm of critical materials, geopolitical factors and strategic access challenges currently present a more immediate and arguably larger hurdle than the sustainability regulations themselves. China's established dominance in both extraction and processing, its strategic use of the BRI, and Europe's historical legacy in regions like Africa, create a complex global landscape where securing supply is paramount. In this context, EU sustainability policies, such as the CSDDD and the EU Taxonomy, act as an additional, albeit important, layer. They influence how the EU attempts to secure these materials and shape the competitiveness of its companies by imposing ethical and environmental standards that its primary competitors often do not share. Therefore, while reporting burdens like ESRS might be less of a direct cost driver here compared to, for instance, the ETS costs in steel, the underlying sustainability policies significantly influence the EU's strategic options and operational realities in the global race for resources. Understanding this dynamic requires looking at Europe's historical engagement in resource extraction, particularly in Africa, and contrasting it with China's current assertive approach.

4.3.1 Echoes of the Past, Footprints of the Present: Europe and China's Engagement in African Resource Extraction

The history of colonial resource extraction by Western European powers in Africa has left a lasting legacy of underdevelopment and has contributed to what is now often termed neocolonialism (GaDS of Jimma University, 2023). European powers began providing aid to African countries during the early colonial period, yet the outcomes for the African populace have often been insignificant. During the colonial era, European powers systematically extracted vast quantities of resources such as rubber and gold from the African continent, primarily to fuel their own industrial growth. This exploitation drained Africa of resources that could have been used to generate future wealth and invest in crucial infrastructure. Consequently, many African nations, upon gaining independence, lacked the financial resources necessary to develop their economies and maintain the colonial-era transportation systems, leading to their deterioration (Austin, 2010). The paper by Zhu Gang (2023) notes that the EU's early aid policies were often a direct continuation of the colonial traditions of its member states, such as France, under the guise of integration. Even in the post-independence period, the involvement of Western states in Africa is often perceived as neocolonialism, with multinational corporations from America and Europe continuing to extract valuable industrial metals like aluminum and cobalt for overseas markets. This perception is further solidified by the fact that the early colonial suzerainty of the EU often intervenes politically, especially during presidential elections in sub-Saharan African countries, to maintain its influence, this being one of the underlying reasons for its aid to Africa. This ongoing resource extraction often benefits foreign corporations more than the local populations, contributing to widespread poverty and hindering long-term economic growth (Reed, 2002).

The primary purpose of this infrastructure was to facilitate the efficient transport of resources from the interior to the ports for shipment to Europe, rather than to foster broad-based economic development within Africa. Therefore, Europe's colonial past creates a significant obstacle to its current engagement in resource extraction in Africa. The historical narrative of exploitation has fostered deep-seated suspicion and resentment towards Western involvement, making it challenging for European nations to be seen as genuine partners in development. The EU's aid, often seen as an extension of these historical ties, has traditionally been characterized by conditionality. For instance, France historically imposed precise requirements on African countries using French as an official language, mandating they purchase French arms and sell minerals and raw materials exclusively to France. Such practices have continued

in different forms; EU aid to Africa remains subject to political and economic conditions. The Cotonou Agreement, signed in 2000, for example, requires recipient countries to undertake specific political and structural changes, and the EU has used economic sanctions or the withdrawal of financial aid to compel African countries to make economic adjustments. This approach is described by Zhu Gang (2023) as aid with an "ankle bracelet," meaning aid under control, which can be detrimental if not aligned with the recipient countries' realities. Such conditional aid, aimed at exporting EU values and broadening its sphere of influence, contributes to the perception of neocolonialism and contrasts sharply with narratives presented by other global actors.

This historical baggage stands in stark contrast to the narrative often presented by China, which portrays itself as a fellow developing nation that supported African decolonization and now offers seemingly unconditional infrastructure development. China's aid to Africa is characterized by a "South-South" motivation, stemming from shared historical experiences of colonial invasion and nation-building. Professor Garlick highlighted China's different perception of Africa: 'China doesn't see it like that. China sees it as a trade partner, they see it as a source of natural resources. But they also see it as a place they can export to, that's an untapped market That's building up rapidly' [Garlick Interview, (3:33-3:49)]. He contrasted this with the Western approach: "About 80% of the Western money was for health, and then about 80% [Chinese money] for infrastructure" [Garlick Interview, (9:07-9:13), referring to a general understanding of aid distribution]. This aligns with Gang's observation that China's aid often focuses on infrastructure development based on principles of mutual benefit and non-conditionality, which is a core tenet of its policy.

4.3.2 China's Involvement in Africa: Infrastructure and Resource Access

In the 21st century, China has emerged as a dominant economic power in Africa, actively securing drilling and mineral rights across the continent. Unlike the historical focus of European powers solely on resource extraction, China has also made significant investments in infrastructure projects such as dams, roads, and bridges, which are often welcomed by African nations seeking to address their substantial infrastructure deficits. China's BRI explicitly aims to bridge this "infrastructure gap" in Africa, further solidifying its role as a key development partner. Through its state-owned mining and oil conglomerates, China has successfully gained access to significant reserves of Africa's rare-earth minerals, crude oil, and other valuable mining opportunities, as seen in section 2.3.2 1. While China's approach emphasizes infrastructure development, these projects often serve to facilitate its access to these critical resources, indicating a strategic alignment between its development assistance and its own economic needs. However, China's involvement in Africa has also faced criticism. Some Africans have expressed resentment over what they perceive as an imbalanced relationship where China takes control of natural resources, often utilizing its own labor and equipment, without providing substantial skills and technology transfer to local populations.

This has led to concerns that China's engagement might represent a new form of resource imperialism, echoing the exploitative patterns of European colonialism (Harris, 2024). While China builds infrastructure, Professor Garlick also noted the EU's and US's traditional aid focus saying, "we still tend to just think of Africa just as a poor starving country where we just got to send aid and the Chinese are just developing" [Garlick Interview, (6:10-6:17)]. This differing approach has significant implications for influence and resource access.

4.3.3 The Decline of Western Influence

The approaches of Europe, China, and the United States to engaging with Africa, particularly in resource extraction and development aid, present a stark contrast with significant implications for global market dynamics. Over the first decade of the 21st century, Europe's share of total trade with Africa declined, while China's share increased substantially, underscoring China's growing economic influence on the continent, often at the expense of traditional European partners. China's engagement is highly strategic and state-driven, with the Chinese Communist Party (CCP) playing a coordinating role in securing access to resources and geostrategic infrastructure, such as ports and railways. This long-term, centralized strategy contrasts with the more fragmented, private-sector-driven approach of European nations. While the United States and former European colonial powers still account for a significant portion of total Foreign Direct Investment (FDI) in Africa, their focus on governance reforms and health initiatives has not translated into deeper economic integration or trade partnerships with African nations in the same way as China's approach (Institute of Developing Economies, 2018).

China's infrastructure-focused aid strategy, characterized by massive investments in roads, railways, and ports, has directly facilitated its access to Africa's raw materials, reinforcing its dominance in global supply chains. By contrast, the US and the EU prioritize health and democratic governance, areas that, while important, do not yield the same strategic economic advantages (Institute of Developing Economies, 2018). This disparity in approach places Europe and the US at a disadvantage in securing long-term access to Africa's critical resources, as their engagement is not directly tied to trade and industrial expansion in the way China's is.

A key example of China's increasing dominance is its control over the Democratic Republic of Congo's (DRC) vast mineral wealth, particularly in cobalt and copper, both of which are crucial for electric vehicle (EV) batteries and renewable energy technologies. Chinese firms control around 70% of the DRC's cobalt production, with state-backed companies like China Molybdenum and Huayou Cobalt securing major mining concessions (The Strategist, 2023). Furthermore, China is expanding its strategic presence by constructing a deep-water port in Banana, on the Atlantic coast of the DRC, connected by railway to key mining regions (Health & Safety International, 2024). This project highlights China's edge in integrating infrastructure development with resource extraction, giving it a monopoly-like grip over Africa's critical materials.

As a result, China has positioned itself as the primary economic force in Africa, leveraging infrastructure-led investment to strengthen its trade dominance and secure a competitive advantage in global manufacturing. In contrast, the US and Europe's focus on health and governance initiatives, while valuable, does not contribute to long-term economic influence. Without a shift toward infrastructure-driven engagement, the US and EU risk falling further behind, ceding both economic and geopolitical power to China in one of the world's most resource-rich regions. China's strategy extends globally through its BRI, which has significant geopolitical and economic implications for Europe, as explored next.

4.3.4 Connecting Continents: The Geopolitical and Economic Implications of China's Belt and Road Initiative for Europe

China's BRI, launched in 2013, is an ambitious global infrastructure development strategy that involves investments in over 150 countries and international organizations . This massive undertaking comprises a network of land corridors, known as the Silk Road Economic Belt, and the 21st Century Maritime Silk Road, all aimed at enhancing regional and intercontinental connectivity through investments in road,

rail, energy, and digital infrastructure, as well as port development. The BRI is not solely an economic endeavor; it is also a significant geopolitical project and a cornerstone of President Xi Jinping's foreign policy, reflecting China's ambition to assume a greater leadership role in global affairs commensurate with its rising power and status (Callahan, 2016). Proponents of the BRI argue that it has the potential to significantly boost global GDP, particularly in developing countries, by addressing critical infrastructure gaps that hinder economic growth. Improved infrastructure can reduce trade frictions and facilitate greater economic activity across the Asia Pacific, Africa, and Central and Eastern Europe (Huang & Yiping, 2016). However, the BRI has also faced considerable criticism. Concerns have been raised regarding its potential negative impacts on human rights and the environment, as well as the risks of debt-trap diplomacy, where participating countries become heavily indebted to China, potentially leading to neocolonialism and economic imperialism. The lack of transparency surrounding the financing and terms of many BRI projects has further fueled these concerns, particularly among democratic nations (Anwarul, 2024).

4.3.5 Key Infrastructure Projects and Investments, Including the Port of Piraeus

One of the most prominent examples of Chinese investment in European infrastructure under the BRI is the port of Piraeus in Greece. In 2016, China's state-owned shipping firm, Cosco, acquired a majority stake in Piraeus, which is now Europe's seventh-largest harbor. This investment provides China with a strategic entry point into the European market, offering a crucial logistical hub for goods flowing between Asia and Europe (Mathews, 2022). Greece formally joined the BRI in 2018, signaling its willingness to participate in the initiative despite potential reservations from other Western allies. Professor Garlick noted how China strategically engages with certain EU countries, pointing to Hungary as an example: "it's clear that they see Hungary as a sort of Main ally in terms in terms of the EU Because it's because it's more authoritarian friendly because they're more sympathetic to Russia China" [Garlick Interview, (1:18-1:30)]. This bilateral approach can challenge EU unity when responding to initiatives like the BRI. Greece's decision to embrace the BRI likely stemmed, in part, from the prolonged period of economic instability it experienced following the 2008 financial crisis, making the prospect of Chinese investment particularly attractive. Italy also initially joined the BRI in 2019, signing a memorandum of understanding with China. However, in a significant shift, Italy officially exited the BRI at the end of 2023, highlighting the evolving and sometimes complex nature of European engagement with the initiative (Miaojie, 2019). Italy's initial participation, followed by its withdrawal, suggests a growing reassessment among some European nations regarding the perceived benefits and potential drawbacks of the BRI.

4.3.6 The Duality of the BRI

The BRI presents a complex duality in its objectives and global impact. Officially, China frames the BRI as a "win-win" strategy for regional cooperation and development, emphasizing the promotion of cross-border connectivity, deepened economic integration, and shared prosperity through investments in physical infrastructure, trade networks, and financial systems (Huang & Yiping, 2016). The stated goals encompass five main aspects: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people exchanges. This narrative suggests a benign effort to bridge infrastructure gaps, particularly in developing countries, and foster mutual economic growth. While the BRI does offer development opportunities, including access to critical infrastructure and financial capital for recipient states, this official portrayal is only semi-true, as significant concerns have arisen regarding its underlying intentions and consequences, such as the potential for rising geopolitical dependencies, long-term debt sustainability issues, and threats to national sovereignty (Arduino& Gong, 2018).

Beyond the publicly stated economic rationale, the BRI serves as a powerful instrument of Chinese soft power and a vehicle for advancing its strategic geopolitical ambitions. Soft power, defined as the ability to obtain desired outcomes through attraction rather than coercion, is deliberately integrated into China's foreign policy to shape the external environment favorably for its continued rise (Nye, 1990). The BRI itself, along with initiatives like the Asian Infrastructure Investment Bank (AIIB) and Confucius Institutes, enhances China's influence and presents an alternative to Western-led global governance structures. This strategy also facilitates China's access to critical natural resources and new markets, particularly in resource-rich regions like Africa and Southeast Asia, by linking infrastructure development with resource extraction needs. China's "no interference" policy in the domestic affairs of partner countries, while criticized by democratic nations for potentially enabling authoritarianism and overlooking human rights abuses, is often welcomed by regimes seeking investment without the conditionality typically attached by Western donors (Zheng et al., 2016). This approach allows China to work closely with the incumbent powers, irrespective of their governance records, thereby securing its strategic interests.

The BRI's extensive investment in maritime infrastructure, including ports in regions like Southeast Asia and the Indian Ocean (often referred to by analysts as part of a "String of Pearls" strategy), can be interpreted as a long-term effort to secure vital trade routes, project naval influence, and gradually counter US hegemony in key maritime corridors (Ashraf, Junaid, 2017). The establishment of a Chinese military logistics base in Djibouti, a monumental step given that few global powers possess such overseas capabilities, underscores this expanding strategic reach. These infrastructure projects, heavily reliant on Chinese loans and construction, can make participating countries, especially those with weak governance or high levels of corruption, vulnerable to economic pressure and strategic dependency (Tanchum, 2025). In this complex geopolitical landscape, a more unified European approach could be crucial.

Rather than engaging with the BRI through disparate bilateral agreements, the EU acting as a collective entity could potentially negotiate more favorable terms, mitigate risks, and ensure that its engagement aligns with core European values and strategic interests, thereby leveraging its collective strength in a changing global order. The lack of a unified EU foreign policy towards China was a key point made by Professor Garlick: 'every country is still a sovereign state so every country is making its own Bilateral policy with China and the Chinese exploit that of course, right?' [Garlick Interview, (4:53-4:57)]. He further opined, as he is working on the EU HORIZON project, commissioned by the European Commission, that is building a database on China and how to engage with China: 'I literally don't think they know what they're doing. I don't think they have any clear plan about it at all that's my conclusion' [Garlick Interview, (5:38-5:41)] when referring to the EU's strategy towards China. He further added a reoccurring topic in the interview: 'My impression of this project I'm doing (Horizon Europe) is there's a lot of people in Brussels just sitting in offices, shuffling paperwork, filling out documents, ticking boxes, but it's not action. They're mistaking. They're mistaking bureaucracy for action. It's just all drowning in bureaucracy.'[Garlick Interview, (15:16-15:25)]. The complex web of geopolitics, historical legacies, and sustainability imperatives presents a formidable challenge for the EU in securing critical materials.

4.3.7 Chapter Conclusion

The challenge of securing a stable and sustainable supply of critical materials for the European Union is multifaceted, operating at the intersection of deep-seated historical legacies, current geopolitical power plays, and the EU's own evolving regulatory landscape. This arena is dominated by several key challenges. Firstly, Europe's historical disadvantage, stemming from its colonial past, often complicates efforts to

build trust and forge equitable partnerships in resource-rich nations, particularly in Africa, making it difficult to compete with narratives presented by actors like China. Secondly, China has achieved strategic dominance through a concerted, state-driven effort involving infrastructure investment and direct engagement, securing a commanding position in vital materials like cobalt and rare earths, often leveraging its "no interference" policy. Thirdly, China's Belt and Road Initiative acts as a powerful geopolitical and economic tool, cementing its access to resources and influence through large-scale infrastructure projects, frequently operating with less stringent sustainability and transparency standards than those championed by the EU. Finally, the EU suffers from a fragmented approach; lacking a truly unified foreign and industrial policy towards resource security and China, its collective weight is often undermined as individual member states pursue bilateral deals.

While these geopolitical and access issues are paramount, the EU's sustainability agenda adds a crucial layer of complexity. Policies like the CSDDD and the EU Taxonomy, alongside ESRS reporting requirements, aim to ensure that the EU's quest for resources aligns with its environmental and ethical values. They push for transparency and due diligence, seeking to prevent a repeat of past exploitations and foster responsible sourcing. However, these well-intentioned regulations inevitably create operational hurdles and potential cost disadvantages for EU industries competing against global players operating under different, often less demanding, frameworks.

This intricate web of historical burdens, intense geopolitical competition, and self-imposed sustainability standards means that ensuring EU competitiveness and strategic autonomy in critical materials requires more than just reacting to global events. It demands a proactive, unified, and imaginative strategy. The following chapter will delve into specific recommendations designed to address these systemic challenges, not only for critical materials but across key industrial sectors, aiming to forge a path towards a sustainable and competitive industrial renewal for the European Union.

The challenge of critical materials access profoundly impacts several facets of Porter's Diamond for the EU. China's dominance in extraction and processing, coupled with its strategic BRI investments [Garlick Interview, (0:00-0:14), (0:28-0:36)], directly constrains EU Factor Conditions and reshapes the landscape of Related and Supporting Industries globally. Europe's colonial legacy and fragmented Government approach, as noted by Professor Garlick regarding the lack of a unified China policy [Garlick Interview, (4:53-4:57), (5:38-5:41)], weaken its ability to influence these conditions. EU sustainability policies like CSDDD, while ethically important, act as Government-imposed standards that can affect the Firm Strategy of EU companies seeking to secure resources competitively. The overarching geopolitical competition is a significant 'Chance' factor altering the entire diamond.

The sectoral analyses have laid bare the multifaceted pressures on EU competitiveness. Chapter 5 will now synthesize these findings and expert insights to propose actionable recommendations for the EU to navigate this complex environment and foster industrial renewal.

5 Recommendations

This thesis has navigated the complex terrain where the European Union's ambitious sustainability agenda intersects with the imperative to maintain and enhance its global industrial competitiveness. The core argument explored is that while sustainability reporting, as embodied by frameworks like the ESRS, aims to foster transparency and accountability, its implementation, coupled with broader sustainability policies, has inadvertently contributed to an erosion of EU competitiveness in key sectors like steel. This chapter first revisits the nuanced problem statement derived from our research, particularly through the lens of the steel industry and expert interviews, before proposing a series of recommendations aimed at forging a path towards industrial renewal.

5.1 Revisiting the Problem: Sustainability Reporting vs. Systemic Challenges

The interviews conducted with ArcelorMittal Belgium have been instrumental in refining our understanding. It is crucial to distinguish between the impact of sustainability reporting itself and the challenges posed by the broader EU sustainability agenda's implementation. ArcelorMittal does not fundamentally oppose sustainability reporting; indeed, there is an expressed appreciation for transparency and a commitment to corporate responsibility towards Europe, its citizens, and investors. The company has demonstrated this commitment through significant innovation and productivity improvements, achieving CO2 emissions per tonne of steel (1.7 tonnes) that are considerably lower than the global industry average (2.3 tonnes). Furthermore, their double materiality assessment, in line with ESRS, rightly prioritizes climate-related issues.

The primary contention, therefore, is not with reporting as a concept, but with systemic issues that hamstring European industries. These include cumbersome and lengthy permitting processes for crucial green investments, and a persistent lack of a genuine level playing field, both within the EU and globally. The Steelanol project, a pioneering "Smart Carbon" initiative by ArcelorMittal to convert steel production off-gases into bio-ethanol, epitomizes this challenge. As detailed in this thesis (p.32-33) and the ArcelorMittal transcripts, the project faced over a decade of discussions and uncertainty, partly because regulatory interpretations and business case viability (e.g., "Recycled Carbon Fuel" status) differed significantly based on potential EU locations like Ghent versus Dunkirk, due to varying national energy grid CO2 intensities. This issue of inconsistent regulatory landscapes and their impact on investment is not confined to the steel sector. MEP Ciaran Mullooly highlighted similar problems in the energy sector, where lengthy permitting, monopolistic practices, and inefficient grid connections stifle renewable energy projects and keep costs high. It is this operational environment, rather than reporting obligations alone, that creates a disproportionate burden. Indeed, ArcelorMittal representatives clarified their stance: 'Sustainability-reporting is een goeie zaak. Nu, de andere, de permitting bijvoorbeeld, de regelgeving, die is dan misschien meer het probleem.' (Sustainability reporting is a good thing. Now, the other aspects, permitting for example, the regulations, those are perhaps more the problem.) [ArcelorMittal Interview, 39:27-39:37, 39:56-40:07]. This distinction is crucial for framing effective solutions, which the following section will address.

5.2 Forging the Path Forward: Recommendations for EU Competitiveness

To address these deep-seated challenges and reverse the erosion of EU competitiveness, a multi-pronged strategy is essential. The following recommendations aim to tackle the identified problems systematically:

5.2.1 Recommendation 1: Expedite the Energy Union and Champion Standardized Projects

This overarching recommendation directly addresses the critical impediment of high and volatile energy prices and cumbersome project deployment, which severely impacts 'Factor Conditions' for EU industries and creates uncertainty affecting 'Firm Strategy, Structure, and Rivalry' within Porter's Diamond model.

Recommendation 1a: Accelerate the creation of a true Energy Union.

The EU must accelerate the creation of a true Energy Union to address the persistently high and volatile energy prices that critically undermine its industrial competitiveness. As detailed in Chapter 4.1.3, the EU's fragmented energy market, over-reliance on imported fossil fuels, and lack of unified bargaining power leave it vulnerable to price shocks and supply disruptions, a situation starkly exposed during the 2022 energy crisis. This directly impacts 'Factor Conditions' for all EU industries, as highlighted by ArcelorMittal, which faces electricity prices two to three times higher and gas prices four to five times more expensive than in other regions. MEP Ciaran Mullooly vividly described how national energy monopolies and inefficient grid access in countries like Ireland exacerbate this problem, leading to excessive connection charges and stifling competition from new renewable energy providers: 'Our national grid is controlled on behalf of the state by a company called Air Grid... Between the two of them, it's a monopoly situation. And they're not providing access to the national grid for the new people... They tell me it is too expensive and it's too cumbersome'. He argued for EU-level intervention to break these monopolies and ensure fair grid access costs. The Draghi Report strongly advocates for a more unified energy policy and streamlined regulations to overcome these national obstacles and strengthen the EU single market in energy.

The expected impact of a true Energy Union would be a significant enhancement of EU industrial competitiveness. It would improve energy security by diversifying sources and reducing external dependencies, lower price volatility through efficient cross-border energy flows and integrated markets, and alleviate a substantial cost burden on industries, thereby strengthening their 'Factor Conditions'. Furthermore, a unified and predictable energy market would reduce investment uncertainty, positively influencing 'Firm Strategy, Structure, and Rivalry' by allowing businesses to plan long-term investments in green technologies with greater confidence. This would also represent a more effective use of the 'Government' lever in Porter's Diamond, fostering a stable environment conducive to the green transition.

Recommendation 1b: Promote "off-the-shelve" standardized energy projects.

To complement the creation of an Energy Union, the EU should actively promote the development and deployment of "off-the-shelve" standardized energy projects. This approach directly addresses the challenge of cumbersome and lengthy permitting processes for new energy infrastructure, a critical barrier identified in the Draghi Report and by MEP Mullooly. As discussed in Chapter 4.1.7, standardization can significantly reduce project development times and costs by leveraging existing designs and proven technologies, minimizing bespoke engineering and streamlining approval procedures. The Clean Industrial Deal's emphasis on creating lead markets and streamlining permitting can be significantly amplified by such standardization, and its inclusion of "off-the-shelf" options for state aid compatibility demon-

strates an existing, albeit nascent, recognition of this approach's value.

The expected impact of promoting standardized projects would be an accelerated deployment of clean energy technologies across the Union, crucial for meeting climate targets and enhancing energy security. This would lead to easier access to financing due to lower perceived risks for investors, further stimulating the growth of 'Related and Supporting Industries' in the green tech sector. By simplifying 'Government' oversight and reducing bureaucratic red tape, this approach would free up resources and allow for a more rapid improvement in 'Factor Conditions' related to energy infrastructure. This faster deployment cycle would, in turn, provide industries with quicker access to cleaner and potentially more cost-effective energy sources, supporting their transition and overall competitiveness.

5.2.2 Recommendation 2: Establish and Enforce a Genuine Level Playing Field

The absence of a genuine level playing field, both internally within the EU due to inconsistent regulatory application and externally against global competitors facing less stringent standards, fundamentally undermines the 'Firm Strategy, Structure, and Rivalry' of EU industries and distorts their 'Factor Conditions'.

Recommendation 2a: Harmonize regulatory interpretation and implementation across Member States.

The EU must prioritize the harmonization of regulatory interpretation and implementation across all Member States to eliminate internal market distortions and reduce investment uncertainty. The Steelanol project, detailed in Chapter 4.2.6, serves as a stark example of this problem: ArcelorMittal's innovative initiative to convert steel off-gases into bio-ethanol faced over a decade of uncertainty because its viability and "Recycled Carbon Fuel" status hinged on differing national CO2 intensity calculations for grid electricity, making the project feasible in France but problematic in Belgium. Jan Cornelis highlighted the prolonged regulatory discussions: "In de regelgeving zijn we al vijf jaar bezig... Voor de levering aan de fuelmarket nog altijd niet" (In terms of regulation, we have been working on this for five years... For delivery to the fuel market, still not.). This regulatory fragmentation, also a concern in the energy sector as pointed out by MEP Mullooly regarding inconsistent grid access rules, creates an uneven playing field within the EU itself. Such inconsistencies critically hamper 'Firm Strategy' by forcing companies to navigate a complex patchwork of rules rather than focusing on innovation and efficiency, and they can delay or derail crucial green investments, as noted by Christophe Vandekerckhove: "Maar je merkt dat het beslissingsproces zeker niet versnelt, in het tegendeel" (But you notice that the decision-making process certainly doesn't speed up, on the contrary.).

The expected impact of harmonized regulatory application would be a significant reduction in investment uncertainty, fostering fairer internal competition and allowing businesses to make strategic decisions based on innovation and market fundamentals rather than regulatory arbitrage. This would strengthen the integrity of the EU single market, improve 'Factor Conditions' by ensuring consistent operational frameworks, and enable more efficient 'Firm Strategy, Structure, and Rivalry'. It would also enhance the 'Government' role by ensuring EU law is applied equitably, leading to a more predictable environment for the green transition and bolstering overall industrial competitiveness.

Recommendation 2b: Strengthen and refine external trade defense instruments, particularly CBAM.

The EU must urgently strengthen and refine its external trade defense instruments, with a primary focus on the Carbon Border Adjustment Mechanism (CBAM), to create a truly level playing field for its industries that are investing heavily in decarbonization. The current framework, while a step forward, is perceived by key industrial players as insufficient to counteract unfair global competition. As detailed in Chapter 4.2.3, existing EU steel safeguard measures, introduced in response to US Section 232 tariffs, have proven largely ineffective due to inflated quota thresholds that seldom trigger the 25% levy, failing to protect the domestic market from import surges that have doubled their share to nearly 30%. ArcelorMittal explicitly called for "instrumenten met impact" (instruments with impact). Furthermore, the CBAM itself, as discussed in Chapter 4.2.5, is vulnerable to "resource shuffling," where non-EU producers might strategically export their lowest-carbon steel to the EU to minimize CBAM levies while selling higher-emission steel to other global markets. This concern was explicitly raised by ArcelorMittal: "Wat moeten we vermijden? Als CBAM start in 2026, dat de exporteur uit het Midden-Oosten bijvoorbeeld zegt, ik heb veel EAF staal, ik zal dat naar Europa brengen, laag CO2 staal, ik zal dan geen of nauwelijks CBAM-tax betalen, en ik zal mijn hoogovenstaal in het Midden-Oosten verkopen" (What must we avoid? If CBAM starts in 2026, that the exporter from the Middle East, for example, says, I have a lot of EAF steel, I will bring that to Europe, low CO2 steel, I will then pay no or hardly any CBAM tax, and I will sell my blast furnace steel in the Middle East.). This practice would undermine the EU's climate goals and leave domestic producers, who bear the high costs of the EU ETS, at a significant disadvantage, severely impacting their 'Firm Strategy, Structure, and Rivalry' by exposing them to distorted competition. Additionally, the current CBAM framework lacks robust solutions for ensuring the export competitiveness of EU producers who have already paid these domestic carbon costs, meaning their products become uncompetitive in global markets where such levies don't exist.

Therefore, a revised and strengthened CBAM must incorporate effective mechanisms to prevent such circumvention and ensure that EU industries investing in green technologies are not unfairly undercut by imports with a higher carbon footprint or by an unlevel playing field in export markets. This requires ongoing, deep consultation with affected industries, a development ArcelorMittal indicated is improving, with policymakers now seeming to listen more constructively. Implementing a more robust and intelligently designed CBAM would significantly improve 'Factor Conditions' by helping to equalize carbon costs associated with production, bolster 'Firm Strategy' by providing a more predictable and fair competitive environment, and reinforce the 'Government's' role in effectively supporting its domestic industries through the green transition. This would lead to increased investment confidence in decarbonization within the EU, enhance the global competitiveness of European manufacturers, and ensure that the EU's climate ambitions do not inadvertently lead to carbon leakage and deindustrialization.

Recommendation 2c: Ensure fair competition on energy costs.

The EU must take decisive action to ensure its industries can compete on fairer terms regarding energy costs, a fundamental structural disadvantage highlighted throughout this thesis. As established in Chapter 4.1 and emphasized by ArcelorMittal in Chapter 4.2.2 and the interviews, European electricity prices are two to three times higher, and gas prices four to five times more expensive, than in many other major industrial regions. This disparity places a severe burden on energy-intensive sectors like steel and chemicals, directly eroding their 'Factor Conditions' as per Porter's Diamond. MEP Mullooly also pointed to internal EU issues, such as energy monopolies and inefficient grid connection policies in countries like Ireland, which artificially inflate costs for businesses and consumers alike, undermining the competitiveness of the entire energy system. While the EU's decarbonization goals themselves are not the primary driver of these high prices, the lack of a unified approach to energy policy, coupled with insufficient investment in diversified and interconnected infrastructure, exacerbates the problem. The Draghi Report also identifies the need to reform energy taxation and create a more unified energy market to address these distortions.

Addressing this core weakness in 'Factor Conditions' is paramount. By implementing measures that lead to more competitive and stable energy prices—such as accelerating the Energy Union (Recommendation 1a), tackling monopolistic practices, promoting investment in diverse and interconnected energy infrastructure, and potentially reforming energy taxation as suggested by the Draghi report—the EU can significantly enhance the global competitiveness of its industries. This would allow businesses to compete based on innovation and operational efficiency rather than being systemically hampered by disproportionate input costs. Such actions would also contribute to a more resilient and sustainable EU economy, better equipped to handle the green transition without sacrificing its industrial base. The 'Government' role in Porter's Diamond would be strengthened by creating a more supportive and equitable operational environment.

5.2.3 Recommendation 3: Recalibrate EU-China Relations – From Confrontation to Strategic Co-dependency on Critical Resources

The EU's current approach to China, particularly concerning the security of critical raw materials, is often fragmented, reactive, and historically burdened, placing European industries at a significant disadvantage in securing vital inputs for the green and digital transitions. This impacts crucial 'Factor Conditions' and is influenced by challenging 'Chance' geopolitical factors.

Recommendation 3a: Foster genuine EU-China dialogue and mutual understanding.

The EU should actively seek to foster genuine dialogue and promote mutual understanding with China, moving beyond a purely confrontational stance, especially in areas of potential shared interest like global supply chain stability and climate change. As detailed in Chapter 4.3, Professor Jeremey Garlick highlighted the EU's lack of a unified foreign policy towards China and his perception, based on his work for the European Commission's Horizon Europe project, that "I literally don't think they know what they're doing. I don't think they have any clear plan about it at all". He stressed the absence of substantive dialogue, suggesting that China might not fully grasp the negative impacts of certain trade practices, such as steel dumping (Chapter 4.2.2), viewing them merely as business decisions rather than actions that undermine European industries. Professor Garlick advocated for direct discussions: "they need to sit down with the Chinese and say, you know Look, we have this problem. You're dumping your steel

here. It's undermining our steel industries Maybe the chip maybe the Chinese don't even like realise that you know".

The expected impact of fostering such open dialogue would be the potential to address misperceptions on both sides, leading to more predictable and stable trade relations. This could influence 'Government-to-Government' interactions positively, potentially identifying areas for mutually beneficial cooperation rather than a zero-sum game. While navigating China's significant influence via initiatives like the BRI (Chapter 4.3.2) remains complex, improved communication could help mitigate risks and clarify intentions. A more informed EU, capable of engaging China with a clearer understanding of its own strategic interests and China's perspectives, could lead to better outcomes in securing access to critical materials and ensuring fairer competitive conditions for its industries, thus positively influencing 'Factor Conditions' and the broader geopolitical 'Chance' elements.

Recommendation 3b: Explore tripartite cooperation in Africa involving the EU, China, and African nations.

Rather than engaging in direct and often counterproductive competition with China for resources in Africa (as detailed in Chapter 4.3.1), the EU should explore the potential for tripartite cooperation involving the EU, China, and African host nations. This approach seeks to leverage the strengths of each party for mutual benefit. Europe's historical legacy in Africa is complex and often a hindrance, while China has established significant dominance through infrastructure investment and a "no interference" policy, securing access to vital materials like cobalt and rare earths. Professor Garlick mused about the possibility of "joint ventures adhering to EU ESG standards" in Africa, which could "create a collaborative relationship... instead of an adversarial one" and potentially give Europe "access to cheaper raw materials too". Such cooperation could focus on projects that align with EU sustainability standards (CSDDD, EU Taxonomy, ESRS), thereby promoting responsible resource extraction while benefiting from Chinese infrastructure capabilities and African resource endowments.

The expected impact of such tripartite cooperation could be manifold. It could significantly improve the EU's access to critical raw materials, thus strengthening 'Factor Conditions' for its industries. By integrating EU sustainability standards into these joint projects, it would promote ethical and environmentally sound practices on the ground, aligning resource acquisition with the EU's values. This could also create new markets for European technologies and services in Africa. Critically, by fostering a collaborative rather than purely competitive dynamic with China in third countries, it could lead to more stable international relations and mitigate some of the geopolitical 'Chance' factors that currently create instability and risk for EU supply chains. This innovative approach to 'Government' engagement could transform a key area of global competition into one of strategic co-dependency and shared development.

5.2.4 Recommendation 4: Embrace Proactive Industrial Policy and Strategic Autonomy

For too long, Europe has often found itself in a reactive stance to global economic and geopolitical shifts, whether it's responding to China's Belt and Road Initiative, US trade policies, or Russia's aggression in Ukraine. To achieve genuine industrial renewal and bolster its strategic autonomy, the EU must transition to a more proactive role in shaping its own economic destiny. This involves anticipating challenges and opportunities rather than merely reacting to them, a sentiment echoed by Professor Garlick's call for "more proactive, visionary thinking. And more imagination about the future. Thinking about how we can make things happen. Instead of just reacting to things".

Recommendation 4a: Further develop and implement a practical industrial and resource strategy.

The EU must further develop and, crucially, implement a comprehensive and practical industrial and resource strategy that is deeply integrated across energy policy, trade defense, critical resource security, and innovation support. While recent initiatives like the Clean Industrial Deal, the Omnibus 1 simplification package, and the ReArm Europe proposal signal a move towards more strategic thinking, these efforts must be better coordinated and their practical implementation ensured. As highlighted in Chapter 4, key sectors face distinct but interconnected challenges: the energy sector grapples with high costs and the need for an Energy Union; the steel industry contends with unfair competition, high carbon costs under the ETS, and uncertainty around green investments like Steelanol; and access to critical materials is dominated by geopolitical competition with China. Professor Garlick's critique of the EU often "mistaking bureaucracy for action" underscores the need for strategies that translate into tangible outcomes rather than just policy documents. For instance, the Clean Industrial Deal, while positive, still imposes high CO2 taxes on crucial industries like steel without fully effective offsetting measures; Omnibus 1 is seen by some, like MEP Mullooly implicitly, as not simplifying enough; and ReArm Europe's funding relies on member state compliance and estimates. A truly effective industrial strategy must address these implementation gaps and ensure genuine support for innovation, like the Steelanol project, which suffered from regulatory inconsistencies.

The expected impact of such a coherent and actionable strategy would be to provide much-needed clarity, predictability, and direction for European industries. This would enable better long-term investment decisions ('Firm Strategy'), foster the development of robust 'Related and Supporting Industries' (e.g., in green technologies and circular economy solutions), and strengthen 'Factor Conditions' by ensuring more secure and affordable access to energy and raw materials. A proactive and well-implemented industrial policy represents a strong assertion of the 'Government' role in Porter's Diamond, essential for navigating global competition and achieving strategic autonomy.

Recommendation 4b: Foster deep collaboration between EU institutions and key industries.

The EU must foster deeper, more systematic, and earlier collaboration between its institutions and key industries to ensure that policymaking is grounded in practical realities and technical expertise. As the ArcelorMittal interviews revealed, while there is a sense that policymakers are now listening more constructively, this engagement often came late, after significant burdens were already imposed or investments delayed. Companies like ArcelorMittal possess invaluable on-the-ground technical knowledge and market insights crucial for designing workable and effective regulations—from the intricacies of CBAM implementation to the challenges of decarbonizing complex industrial processes like steelmaking. The difficulties faced by the Steelanol project, partly due to regulatory frameworks struggling to keep pace with innovation, underscore the need for policymakers to better understand the practical implications of their decisions on cutting-edge industrial endeavors. Similarly, MEP Mullooly's insights into the energy sector highlighted how a disconnect between policy intentions and local operational realities (e.g., grid monopolies) can stifle progress.

The expected impact of institutionalizing earlier and more meaningful industry collaboration would be the development of better-informed policies that are more aligned with industrial capabilities and market dynamics. This would lead to more effective and efficient regulatory frameworks, reducing unintended

negative consequences on competitiveness and speeding up the green transition. Such collaboration would strengthen all facets of Porter's Diamond by ensuring the 'Government' role is more responsive and supportive, leading to improved 'Factor Conditions' (e.g., by ensuring policies don't inadvertently inflate costs or create unnecessary barriers), more robust 'Firm Strategy' (as businesses can plan with greater certainty), and a more dynamic environment for 'Related and Supporting Industries'. This proactive partnership is essential for building trust and ensuring that the EU's sustainability agenda and its industrial competitiveness goals are mutually reinforcing.

These recommendations, spanning from energy sector reforms and the establishment of a level playing field to recalibrated international relations and proactive industrial strategy, collectively aim to construct a more stable, predictable, and ultimately competitive operational environment for EU industries. They are designed not to dismantle the EU's sustainability ambitions, but to address what this thesis has identified as the true impediments to competitiveness: the pervasive uncertainty and systemic inconsistencies that arise from the implementation of the sustainability agenda, rather than the agenda itself. With these potential pathways forward outlined, the final chapter will now synthesize the core arguments of this research, reflecting on the true burden of sustainability for EU competitiveness and underscoring the critical, overarching imperative of policy certainty.

6 Conclusion

This thesis set out to explore how the European Union's drive for sustainability, particularly through reporting requirements like the ESRS, might affect the competitiveness of its industries. However, the research, including in-depth discussions with industry players like ArcelorMittal, points to a more complex picture. The main challenge to EU industrial competitiveness isn't sustainability reporting itself. Instead, the bigger problem is the significant uncertainty that businesses face. This uncertainty comes from several sources: the fast pace of new sustainability-related rules, inconsistent application of these rules across different EU countries, slow and complicated permitting processes for new green projects, high energy costs, and a lack of a clear, stable, long-term support system for companies making large investments in green technologies. While companies like ArcelorMittal have shown they can innovate and improve efficiency, their ability to plan and invest is undermined when the rules of the game are always changing or unclear. As Jan Cornelis from ArcelorMittal put it, this uncertainty makes businesses "more hesitant to make decisions" on vital green investments. This hesitation leads to delays, wasted resources, and ultimately, makes it harder for EU industries to compete globally.

Adding to this complexity, the EU is now increasingly focusing on defense and its own strategic independence. While understandable given current world events, this shift could create new policy tensions. MEP Ciaran Mullooly, for example, mentioned how Poland was reconsidering the closure of coal mines due to defense and energy security needs. If resources and political attention move too heavily towards defense at the expense of consistent support for the green transition, it will only increase the uncertainty for industries trying to plan for a low-carbon future. This brings up the crucial question, raised in the introduction of this thesis, about how sustainability will be prioritized alongside immediate security concerns.

Porter's Diamond: Understanding EU Industrial Competitiveness

Michael Porter's Diamond Model has been a key tool in this thesis to analyze the various factors that shape the EU's industrial competitiveness within this sustainability-focused environment. Our look at the Energy, Steel, and Critical Materials sectors in Chapter 4 shows how these factors are being affected, with 'Government' actions (EU policies) and 'Chance' events (geopolitical shifts) playing significant roles.

The Factor Conditions, which are the basic inputs needed for production like resources and infrastructure, are clearly under pressure. In the Energy sector (Chapter 4.1), consistently high prices and difficult access to the electricity grid, as MEP Mullooly described for Ireland, damage the competitiveness of all industries that depend on energy. For the Steel industry (Chapter 4.2), these high energy costs, combined with the financial burden of the EU's carbon pricing system (ETS), make EU steel more costly to produce than steel from many other regions; ArcelorMittal representatives confirmed their energy prices are significantly higher. Furthermore, in the area of Critical Materials (Chapter 4.3), the EU's access to essential raw materials is hampered by global politics, particularly China's strong position in supply chains and its BRI, a situation highlighted by Professor Garlick.

Meanwhile, Demand Conditions within the EU, meaning the nature of what customers in the home market are asking for, are being influenced by sustainability goals to encourage a preference for greener products, such as green steel. However, the analysis of the steel sector (Chapter 4.2) shows that this positive push can be weakened if these EU-made green products are too expensive, or if the market is filled with cheaper, less sustainable imported goods. The fact that companies like ArcelorMittal have had to pause green steel projects because the financial case isn't strong enough indicates that demand for these advanced products still needs more active support. The health of Related and Supporting Industries—the local presence of competitive suppliers and other related businesses—is also vital for innovation. While EU initiatives like the Clean Industrial Deal (Chapter 4.1.5) aim to boost these, practical problems persist. For example, ArcelorMittal's innovative Steelanol project (Chapter 4.2.6) faced long delays because of inconsistent rules in different EU countries. This illustrates how a lack of regulatory harmony can slow down the development of these important supporting industries.

Finally, Firm Strategy, Structure, and Rivalry, which describes how companies are set up and compete, are heavily shaped by EU regulations and the overall competitive climate. The widespread uncertainty, as noted by ArcelorMittal, makes companies reluctant to make large investments, impacting their strategic decisions. Competition is often not on a level playing field. Within the EU, differing rules (as seen with Steelanol) create unfair advantages for some. Externally, EU companies face rivals from regions with lower energy and carbon costs, and often more state backing, a prime example being Chinese steel dumping. EU firms trying to source critical materials ethically also face complex sustainability rules (like the CSDDD) that their global competitors may not have.

The role of 'Government' (meaning EU institutions and national authorities) is central to all of this. Policies such as ESRS, ETS, CBAM, the Green Deal, and the Clean Industrial Deal are intended to drive sustainability and boost competitiveness. However, this thesis has shown that while the goals are generally positive (like encouraging green demand or holding companies accountable), the way these policies are put into practice can lead to unintended negative consequences. These include creating uncertainty, imposing high costs, and causing investment delays, all of which can hinder innovation and competitiveness. Furthermore, as Professor Garlick pointed out, the EU's sometimes fragmented approach to major external challenges, like creating a unified policy towards China, can also weaken its ability to secure essential resources or ensure fair global competition. Alongside these governmental actions, 'Chance' events (unforeseen external developments) have also significantly reshaped the competitive landscape. The war in Ukraine, more protectionist US trade policies, China's BRI, and the EU's own increasing focus on defense are all game-changers. These events directly influence government policy—for example, by causing a rethink of energy sources, as MEP Mullooly mentioned regarding Poland, or leading to large commitments for defense spending (Chapter 2.3.4). These shifts, in turn, impact Factor Conditions (like resource availability and energy security) and force companies to adjust their business strategies.

Recommendations: Strengthening EU Competitiveness through Porter's Diamond

The recommendations made in Chapter 5 are designed to tackle these weaknesses identified through the Porter's Diamond analysis. The goal is to help the EU's 'Government' role become more effective and supportive, enabling industries to manage the green transition and global competition with more confidence.

The first set of recommendations, expediting a true Energy Union and promoting standardized "off-the-shelve" energy projects, directly aims to improve critical Factor Conditions. A more unified EU energy market, featuring better grid connections and quicker, simpler processes for approving new energy projects, would help lower the high and unpredictable energy prices that currently burden EU industries. This approach also enhances the 'Government's' role, transforming it into a facilitator that speeds up the deployment of clean energy, rather than being a source of delays. This aligns well with the Draghi Report's call for simpler project approvals.

Secondly, the call to establish and enforce a genuine level playing field—by harmonizing how rules are applied across EU member states, strengthening the Carbon Border Adjustment Mechanism (CBAM), and taking firm action to ensure fairer energy cost competition —is essential for improving Firm Strategy, Structure, and Rivalry. Applying EU rules consistently internally, unlike the variable treatment seen in the Steelanol project depending on national CO2 calculations, would lead to fairer domestic competition and give investors more certainty. A stronger CBAM that effectively deals with issues like "resource shuffling" (a specific concern ArcelorMittal raised) and ensures that EU exporters who have already paid domestic carbon costs can still compete internationally, would allow EU firms to compete based on their innovations, rather than being penalized for their green efforts. Directly addressing high energy costs, which ArcelorMittal emphasized as a severe burden, tackles a fundamental weakness in Factor Conditions. Together, these actions would demonstrate the 'Government's' clear support for its industries.

Thirdly, recalibrating EU-China relations concerning critical resources, including seeking more constructive dialogue and exploring tripartite cooperation in Africa, is aimed at improving Factor Conditions by securing better access to vital raw materials. This requires a more imaginative 'Government' engagement strategy, as suggested by Professor Garlick, to move beyond historical difficulties and proactively build new partnerships, possibly including joint ventures in Africa that adhere to EU sustainability standards. This approach could also help the EU strategically manage challenging geopolitical 'Chance' factors by promoting collaboration and understanding instead of relying solely on defensive tactics. This, in turn, could open up new avenues for Firm Strategy in sourcing materials globally.

Finally, embracing a proactive industrial policy and vigorously pursuing strategic autonomy, through developing a practical, integrated strategy and fostering deep collaboration with industry, is designed to fundamentally strengthen the 'Government' role within Porter's Diamond. A clear, actionable strategy that links energy, trade, resource security, and innovation—addressing current gaps in plans like the Clean Industrial Deal or ReArm Europe—would provide industries with the predictability needed for long-term investment and renewal. Genuine partnership between EU policymakers and industry, ensuring that rules are practical and shaped by real-world expertise (as ArcelorMittal's experience with projects like Steelanol demonstrated is crucial), will lead to more effective outcomes. This would help Related and Supporting Industries (like green technology and circular economy solutions) to thrive and enable more confident Firm Strategy.

To sum up, the main challenge for EU industrial competitiveness, in light of its sustainability goals, isn't sustainability itself or even the requirement to report on it. Industry leaders, like those at Arcelor-Mittal, see the value in transparency. The real issue is the widespread and damaging uncertainty created by a constantly changing, sometimes inconsistent, and not always supportive regulatory and economic landscape. This uncertainty holds back investment, wastes resources, and makes it harder for the EU to achieve its green goals and strengthen its industries at the same time.

If European industries are to prosper, and if the EU is to successfully manage the shift to a green economy while boosting its industrial strength in a challenging world, then creating a predictable, supportive, and fair playing field is essential. By addressing the systemic problems identified – from disconnected energy markets and inconsistent rules to weak trade defenses and a reactive approach to global changes – the EU can move forward. This requires strategic thinking, consistent policies, and genuine collaboration with the industries that are key to this transition. The recommendations provided, viewed through the Porter's Diamond framework, offer a way for the EU to turn its sustainability agenda from a source of uncertainty into a true driver of innovation, resilience, and long-term industrial strength. Ultimately, what EU industry needs most is certainty and a clear, proactive approach, ensuring that the path to a sustainable future also leads to a stronger, more competitive European industrial base. This is the true burden of sustainability and the imperative of certainty.

7 Interview questions with field experts

7.1 Energy

Interview questions with Member Of European Parliament Ciaran Mullooly, active on energy policy in Ireland

1. How have Irish companies reacted to the closure of peat fields? Were sufficient alternative and sustainable energy sources provided before these closures, or did businesses struggle with the transition?

2. Was there strong opposition to the peat closures, or did companies largely support the decision? What were the main concerns raised by businesses, and how did policymakers address them?

3. Do Irish companies anticipate rising electricity bills due to the reliance on peat? Did peat facilities cover marginal energy demand or baseline energy demand? How are they preparing for potential cost increases?

4. Will the European Commission be expanding on the Omnibus 1 simplification package? Are further reductions in regulatory burdens being considered?

5. Should the green transition be implemented uniformly across all EU member states, or should policies be tailored to reflect each country's preparedness? Would a more flexible approach allow for greater ambition in some regions while supporting others that need more time? Do we want a one-size-fits-all?

6. What role should the private sector play in shaping sustainability regulations? Do you believe companies have enough influence in the decision-making process?

7.2 Steel

interview questions ArcelorMittal's Jan Cornelis (Country Manager) & Christophe Vandekerckhove (Head of Sustainability, Energy & Circularity)

1. Which sustainability reporting requirements do you find most valuable? Which provide the greatest insight for your company? Which offer the least?

2. Do you feel heard by the lawmakers? Do you feel like the EU is listening to your complaints? Have they ever given you breathing room?

3. Which sustainability reporting requirements do you disagree with the most? Which one demands the most effort from employees? Which one incurs the highest cost?

4. What is your stance on China and the US? Should the EU regulate cheap steel imports more, or should we work more closely with China in light of increasing US protectionism? What is your opinion on CBAM?

5. Which sustainability reporting datapoint do investors value the most? How have you experienced their stance: supportive of reporting or critical? Has it become harder to secure funding due to stricter reporting requirements? If so, can you give an example?

6. Have you ever postponed an investment due to excessive EU regulations? If so, can you provide an example?

7. How long does it typically take to complete an impact assessment for an investment, project, or expansion? How do you perceive this process and its evolution over time? Does it take too long? How would you prefer it to work? What do you see as the real value of these assessments, if any? Which step takes the longest? Which regulatory body, if any, do you consider redundant?

8. The EU recently announced plans to reduce administrative burdens by at least 25%, and by 35% for SMEs, as well as to exclude 80% of companies from ESRS. Do you believe this initiative will be effective? Do you expect permit approvals to become significantly faster as a result?

7.3 Critical Materials

Interview questions Jermemy Alan Garlick (Professor International relations and expert on China)

1. Could you elaborate on China's recent strategies and initiatives to deepen its economic and political footprint within the EU?

2. How do you assess the impact and implications of initiatives like the former 17+1 initiative or China's majority stake in strategic infrastructure, such as the Piraeus port in Greece, on EU unity and competitiveness? Are there any similar recent developments?

3. There is an ongoing debate about the EU's approach to China. In your view, should the EU prioritize closer cooperation with China, despite existing challenges, or focus more on limiting China's influence, recognizing that China may find other ways to engage with the EU market regardless?

4. What are the potential benefits and risks associated with each approach?

5. Is there a common EU foreign policy to make either approach work effectively?

6. Regarding the issue of China potentially dumping overproduction onto the EU market, what strategies and policies do you believe would be most effective in strengthening the EU's resilience?

7. Are current EU trade defense instruments such as CBAM adequate, or are new or reformed policies needed to address these challenges? What concrete measures should the EU adopt to support industrial renewal in Europe?

8. Could you compare and contrast the nature and focus of development aid and investment in Africa by the EU, the US, and China? For instance, China often invests in infrastructure, while EU aid traditionally focuses on healthcare and governance.

9. In light of China's growing influence and infrastructure-heavy investments in Africa, should the EU rethink its development aid and cooperation strategy to strengthen its presence and partnerships on the continent? If so, what changes would be most impactful?

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A Appendix

A.1 Definitions and Key Concepts

A.1.1 Sustainability Reporting

Sustainability reporting refers to the practice of disclosing an organization's ESG performance and impacts. This process aims to provide stakeholders, including investors, regulators, and the public, with transparency about how an organization manages sustainability-related risks and opportunities. Sustainability reporting often encompasses both qualitative and quantitative information, structured to align with established frameworks like the European Sustainability Reporting Standards (ESRS) and the GRI.

A.1.2 ESG (Environmental, Social, and Governance)

ESG is a set of criteria used to evaluate an organization's commitment to environmental stewardship, social responsibility, and governance practices. These factors are increasingly used by investors to assess the sustainability and ethical impact of their investments.

1. Environmental: Measures a company's impact on the environment, including carbon emissions, energy use, and waste management.
2. Social: Evaluates how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
3. Governance: Focuses on a company's leadership, board diversity, executive compensation, and adherence to regulatory standards.

A.1.3 European Green Bonds

The EU Green Bond Standard (EU GBS) is a voluntary framework that enhances the transparency and credibility of green bonds, benefiting both issuers and investors. For issuers—whether governments or companies—green bonds offer a reputation boost and can lead to cheaper financing, as investors are often willing to accept a lower return in exchange for supporting sustainable projects. Investors, such as pension funds and asset managers, benefit from clearer reporting and transparency, ensuring their

capital is allocated to projects that genuinely contribute to environmental sustainability. To receive the EU GBS label, an issuer must align its investment allocations with the EU Taxonomy, a classification system defining which economic activities qualify as green. This standard helps prevent greenwashing and strengthens trust in sustainable finance. Additionally, unclear or inconsistent sustainability claims in the market have made it harder for investors to confidently allocate capital to green projects—something the EU GBS aims to solve. As sustainable finance continues to evolve, green bonds play a crucial role in funding the transition to a low-carbon economy, helping bridge the gap between capital markets and climate goals.

A.1.4 Double Materiality

Double materiality is a concept central to the European Financial Reporting Advisory Group's (EFRAG) approach to sustainability reporting. It emphasizes two perspectives:

1. Impact Materiality: How an organization's activities affect the environment and society.
2. Financial Materiality: How sustainability-related risks and opportunities impact an organization's financial performance and position.

This dual lens ensures that sustainability reports reflect both outward impacts and internal risks, providing a comprehensive view of an organization's sustainability performance.

A.1.5 Greenwashing

Greenwashing describes the practice of portraying an organization, product, or service as more environmentally friendly than it actually is. This can involve exaggerated claims, selective reporting, or the omission of negative impacts. Greenwashing undermines the credibility of sustainability reporting and poses challenges for stakeholders seeking accurate and reliable information.

A.1.6 Red Tape

In the European context, "red tape" refers to excessive bureaucracy, complex administrative procedures, and overly burdensome regulations that can create significant obstacles for businesses and public initiatives. It often manifests as complex and lengthy permitting processes for new projects, especially in sectors like energy, which can hinder investment and slow down innovation. This can also involve cumbersome reporting requirements and administrative burdens that companies, including SMEs, perceive as major challenges to their operations and competitiveness within the European Union. Efforts to "cut red tape" generally aim to simplify these regulations and streamline processes to foster a more efficient and business-friendly environment.

A.2 The Evolution Of Sustainability Reporting

Sustainability reporting has its roots in the broader movement toward corporate social responsibility (CSR). Initially focused on voluntary disclosures by companies keen to showcase their commitment to environmental and social causes, sustainability reporting has evolved into a regulatory requirement in many jurisdictions. The introduction of the European Financial Reporting Advisory Group (EFRAG) and the European Sustainability Reporting Standards (ESRS) represents a critical milestone in this evolution, signaling a shift from voluntary initiatives to structured, mandatory frameworks.

In Belgium, sustainability reporting practices have been significantly influenced by the EU's adoption of the Corporate Sustainability Reporting Directive (CSRD). This directive requires large companies,

including banks, to disclose their sustainability impacts in a standardized and comparable format. These frameworks aim to enhance transparency and ensure that sustainability considerations are embedded in corporate decision-making processes. However, the complexity and resource intensity of compliance have raised questions about the effectiveness and practicality of these measures.

The literature also highlights the increasing expectations of stakeholders, particularly investors, who demand detailed insights into the environmental, social, and governance (ESG) performance of organizations. These demands have propelled banks to align their practices with international standards, such as the GRI and the Task Force on Climate-related Financial Disclosures (TCFD). Despite these advancements, critiques persist regarding the lack of comparability, clarity, and actionability in many sustainability reports.

A.3 Key frameworks in sustainability Reporting

A.3.1 EU Taxonomy

The EU Taxonomy is a classification system established by the European Union to standardize the identification of environmentally sustainable economic activities. It aims to provide clarity for investors, companies, and policymakers by defining activities that substantially contribute to one of six key environmental objectives:

1. climate change mitigation
2. climate change adaptation
3. sustainable use and protection of water and marine resources
4. transition to a circular economy
5. pollution prevention and control
6. and protection and restoration of biodiversity and ecosystems

To qualify as sustainable under the taxonomy, an activity must make a substantial contribution to at least one of these objectives, do no significant harm (DNSH) to any of the others, and comply with minimum safeguards such as human and labor rights.

The taxonomy supports transparency and consistency in sustainability disclosures, particularly under the Corporate Sustainability Reporting Directive (CSRD), which mandates taxonomy-aligned reporting for applicable companies starting in 2024. By channeling investments toward genuinely sustainable activities, the EU Taxonomy plays a vital role in advancing the European Green Deal and achieving the EU's 2050 climate neutrality goal. For banks, taxonomy reporting involves assessing and disclosing the alignment of their financing activities with these objectives, ensuring that their operations contribute meaningfully to sustainability targets without causing unintended harm.

A.3.2 Interview Transcript Member Of European Parliament Ciaran Mullooly

(0:00 - 0:49) So, European competitiveness in general. You've read the Draghi report, that's the first obvious. Absolutely, yes. So, I also want to split up my work, looking at sustainability reporting, how it undermines three key sectors that I found most important to look into detail, because I can't do every sector, and that will be energy, defense, and steel and metallurgy. Those are the sectors I'm interested in most, and how I would want to look into how sustainability reporting is undermining their work, which

data points they have most difficulty with finding, which are the most valuable, the least valuable, the hardest to obtain, easiest, things like that. In the new report now, the simplification package, Omnibus 1, they're proposing to split up, first of all, the small and middle cap enterprises and the large enterprises.

(0:50 - 1:19) 80% of the companies in general will not fall under most of the sustainability reporting. But we are here for this interview now, because I would like to know a bit more about the energy sector, which you are most active in. Before we start, can I ask you just a little bit about your own learnings? What's your impression of the Draghi report? It handles all of the facets, I would think, that Europe has to handle.

(1:19-1:40) I think it's very ambitious, I think it's very optimistic. Of course, reading it, I'm like, oh my God, yes, Europe, competitiveness, we're going to get on top of this. But in practice, seeing all the regulations... Especially in energy, how are we going to deal with it? It's creating an energy union, common grid standards and stuff.

(1:40 - 1:53) I actually had a question for this, also for companies. My interview questions for companies are also behind this. And I also wanted to ask them how feasible are these things that Mario Draghi writes about.

(1:54 - 2:04) What do you think is his estimate of the cost of all this? Do you think it's enough? The cost of energy specifically? No, the full package. The full 800 billion. He's priceless, what he needs.

(2:05 - 2:15) You saw this figure, didn't you? It's about 400 billion. He's priceless, he's totally on the line, that's what it is. I don't think it's any place near.

(2:15 - 2:21) I think it's way off. I think it's grossly underpriced. Grossly underpriced.

(2:22 - 2:38) Because of what he said today, he has so much in it, so much he's trying to do, like you just said. Far too much already. It's all so fastly developing now, it's hard to keep track of everything because it's now in this week.

(2:39 - 2:51) Defense is obviously now the main subject. That's also actually a thing, how we as Europe had 80 years of relative peace. We've had time to make sustainability our priority.

(2:52 - 3:08) And now clearly, this past two weeks, this priority is shifting to defense. How do you see that evolving? I'll tell you a story, I find it very interesting. We were in Poland two weeks ago, in the coal mine region, Silesian region.

(3:08 - 3:18) Which is the central coal mining in Poland, not in Europe. The largest coal burning, this guy was propelling it on social media all over the world. The largest coal burning mine in Europe.

(3:19-3:31) So, they're in a position for just transition, they've been told. They're being part of the process, they're going to move out. But, their own ministers, and the people I met, were saying, well, it's all changed the last two weeks.

(3:32 - 3:35) We're not closing. I said, whoa, whoa, whoa, we're closing. They said, no.

(3:37 - 3:48) Defense means we're going to be fighting for Europe. We must also ensure we have our energy secure for Europe. Very same thing they said, very same thing as defense.

(3:48 - 4:00) And in that respect, Europe is going to need the coal mining region after all. Can't rely on Russian oil, Russian anything now, going forward. They said, we won't be closing the coal mines.

(4:01 - 4:15) I said, what? We won't be doing the Green Deal? I said, whoa, whoa, whoa, maybe not them all. We'll be closing some, but we expect, there's 160,000 workers about. We expect to retain some of it.

(4:15 - 4:23) So, already, what you've just said, the events of the last two weeks have turned it on its head. Exactly. Crazy.

(4:25 - 4:49) So, do you think it will, this is now the first omnibus package, the first simplification. Do you think we will expand on that? I think we have major problems because of the famous word we all love using, the geopolitical developments in Europe. I think it's all, we saw it yesterday even with von der Leyen's announcement about cars, about the estimates of the limits yesterday.

(4:49 - 4:59) She's extending the time for the car companies. That's a similar result. There's huge car-ish unemployment issues in Germany and other countries, in France and in Italy.

(5:00 - 5:09) And as a result, the whole agenda is shifting. On one side, it depends. On the other side, lack of competitiveness.

(5:09 - 5:19) Lack of competitiveness. I mean, if you want, if you're recording, yeah. The area, I suppose, I have the expertise in is the energy in relation to my country.

(5:20 - 5:28) You're okay. It's okay. So, the energy in our nation, I'll just probably give you a bit of backdrop on this.

(5:28 - 5:33) It was a traditional form of energy, not coal, peat. Yes. Peat harvesting.

(5:35-5:41) Where's your home? Belgium. Belgium. Well, Holland would be more famous for peat than Belgium, but there are bogs in Belgium as well.

(5:42 - 5:59) So, it's a peatland, it's a natural reserve. This became a source of energy in Ireland for socioeconomic reasons. In the 1920s, 1930s, Ireland, a fledgling new state, had a lack of its own energy, required its own energy source.

(6:00-6:17) And we had a prime minister, who was? Forty-one of it? Lamasse. Lamasse set up the energy bogs and employment of people to create energy from burning the peat, which is not very environmentally friendly. It never was very environmentally friendly.

(6:18-6:38) It was done because of the necessity to create employment and to produce energy at the time, you know? So, that's what the energy source started in the Midlands. Then we had five decades, six decades of incredible wealth brought about by that situation. Even though we were still burning and creating carbon emissions, left, right and centre.

(6:38 - 7:04) It sailed through, the wealth was incredible. I've told this guy and a few other guys, the average employee on the Bord na Móna, which is the state company that did the Bord na Móna. Móna is the Irish word for peat.

Bord is the board of the peat company. They were paying their workers, including my family, at the height of the summer season, they could be bringing home, after tax, €1,500 one week. Wow.

(7:05 - 7:11) Most people don't realise that. That's huge. That's a European salary.

(7:11 -7:23) Exactly, exactly. It's a management, middle executive European salary. Based on weather, good weather, because of the peat had to be harvested in conditions where it could be dried out.

(7:24 - 7:29) So, you had to have good weather. You had to have good sun. So, the old Irish summers, you remember them, you're not old enough to remember them.

(7:29 - 7:42) 70s and 80s, we had good Irish, we had good summers. Haven't had them ever since. You produced a 10 week to 12 week period when the peat was easily to harvest.

(7:43 - 7:54) You could work 20 to 24 hours a day. So, for 20 to 20 hours work, you'd come home with €1,500 in your pocket for the week's work. Hard work, long hours, only worked for about three months in the year.

(7:54 -7:58) Then they go back to a standard. The standard was still good. The average was still €600, €700.

(7:58 - 8:13) So, I'm saying to Patrick to get you some stats. So, the salary of Bòrd na Móine, estimated, was huge in that region. The contribution to the economy was in the region, I would say, to, per year, I would say maybe €7 to €10 million.

(8:14-8:34) And that's only for a small region. Because the workers had money, the community has money, the shop has money, the business has money. Exactly.

So, energy, we had a different type of energy. Because we had a socio-economic energy project. It was never built on environmental grounds, obviously.

(8:34 - 8:41) It was never built on really high quality production of electricity either. It wasn't. It was built on socio-economic reasons.

(8:41-8:58) So, that ran all the way through until the 1990s when the green agenda did begin. And we had a bit of awareness in the... So, the phase-out period began in 1990, 1995. It was supposed to be over a just transition period of about 10, 12 years.

(8:58-9:11) But it was closed, in the end, closed overnight by legal proceedings. Inspired by European laws on damage to protected habitat. That's what happened to it.

(9:11-9:25) So, we had a different type of energy. But the problem is, from Ireland's perspective now, is that because we started that way, we're late developing other sorts of energy. We had Ardner Crusher, which was water, one of the first in Europe.

(9:25 - 9:36) But then we went to sleep. We had Ardner Crusher in 1930, 1940. Then we had a lot of wind energy in the West Coast in 1990.

(9:37 - 9:45) Then we stopped. We just stopped. And as a result, our country didn't do any work again on renewables until maybe 2010, I'd say.

(9:46 - 9:58) Now we're up to about 40, if the wind blows. Which, looking out today, is not a very good day for wind energy in Ireland. We would have 45

(9:59 - 10:29) But this leaves us in a situation in our country at the moment whereby, if we have a day like that at home, when you go to one of the power stations that closed, which was phased out, which was Burning Pit, you go there today, in the car park, they have tanker loads of diesel oil, which they are burning to basically boost a booster for the national system. Which is totally contradictory to what was intended in the Green Deal in the first place. So Ireland is not a great example of an energy model to look at.

(10:30-10:38) That's proof of it. We haven't got renewables up to a sustainable level, number one. We eliminated the other ones before we were ready.

(10:38-10:52) And now, as a result, we're burning more diesel oil than we've ever burned before. If you go to Shannon Bridge, where that power station is, on a day like today, with no wind, you'll probably see 10 tanker loads of diesel oil turning up. And black smoke emerging from the towers there.

(10:53-11:05) Which is incredible, you know. So as an energy model, Ireland's not a good energy model to follow. Hasn't been good.

Not a good idea. In terms of competitiveness then, this is the base of our problems. This is the base of our problems.

(11:06 11:18) We're reliant on the price of diesel oil, again. So that project at Shannon Bridge Power Station, it's supposedly there for five years so we have stability in the market. That's priced at €740 million.

(11:20-11:32) Which is crazy. It's based on the price of diesel. The price of diesel oil isn't crazy. It's still busy, you know. So our competitiveness is, as a result, beaten out the window. Just not performing, you know.

(11:32 11:37) We can't. We're not. Energy is not performing competitively in Ireland.

(11:38-11:49) Maybe another 10 to 20 years when we get the renewables going a bit more and we get that up to 70, 80% maybe. As other countries have done. Maybe we might have some opportunities in the United States.

(11:49-12:28) But it's not a particularly good example of an energy economy. Okay. Incredible.

Thank you for that. Another thing, part of what is undermining European competitiveness is that new investments are never happening because of the impact assessments that have to be done to start, for example, a new renewable project in Ireland. Do you have any experience with this? That companies want to invest in these new renewable projects but that they stop it because it's too much headache,

because they get bad numbers, it scares away investors, because they don't comply to the right European standards.

(12:28 12:38) Yeah. I have significant experience of this problem in Ireland. From wind energy, from biodigestors.

(12:39 - 12:49) You know what biodigestors are? From other sources of power. Solar. The principal problem in Ireland is, as you say, there's a planning process.

(12:50-12:52) Sorry, what? A planning process. A planning process. Which is cumbersome.

(12:53 - 12:57) Permits. You call them permits over here, is it? Permits. If you want to build a house, you need a permit.

(12:57-13:00) In our country, planning permission. Planning permission. Okay.

(13:01 - 13:10) So, I've experienced it firsthand. There are two obstacles. One is the planning permission.

(13:10-13:24) So, if you must do it, you must produce an actual impact assessment. That's what you just mentioned. Which could take, in terms of a European context, it could take up to five years.

(13:24 13:32) And could cost €100,000. Depending on who does it and what time you do it. Then, there's a second obstacle in Ireland.

(13:33 13:47) Our national grid is controlled on behalf of the state by a company called Air Grid. They're a semi-state agency. They work closely with a company called the ESB, which was the original state provider of energy in Ireland.

(13:47 - 13:57) They're not the only provider in the world. Between the two of them, it's a monopoly situation. And they're not providing access to the national grid for the new people.

(13:57 - 14:24) The solar people, the wind energy, the bio-digesters. They tell me it is too expensive and it's too cumbersome. If they go in with five wind farms in a group to actually try and get planning for the five of them to get access to the grid, Air Grid, or the Department of Energy in Dublin, will charge them five separate grid connection charges.

(14:24 - 14:32) Which is crazy. Totally non-capital. It's totally in particular of the monopoly that's there.

(14:32 - 14:45) Which is what Mario Draghi was criticising in his report, which we should not do. Exactly. We have seen umpteen cases where projects have not progressed with any sort of speed, they're dragged down.

(14:46 - 14:52) I've seen them myself in the Midlands. In solar and in battery power, for that matter. I've seen a couple of projects in Vatjapar.

(14:52 - 14:59) They're dragging on and dragging on. A, because of the issues over planning. And

B, because of the issue over the access to the grid.

(14:59 - 15:06) And the cost of sales. Major problems. So regulation is not even the issue.

(15:06-15:25) It's more the monopolies. But how can we make it interesting then for these monopolies to open up their grids? Or force them? Can we force them? Monopoly has so much lobbying power. I think we need, in Ireland's case, we need a European commission to directly get involved.

(15:26 15:38) Yes. We're providing funding and co-funding a lot of projects in Ireland. But we have to get in there and put a timetable on delivering the projects.

(15:39-15:55) It's the same with the planning process. We had a Just Transition Fund commissioner appointed by the Irish government. When the funding arrived, when the power stations closed, the peat power stations went out of business, there was a time when he had a budget of about 29 million to invest in projects.

(15:55-16:01) He came back within six months and said, I can't do anything here. The planning process is too cumbersome. You need to change the laws.

(16:02 - 16:11) Bring immediacy and speed into the situation. And that's where I would back him 100%. We need a new, in Ireland there's a planning board and there's an appeal board called the Board of Penala.

(16:11 16:22) We must take out one or the other. Either we go straight to the appeal board or take out the first board and shorten the period. It takes three months to get planning initially.

(16:23 - 16:30) It can be delayed for another three months. The appeal process can go on for over two years.

(16:30 - 16:42) So we've got to get it back down, from my perspective, to six months. Six months is a period of time. If enough people are working on it and analysing an application, you should be able to do it in six months. So I think if the Irish state can't do this, I think the European Commission should get involved.

(16:42 - 17:05) Exactly, so that's also what might look like at the post, is getting a single European coordinator for huge energy projects like this, which are important for Europe as a whole, to circumvent the national disparities which you just talked about, these national-level companies. I know there will be some people who will be cynical about it. It undermines sovereignty.

(17:07 - 17:15) It's like, oh, you can't decide over your own country anymore. We don't want that. But maybe we should, if we want to be competitive as a market as a whole.

(17:15-17:28) Well, we did it. The Habitats Directive, we did it there. The Irish government worked to identify the areas, but it was the European Parliament that gave the legislation to protect it.

(17:29 - 17:54) So I don't see a particular problem with it, as long as there's consultation with groups, consultation with the main players in Ireland. I think it will be faster, more efficient, more competitive

for it to impose it from Europe. There must be consultation, particularly on projects where there is a significant effect on the community, whether it be noise or sound or heat or something light.

(17:56 18:05) People are entitled to protest and to object. It's the time period I want to see shortened. Bring it back to a six-month period maximum would be sufficient.

(18:05 - 18:24) I think the European Commission is right. Energy, I said it this morning in the Renew Group, energy is central to our future priorities, now because of the defence situation. We're going to have to, and that's why our friends in Poland may well be right.

(18:25 18:33) It won't be popular with the Greens. It won't be popular with half the House, half the Parliament. Maybe not half anymore, but certainly a third of them.

(18:33 - 18:44) We have a report coming up. I've just sent it to the Regional Development Committee. It will be debated by the committee on 18-19 March.

(18:44 18:56) It will go to Strasbourg for a plenary in September. One of the proposals is that we re-examine the closure dates for closure mines in other areas. We re-examine it in light of the geopolitical situation.

(18:56 - 19:07) Maybe even reopen? In Poland they haven't closed yet. In Poland they're due to close between here and 2049. So we have another 20 years.

(19:07 19:29) And we're saying that in some cases, it's my opinion, that to maintain the energy security in Europe, we have to revisit those. I think the Irish ship has sailed. I think that by the nature of the peace, it was never inefficient.

(19:31 19:43) It's one of the least efficient energy methods. Least energy density. And it's very important in peak times, when you need that marginal energy, that energy peak, when every household is using energy.

(19:44 19:52) Industry needs a fast resource. Just like coal is a great thing. So I think the ship has sailed, in terms of peace.

(19:53 - 20:00) But we need to support those communities. That's my main belief here. We must support those communities.

(20:01 - 20:15) And the priority is shifting now from the sustainability to maybe the socio-economic. Because now we are seeing such socio-economic hardship. And maybe that will, just like it was in Ireland back in the 1930s, when this was the main problem.

(20:16 - 20:25) People didn't have enough well-paying jobs. We need to put some money into the economy that maybe this could restart again. And history repeats itself.

(20:25 - 20:36) That's what we're doing in the Just Transition process. Parliament is reviewing what came in two and a half years ago. The Commission is reviewing it as well.

(20:37 - 20:47) Commissioner Fito, the Vice President, is very keen to have it looked at. Because the first scheme was very much a failure. The absorption rate is less than 6% now.

(20:48 - 21:03) Which means that after two and a half years of the scheme, they've only drawn down 6% of the funds. It's not good enough. If the fund was less complex and more simplified, maybe we would have a chance to ensure it gets huge communities.

(21:03 21:18) In the meantime, communities are hurting. Not just in Ireland, but in Poland and Bulgaria, Germany. All these communities are looking around and saying, what are we going to do? I think the compass has very much changed.

(21:19 - 21:27) The Green Agenda... I've never been against the Green Agenda. My issue has always been the transition period. It's the transition period.

(21:27-21:38) In my country, the transition period was ridiculous. Because of legal issues, the workers lost their jobs within two years. In Poland, they're going to have 49 years.

(21:39 - 21:46) Certainly where we are now, we're 20, 25. There are 25 years left. I actually believe it's not enough.

(21:46 - 21:55) There's a workforce in the minds of 140, 160,000 people. You can't just phase it out over that short period of time. It's a generational thing.

(21:55 22:02) It should be over 50 years, I think. I'm not anti-Green. I know there are pressing agendas.

(22:02 - 22:13) Pressing issues need to be approached. I take the socio-economic case comes first. There's a saying here in the European Parliament that in just transition, we cannot leave anybody behind.

(22:14 - 22:18) We are leaving people behind. It's a bad saying. It doesn't stand up.

(22:19-22:34) It doesn't stand up. Maybe one last question. How do you feel that the private sector is involved in this regulation? Are they enough involved? Should they be more involved? Are they at all? Good question.

(22:34 - 22:45) I think it's improving. We were late starters in Ireland. But now I see the influence of people like SSE Electricity.

(22:45-22:55) Scottish Southern Energy, who are the owners. I see the influence of people like Borgosh. Other... Gasport in Ireland.

(22:56 - 23:07) And I see the wind and solar in particular. It's almost an institutional change for governments. They were in control of this.

(23:07 23:13) And the state monopoly was in place. Now it's different. Competition laws, they must open up.

(23:14 23:26) And it's almost as if there's a hangover there still, that they can't cope with it. So it

is improving. But I would like to see a lot more independent involvement in the process.

(23:27 - 23:40) I think too many governments are too closely aligned to state energy companies. And there's a lot of baggage being held over. In Ireland... A good example of that would be the ESB.

(23:42 - 23:51) Electricity Supply Board. It was responsible for rural electrification in Ireland in the 1940s and 50s. It was the state's arm.

(23:52 - 24:04) But now, with competition laws, they must stand back and take part in competition. And they are struggling badly to do so. That issue with the grid is a classic example of it.

(24:04 - 24:28) That you are putting barricades in place, and blockages in place, purely for the perspective of historical reasons, really. I have not heard one reason why independent companies should be faced with those excessive grid connection charges. It's ridiculous.

(24:29 - 24:38) And I think it's going to change. It's slow to happen. We need governments to be brave with it as well, and take the move.

(24:38-24:49) I know they're anxious to put your renewables up to 80-90%. That will happen in most countries, eventually. Slower than other countries.

(24:49-24:58) But we need to give independents the power, the leeway and the access to do this. We haven't got enough of it at the moment. OK.

(25:01 - 25:22) So, making the energy companies, which are now mostly government-owned, maybe phasing that out, and making it more private again? I think ultimately, yes. I think ultimately they shouldn't have control of the nation's key infrastructure. It's a bit like the European thing, saying that because of the Russian scenario, Europe needs to have its own.

(25:22 - 25:34) I don't think the state should have control. What Draghi is looking for is proper competitiveness. For that to happen, we have to have competition.

(25:35-25:40) And there's not an even playing field for competition. Within the borders. No.

(25:40 - 25:53) There's not an even playing field. When one company is slightly affiliated to some other company, can say, we're going to charge 3x for your connection to the grid, that's not fair. That's not equitable, that's not equal.

(25:53 -26:14) There's no way that can be allowed. So I say that, but the Draghi thing to work in particular, and he talks an awful lot about energy and energy costs, we have huge obstacles. He doesn't pay any electricity bills, he doesn't know this, but my electricity bill, where I live in Ireland, is about €1,000 for two months.

(26:15-26:26) Wow. €1,000 for two months. And I embrace renewables and technology.

(26:26 - 26:36) My heating system is a geothermal. I use solar. I have a geothermal underflow heating system, with a well coming into it.

(26:36-26:43) It's costing me a fortune. I'm using night-time electricity rates. The night-time electricity rate is not cheap in Ireland.

(26:43 - 26:55) It's supposed to be cheap, it's not cheap in Ireland. Yet they are the electricity providers, and they dictate largely. And because the other competitors are using their network, they have the costs as well.

(26:55-27:07) So that's a huge issue. We need proper competition, proper access to the grid, if we're going to have competitiveness in the Irish energy market. It's not there at the moment.

(27:07 - 27:25) What will be a couple of steps to get there? How would that go into practice? Things I've just said. If you take, say, SSE, Scottish Sun Energy is coming in. They have strategic interests in various locations of developing new projects, whether it be wind, solar, biodigester.

(27:26 - 27:34) We must relax the laws. Reduce the air grid, reduce the grid costs. That's what we need to do.

(27:34 - 27:48) It has to come from Europe. Europe may be in a position to subsidise to some extent, but I believe it's elevated, beyond any sort of sense of common sense, what's going on in there. I don't think it's at all fair what's happening.

(27:48 - 28:03) So they need to tackle that within their own country, for starters. Then I think the energy commissioner here should... Who I think is also our housing commissioner. It's Jorgensen, isn't it? I hope he's more outcoming than he was at the housing meeting on Monday.

(28:03 - 28:11) He was very poor. Very weak. Maybe he's concentrating on energy.

(28:11-28:22) Maybe that's where all his good ideas are going on. So tackle it head on. Engage with the semi-state company, which our government is a shareholder of in Ireland.

(28:23-28:32) Make it very clear we want to open our doors to new independent companies. We need to lower the access and the price to the grid. And let's create a real competition.

(28:32 - 28:37) That's what it needs. That's it all solved in half an hour. Thank you very much.

(28:38 - 28:45) No problem at all. After lunch we're doing the energy crisis. Before lunch we're doing the energy crisis.

(28:46 - 28:51) Tonight we're going to do world peace. And world hunger. Exactly.

(28:53 - 29:03) So when are you back to college? Well, as soon as I'm done here. I drive back. I was hoping maybe Patrick could introduce me to a couple of other... No better man.

(29:03 - 29:09) Have you got Bedmar? Have you got Bedmar, have you? You wander around the college, you meet them there.

A.3.3 Interview transcript Member Of European Parliament Barry Andrew

(0:01 - 0:15) Perfect. This is very... Can you hear yourself there? So your function is international trade? No, I'm the chair of the International Development Committee. I was on the Trade Committee in the last mandate.

(0:16 - 0:57) Okay, perfect. Now, looking at the recent developments, there is the first Omnibus 1 package to simplify regulation for companies, obviously to increase their European competitiveness. What, in your field, do you feel like is necessary to increase European competitiveness? Well, first of all, on the Omnibus, I welcome broadly the changes to the CSRD because I think there was an over-reporting imposition on European businesses and I think the changes that are proposed in that space are proportionate to the issues that arose on due diligence, on supply chains.

(0:57 - 1:33) I think we are in danger of rolling back some of the improvements that we've made on corporate accountability in the past. I think it also carries the danger of punishing companies that have already developed supply chain due diligence procedures. And in any case, the directive is very limited in scope, in terms of the size of companies upon whom obligations are placed and also on the very limited civil liability in the directive.

(1:34-1:57) So I think the rollback on CS3D is negative. I think it will have a bad effect on business and human rights and environment and social standards. What are the main things that you were talking about, the corporate responsibility factors that we've gotten so far to get? What are examples of that? I don't understand your question.

(1:57 - 2:22) Well, a lot of these regulations provide us with corporate responsibility, corporate accountability. Earlier you said we're maybe rolling these back with this Omnibus package. What are examples of the ones that... What I mean is that the numbers of companies that will come into the remit of the directive will be reduced dramatically.

(2:23 - 2:48) And this is clearly going to have a negative impact on social and environmental standards in the European supply chain. And I strongly believe that European consumers want to be empowered with information and knowledge to make good consumer choices. And our sustainable development goals require us to be serious about responsible consumption and production.

(2:49 -3:00) And this is a step backwards on that. It's a step backwards from the sustainable development goals. It's a step backwards for consumer knowledge and empowerment.

(3:01 - 3:13) And it will have a very negative effect on human rights protection across the world. So, in your opinion, sir, the Omnibus package is maybe too strict, maybe rolling back too much regulation. Yes.

(3:14 - 3:20) Okay. That's an interesting view. Because in general, I feel like the majority is, okay, this is good.

(3:20 - 3:23) It's a simplification. Companies are struggling. It costs a lot of money.

(3:24 - 3:29) But your opinion is it's too much. Okay. Okay, sir.

(3:30-3:34) It was very last minute, but I'm happy with that statement. It's very nice. My pleasure.

(3:34 - 3:37) Thank you very much. Do you mind taking a picture real quick? Of course, yeah.

A.3.4 Interview Transcript: ArcelorMittal's Jan Cornelis (Expert on EU competitiveness) and Christophe Vandekerckhove (Head of ESG, Sustainability and Circularity)

Anders, u was aan het vertellen over schetsen. (0:00-0:03)

(0:03-0:15) Ja, ik ging zeggen. Jan is inderdaad countrymanager, Arsenal-Mittal-België. Maar ik begrijp Jan dat je hier om tien uur... Om tien uur moet ik nog wat betragen. We gaan dat allemaal zeer efficiënt kunnen doen. Oké.

(0:15-0:53) Dus alle vragen rond competitiviteit, want ik begreep in de lift dat dat een stuk van uw onderzoek is. Ik denk dat dat eerder Jan is die daarop kan antwoorden. Zelf ben ik de ESG-manager, zou je kunnen zeggen. Ik ben hoofd van de afdeling die werkt rond milieu, circulariteit en energie. Oké. Dus vragen rond rapportering, meer technische vragen, daarom kan je het best aan mij stellen. Dus u bent hetzelfde om bekend met heel het ERSS-pakket van de Europese Unie? Ja. En heel de standaarden daar rond? Ja, klopt. Oké, super.

(0:53-1:01) Dan ga ik daar geen stof bij zetten. Er zijn er drie municoms. Jullie werken dan nou samen? Ja, heel frequent.

(1:01-1:19) Oké. Heel frequent. Dat is best interessant. Ik ga geen probleem hebben als het bij mij lukt. Oké. Ik heb bij mij een vertrouw. Ah ja, ik zal het meedoen als jij het kan. Ik denk, ik heb het allemaal redelijk... Je hebt het gebeurd. Ja, misschien in de context van competitiviteit.

(1:19-1:45) Inderdaad. We gaan er wel een paar slagen stomen. Wereldwijd wordt er afgerond 2 miljard ton staal gemaakt. Dus op niveau wereld. Waarvan 1,4 miljard ton in Azië. Europa is ongeveer 135 miljoen ton staalproductie. Dus Europa is grootorde 7% van de wereld. Dus staal is een wereldgebeuren en geen lokaal gebeuren. Dat is een hele belangrijke.

(1:45-2:22) Wat zien we ook? Door gebrek aan level playing field is de staalindustrie op 10 jaar tijd in Europa 25 miljoen ton productie verloren. Wij waren vroeger vanuit Europa een netto-exporteur. Vandaag zijn we een netto-importeur. Als we vandaag kijken, de commissie die sinds december actief is. Die heeft duidelijk begrepen dat er natuurlijk zeer sterk gewerkt moet worden aan reductie CO2. Maar tegelijkertijd aan behouding van competitiviteit.

(2:22-2:34) Je ziet ook als je kijkt naar de werkprogramma's van de commissie. Er zijn heel veel programma's rond competitiviteit. Omdat dat een gigantisch probleem is dat moet worden opgelost.

(2:34-2:57) Concreet zijn er een viertal zaken die belangrijk zijn. Dat is trade. Dat is de CO2 grenstaks. Energiekosten in Europa. Dat is bijzonder belangrijk. Wij staan voor grote investeringen. Kijken we naar de mogelijkheden om daar een zekere funding te krijgen. Ik ga misschien een paar slides nemen. Ik denk dat we kunnen starten Christophe.

(2:57-3:22) Een paar slides. Staal is overal maar dat weten we. Schoonprinten zijn belangrijk. Schoonprinten

zijn recycleerbaar zonder kwaliteitsverlies. Het is een van de weinige materialen waarbij je recycleert en je hebt geen kwaliteitsverlies. De plag van duurzaamheid is natuurlijk een bijzonder belangrijk materiaal.

(3:22-3:29) Kijk hier staan 2 miljard ton productie. Waarvan afgerond 1,4 in Azië. Ja.

(3:29-3:39) Dat is de grootste productie. Maar ook Indië is zeer sterk op komst nu. En dan Japan, de States en Rusland.

(3:39-3:57) Dat zijn de vijf grootste staal producerende landen. Hier zie je de 2 routes. Wij werken met hoogovens, blast furnace route. Waarbij je inderdaad start met kolen en ijzererts. Als je staal wil maken dan moet je de koolstof wegnemen uit het erts. Dat doe je in een hoogoven.

(3:57-4:52) En dan in een zogenaamde basic oxygen furnace in een converter ga je schroot toevoegen. Een grote orde 20% schroot voegen wij toe. Wij hebben een plan om te starten met een electric arc furnace. Dus de investment decision van de groep moet daarover nog genomen worden. Want daar zullen wij tot 60% schroot in zetten. Wat denk ik de snelste weg is om CO2 te gaan verminderen. En dat is hier een interessante slide denk ik. Je ziet hier eigenlijk dat in 2023 70% van de productie vandaag verloopt via hoogoven route. 30% via de EAF route, Electric Arc Furnace.

(4:52-5:17) En in 2030 zou dat al rond de 40% zijn. Als je kijkt naar China, daar is maar 10% Electric Arc Furnace. Met een grootste 86%. En dat komt omdat de elektriciteit daar zeer goedkoop is. Dat men daar vier Electric Arc Furnaces al heeft gebouwd.

(5:17-5:20) Goed, dan kunnen we eens de volgende nemen.

(5:20-5:34) Misschien heel kort, in het rood zie je hier staan China. De staalverbruik in China zelf is gedaald van 895 tot 860 miljoen ton. Op twee jaar tijd.

(5:34-5:45) Dus een enorme daling in de markt. Want de Chinese overheid kiest ervoor om evenveel staal te blijven produceren. En om meer te exporteren.

(5:45-6:01) En als je op de volgende slide rechtsboven. De export is met 40 miljoen ton toegenomen op twee jaar tijd. En dat is eigenlijk om de daling van de lokale staalverbruik te gaan compenseren.

(6:01-6:16) Dus wat gebeurt er? China exporteert onder meer rechtstreeks naar Europa. Maar ook naar heel veel buurlanden. Die buurlanden in Azië worden overspoeld met Chinese staal.

(6:16-6:51) En die gaan op hun beurt heel sterk exporteren naar Europa. Ja, over de volgende nemen. En dat is op zich ook wel interessant om de context te geven eigenlijk. Dus het Europese staalvraag is sinds 2008. Het stuur van vlak staal. Dus stalen rollen. Je hebt ook de lang producten. Dat zijn dan stalen balken. Wat wij maken, als je moet verbergen, zijn vlak producten, rollen.

(6:51-6:54) Dat zijn passie. Voor industrie.

(6:54-6:57) Maar dus de balken, die maken wij niet.

(6:57-7:06) Oké. Hier gaat het over vlak staal. Als ik spreek, dus 135 miljoen ton Europa.

(7:06-7:26) Staalverbruik is vlak en dan samen. Nu gaan we door naar de vlakke producten. De vraagstaat van 95 naar 75 miljoen ton. En als die einde import is van 20 naar 21 gestegen. Maar procentueel is dat zeer veel op het gegeven. De import is verdubbeld.

(7:26-7:45) Van 14 naar 18 procent. Oké. In procentueel. En inderdaad, de lokale producties van 76, dat zijn nog hier 5 miljoen ton gedaald. En dat is het beeld waar we vandaag staan. En dan, ja, moet je kijken hoever je allemaal nog wil gaan.

(7:45-8:26) Maar dan heeft Europa, dus eigenlijk, de safeguard measures ingeroepen. Wat is een safeguard? Dat is een reactie op de US-232. Van de States. We hebben gezegd in 2018, we gaan het gemiddeld nemen van 15, 16, 17. Het gemiddelde importniveau is 100 procent. Als er meer import is dan de rode lijn, dan gaan we 500 procent heffing toepassen. Als er minder import is, dan gaan we geen heffing toepassen. Maar die rode lijn heeft nog steeds verhoogd met 3, 4 procent. We zijn op 126 procent. Maar de staalverbruik is van 95 procent niet meer. Dus dan moeten we geen dokter toepassen. Dus kunnen we zich toepassen stellen dat dit niet effectief is. Als je maar 55 procent heffing betaalt boven de rode lijn. Maar de staalverbruik is 95 procent. Dan heb je een niet effectief instrument.

(8:26-8:37) En dat is onze vraag aan de commissie. Maak instrumenten met impact. Aha, daar heb ik het.

(8:37-8:46) I know. En dan kunnen we de volgende slag nemen, denk ik. Ja, het was, ja, nog een keer het voorbeeld.

(8:46-8:49) Goed.

(8:49-8:52) Ja, nog eens. Bob.

Here's the transcript with the requested formatting:

(8:52-9:02) Er is een review geweest van de C-part. Die is ingegaan 1 april 2015, vorige maand. Maar die heeft een aantal aanpassingen gedaan aan dit systeem.

(9:02-9:12) Het loopt nog tot midden 26. En dan komt er een nieuw instrument. Want die C-part kan nog acht jaar lopen.

(9:12-9:16) Maar die heeft een aantal aanpassingen gedaan.

(9:16-9:25) Bijvoorbeeld, de quota die men had op Russisch staal, die werd vroeger nog meer weggehaald bij de rode lijn. Nu niet meer.

(9:25-10:04) Ook een aantal andere landen, die beschouwd waren als ontwikkelingsland, en die niet gegrepen werden door die drempel, die zijn nu ook beschouwd als zij de deel uitmaken van de safeguard. Dus men heeft wel geprobeerd om een aantal structurele maatregelen te nemen. En nu gaan we weer moeten kijken wat het effect daarvan is. Het is heel duidelijk, de commissie heeft de boodschappen begrepen. En werkt wel. Die heeft inderdaad een review gedaan van de safeguard, die nog vijf kwartaal zal lopen. En is ook bezig, samen met Eurofair, met de Europese staalsector, om een nieuw instrument te ontwikkelen vanaf midden 26. Want wij vragen een leverplankveld. We vragen geen uitzonderingen.

(10:04-10:25) Maar wel een leverplankveld. Omdat de Europese staalproductie is door het beleid duurder dan in andere continenten. Omwille van energiekosten, ook omwille van CO2 kosten bijvoorbeeld.

(10:25-10:47) Nogmaals, wij beseffen zeer goed, wij werken er volop aan dat CO2 start naar beneden moet. Maar je kan geen situatie creëren waarbij je aan de Europese bedrijven vraagt om CO2 te betalen. En dat dan de import in Europa CO2-vrij is.

(10:47-10:56) Dit wil niet vlaaien.

(10:56-11:15) Want dan ga je zeer goede Europese productie vervangen door import die een hogere CO2-footprint geeft. En daarmee houden we de planeet niet te laten natuuren. Geert Noels heeft in de tijd, een tussentijdje geleden, een keer op een zaterdag, de grafiek getoond van de CO2 veroorzaakt door de industrie in Europa. En die is dalende. Maar de CO2 door de import is gestegen.

(11:15-11:29) En dus net het effect op de planeet, zero. En dus schrappen aan toegevoegde waarden in Europa aan de werkstelling. Dit is totaal verkeerd.

(11:29-11:39) Ik denk, als ik eens zie, uw laatste vraag. In een ideale wereld, mochten wij mogen beslissen.

(11:39-12:00) wat er zou moeten veranderen op mondiaal niveau? Ik denk dat dat onze boodschap is. Wij moeten werken voor de planeet.

(12:00-12:38) En het zou geen zin hebben om Europese, ik spreek over staal, die zeer performant is, en die gemiddeld gezien minder CO2 bevat dan de import, gemiddeld gezien, om die te substitueren door import. Daarmee gaat de planeet niet verbijzeren. En daarmee gaan we toegevoegde waarden en de werkstelling in Europa schrappen. Dit heeft geen enkele zin. Absoluut. En dit is ingezien door de Commissie, die nu hun tijd probeert te keren.

(12:38-13:06) Top. Wat ik het graag over zou hebben, super interessant, is dan bijvoorbeeld, we beginnen nu met de laatste vraag, in de ideale wereld, akkoord, de uitstoot van de import moet naar beneden. Maar wat zijn dan concrete maatregelen daarvoor? Dus bijvoorbeeld, de Europese Commissie heeft de policy van de carbon border... Akkoord te komen, ja.

(13:06-13:26) Oké. Ja, CIBEM, dat is de volgende slide. Dus concreet is, we maken een safeguard die ervoor zorgt dat je normale importniveaus hebt, en geen 30% import. Maar CIBEM is ook een belangrijke. Wat betekent CIBEM? Concreet. Wij hebben een CO2-emissie in ons bedrijf.

(13:26-13:46) 1,7 ton CO2 per ton staal. Het wereldgemiddelde is rond de 2,3 ton CO2 per ton staal. Dus we zijn heel wat efficiënter dan het wereldgemiddelde, dankzij het feit dat we een geïntegreerde layout hebben.

(13:46-13:58) Dus alle afdelingen sluiten naadloos op elkaar aan in het site. Dus er is geen energieverlies. Ten tweede, er zijn balanced capacities.

(13:58-14:18) Er zijn geen afdelingen waar de capaciteit veel te hoog is, en er enorm veel tussenstockage zou zijn. Ten derde, optimale werkingspunten door de ingenieurs ingesteld in de fabriek. Dus we horen

het wereldop in zaken CO2 per ton staal, CO2-emissie, en in zaken energieefficiëntie.

(14:18-14:42) Niet te min omwille van het ETS-systeem. Vroeger, ik spreek van de beginperiode, de Vlaamse regering liet externe benchmarkconfinance uitvoeren. Externe audits rond energieefficiëntie.

(14:42-15:06) En als je wereldtop was, wat de externe auditeur aantoonde, dan kreeg je alle CO2-rechten gratis. Dan heeft men het systeem veranderd op niveau Europa. Ondanks het feit dat wij wereldtop zijn, betalen wij op grote orde 25 à 30% van de CO2-rechten.

(15:06-15:20) Van het totaal. Concreet, 1,7 ton CO2 per ton staal. Wij maken ongeveer 5,5 miljoen ton staal per jaar.

(15:20-15:35) Dus we hebben CO2-emissie van ruim 9 miljoen ton per jaar. Daarbij kopen wij op grote orde 30% aan.

(15:35-15:44) Dus afgerond, wij kopen ongeveer 2,5 miljoen rechten aan per jaar.

(15:44-16:09) De prijs nu is 70 euro. Dat betekent, op grote orde, 160 à 170 miljoen euro betalen wij nu, ondanks het feit dat we wereldtop zijn, en we zoeken geen excuus om die te verbeteren. Laat dat heel duidelijk zijn.

(16:09-16:29) Hier wel de foto. Wat gebeurt er nu? De free allowances gaan naar 0 in 1934. Dus als je nu 100 free allowances zou hebben, in het jaar 2030 hebben we nog 50%.

(16:29-16:40) Dus concreet, we hebben nu 70% free rechten. In 2030 betalen we 70 gratis.

(16:40-16:55) We gaan in het jaar 2030 nog 35% free rechten hebben. In het jaar 2030 kopen wij 2 derde aan van de rechten.

(16:55-17:05) Dus we gaan dan al 60% van de rechten aankopen. Oké.

(17:05-17:18) En tegelijkertijd, in 1934 gaan we alles aankopen, 100%. En aan CBM is dus een CO2-tax aan de grens.

(17:18-17:28) Die zal dus gradueel ingevoerd worden vanaf 1926.

(17:28-17:42) En die zal volledig toepast worden vanaf 1934. CBM is administratief gestart, maar start echt in de feiten in januari 1926. Wat moeten we vermijden? Ten eerste, export.

(17:42-17:59) In het verleden exporteerden wij, op grote orde, 10 à 15% naar landen buiten de EU. Vandaag lukt dat niet meer. We hebben misschien 3% export.

(17:59-18:14) En dat komt, als wij vandaag exporteren naar een land dat zelf geen CO2-rechten betaalt. Wij betalen wel CO2.

(18:14-18:18) En wij zijn niet meer competitief.

(18:18-18:50) Dus wij vragen, als wij exporteren naar het land, het volume dat we exporteren naar het land dat geen CO2 betaalt, dat we op dat volume ook geen CO2 betalen, want als je het moet blijven doen, dan ben je niet meer competitief met lokale spelers die geen CO2 betalen. Dat is een exportrule, gelijkspeelfact. En het tweede is, dat is een beetje een rare woord, het noemt resource shuffling.

(18:50-19:07) Wat betekent dat? Er komt ongeveer in Europa vlakken en landenproducten samen 13 miljoen ton import binnen.

(19:07-19:22) Die 13 miljoen ton is vooral hoogovenstaal, dat bevat nog vrij veel CO2. Er is ook EAF, Electric Arc Furnace staal, dat weinig CO2 bevat.

(19:22-20:00) Maar de import vandaag in Europa, is staal dat vooral via de hoogovenroute gemaakt is. Wat moeten we vermijden? Als Diebem start in 1926, dat de exporteur uit het Binnen-Oosten bijvoorbeeld zegt, ik heb veel EAF staal, ik zal dat naar Europa brengen, laag CO2 staal, ik zal dan geen of nauwelijks CBEM-tax betalen, en ik zal mijn hoogovenstaal in het Binnen-Oosten verkopen.

(20:00-20:41) Wat wij nodig hebben, is een business case in Europa, om te kunnen decarboniseren. Wij willen eigenlijk twee Electric Arc Furnaces bouwen. De eerste kost al 900 miljoen euro. Wij spreken van een totale decarbonisering, een twee Electric Arc Furnaces, en in de toekomst mogelijk een vervanging voor een hoogoven, van 2,3 miljard euro.

(20:41-21:30) Weetal is een multinational, dan is nogal evident, dat je zoekt, ook in Europa, naar een sustainable business case. Dus indien de CBEM gebypast zou worden, vanaf januari 1926, waarbij de exporteur het EAF staal naar Europa brengt, en het hoogovenstaal lokaal verkoopt, dan zal CBEM een instrument zijn zonder impact, en zal het in de praktijk niet bijdragen tot het creëren van een sustainable business case. Dat is een belangrijke.

(21:30-22:04) De 2 miljard ton staalproductie, daarvan is grote orde al 150 miljoen ton EAF staal, bij de vlakke producten alleen. Dus dat betekent, waarom heeft het Binnen-Oosten al veel EAF capaciteit, omdat de diversiteit daar goedkoop is. Wij in Europa hebben dan vlak een achterstand.

(22:04-22:25) En dan is het belangrijk dat Europa de baan, door eens de randvoorwaarden creëert, op dat we die sustainable business case kunnen bouwen. Ik denk dat dat voldoende is als inleiding. Ja, absoluut.

(22:25-23:13) Bedankt daarvoor. Om dus een beetje context te geven aan uw thesis, de titel is Hoe ondermijnt sustainability het woord in de Europese competitiviteit? Initieel was het plan om veel meer sectoren te gaan behandelen. Energie, staal, critical materials en defensie. Bleek dat dat een beetje te optimistisch was. Meer PHD-materiaal. Dus ben ik gaan toespitsen op staal, met een groot deel van mijn tijd, dat expandeert ook aan energie. Omdat uiteraard energie binnen Europese competitiviteit, en binnen het staalsector, een van de belangrijkste kosten is. Maak eens eens vraag.

(23:13-23:38) Dus de titel is Hoe ondermijnt sustainability het woord in de Europese competitiviteit? En ben je ervan overtuigd? Want je hebt in deze app het competitiviteitsverhaal, je hebt anderzijds het sustainability-reporting-verhaal.

(23:38-23:58) Maar voor mij is de link tussen beiden... Mocht je mij vragen, ondermijnt het een het andere? Dat is mij niet direct duidelijk. Je hebt enerzijds de rapportering, en je hebt anderzijds het

competitiviteitsverhaal.

(23:58-24:08) Misschien moet je dat nog een keer meer uitleggen.

(24:08-24:43) Oké, absoluut. Ik zou ook dat denken. Competititeit ondermijnen, dat komt omwille van het feit dat trade, de C-band, energiekosten, dat is niet door de rapportering, dat is niet door het ondermijnt woord. Niet door de rapportering. Het is door de zaken die we gebracht hebben. Het was meer omdat ik toch moest toespitsen op iets.

(24:43-25:09) Ik ben op uitwisseling geweest naar Praag, en daar heb ik een vak gehad over sustainability-reporting. En ik dacht, omdat het voor een master is, moet het iets specifieks zijn, waar ik hier op in ga.

(25:09-25:21) Nu, uiteraard, het main buzzword van mijn thesies is Europese competitiviteit.

(25:21-25:39) Sustainability-reporting is dan meer de tweede zak. Op welke manier zou ik het wel zien? Dat is door nieuwe investeringen. En ook in de energiesector.

(25:39-25:56) Wat er om nieuwe projecten op poos te zetten. Dat daar problemen zijn met de impactanalyses die de energiebedrijven moeten doen.

(25:56-26:07) Ook waarom er nog geen Europese Energie-Unie is.

(26:07-26:38) Dat wordt tegengehouden omdat er te veel rapportering, te veel administratieve obstakels zijn om daartoe te komen. Dus, daarom dat ik het zei in het begin, energie is ook een heel groot deel van mijn thesies, omdat sustainability-reporting op energie een grote partij is. Je doet het ook met wetgeving, met verschillende wetgevingen in de verschillende landen.

(26:38-26:48) Ja, allee, reporting is belangrijk. En sustainability-reporting is belangrijk. Maar ik zie het als een tweede orde.

(26:48-27:00) De kern van de zaak is, waar de lamp brandt, is de competitiviteit. En dat is inderdaad, dat heeft te maken met energie, dat heeft te maken met trade, dat heeft te maken met CO2.

(27:00-27:08) Dat is de kern van de zaak.

(27:08-27:26) Ja. Misschien aanvullend, je hebt enerzijds de reporting. Voor mij, reporting is, je rapporteert over je huidige emissieniveaus, energieperformaties, waterverbruik en dergelijke.

(27:26-27:50) Als we dan over de E van ESG spreken. Een tweede tak, dat is misschien waar je meer naar verwijst, is het permitting-proces enzo. Dus, voor nieuwe projecten, waar je naar verwijst, ja, reporting, wij rapporteren al over onze huidige processen, hebben we een nieuwe investering, uiteraard gaan wij ook rapporteren over de nieuwe installaties.

(27:50-28:20) Het permitting-proces, dat is eigenlijk wat dat soms wat tijd vergt, om nieuwe investeringen mogelijk te maken. En misschien, het voorbeeld is Tilanol, dus wat ook belangrijk is natuurlijk, als je een investering wil doen, is dat daar een heel duidelijke business-case rond bestaat.

(28:20-28:44) Vandaag is het zo dat zeker de Europese wetgeving soms voldoende onduidelijk is, waardoor dat het niet evident is om de business-case vandaag al te zien. Bijvoorbeeld, dat is misschien het groenstaal en de green premium, die jullie moeten wel vragen voor jullie staal. Is dat die factor? Misschien wou ik nog een paar slides doorscrollen, om een keer iets concreets te kunnen maken.

(28:44-28:55) Ja, energie en gas zijn veel duurder in Europa dan ouder, dat weet je.

(28:55-29:03) Ja, doe maar hoor. Ja, dat kennen we. Ja, dat is misschien niet slecht, maar we gaan decarboniseren, dus de 59 op nul.

(29:03-29:26) Enerzijds, we zijn wereldop energieefficiëntie, maar we hebben een heel project onder leiding van Christophe om verder te versterken. We hebben vandaag naar Somitel België reeds 85 megawatt per meter energie.

(29:26-29:39) We hebben het grootste zonnedak van België in dat Somitel vent. 100.000 vierkante meter zonnepanelen. We hebben ook al 16 windmolen enzo, en we gaan nog zeer sterk uitbreiden. Dus energieefficiëntie versterken.

(29:39-29:56) We kijken ook naar de mogelijkheden om een warmtenet te bouwen. Niet evident om daar de business case rond te krijgen, maar we zijn daar mee bezig.

(29:56-30:00) Dit is wat ik u verteld heb.

(30:00-30:13) Electric arc furnace. Zeer veel schroot insmelten via elektriciteit. Dat is onze eerste stap.

(30:13-30:35) We noemen het Green Primary. We willen eerst een eerste elektro-oven bouwen, dan een tweede elektro-oven. En dan op termijn gaan we ook een hoogoven, die koolstof gebruikt, vervangen door een diraaimachine, die gas gebruikt en later de waterstof.

(30:35-30:52) En dan smart carbon, slimme koolstof. Alles wat te maken heeft met circulariteit. Wij beschouwen afval als een grondstof.

(30:52-31:01) Ik ga een voorbeeld geven. CCU, CCS. De Carbon Catering Utilization and Storage.

(31:01-31:18) Dus dat is inderdaad onze installatie Torero, waarbij we afval houden door het containerparken om te vormen tot biokool. Dat is de biokool die je hier ziet. En die vervangt een gedeelte van de fossiele kolen in de hoogoven.

(31:18-31:29) En dat is de volgende slide. Dat is inderdaad een installatie Stiernool. Heel belangrijk.

(31:29-31:47) Wat is de plot van het gas dat wij produceren in onze staalproductie? 5

(31:47-32:05) Een gedeelte van het gas takken wij af naar een installatie Stiernool. Dat gas bestaat uit CO en CO2. Waterstof en stikstof.

(32:05-32:14) CO en waterstof zijn nuttig voor ons. CO2 en stikstof is dat niet.

(32:14-32:25) Vandaag gaat de CO2 en de stikstof terug naar het centrale, NG.

(32:25-32:38) We maken hier in een installatie een scheiding. De nuttige stroom CO en waterstof brengen we naar bioreactoren.

(32:38-32:49) De niet nuttige stroom, CO2 en stikstof gaat terug naar de centrale.

(32:49-33:07) In de bioreactoren zitten bacteriën van een Amerikaans bedrijf, Lanzatec. Die bacteriën vormen CO en waterstof om tot ethanol. Ethanol is in het water aanwezig.

(33:07-33:28) Dan heb je drie distillatie-stappen om de zuiverheid van het ethanol te verhogen. Het ethanol kan je verkopen aan de chemie. Dan gaat de chemie minder aardolie moeten kraken.

(33:28-33:33) Dat is circulaire economie.

(33:33-33:51) Je kan het ook verkopen aan de fuelmarkt, omdat er in Europa bijmen verplichtingen zijn om sustainable fuel toe te voegen aan fossiele fuel. Dat is een mooi voorbeeld van Christophe.

(33:51-34:03) In de regelgeving zijn we al vijf jaar bezig. Voor onze levering aan de chemie hebben we het etiket duurzaam ethanol ontvangen.

(34:03-34:10) Voor de levering aan de fuelmarket nog altijd niet.

(34:10-34:39) Het gaat eigenlijk over het principe als je afvalhout omvormt tot biokool. Je zet het in de hoogoven. De hoogoven heeft fossielgas door de fossiele koren, maar ook biogas door de biokool.

(34:39-35:05) Het biogas willen wij alloceren aan de installatie Stianol om die erkenning te krijgen als duurzame ethanol. De fractie die we zouden kunnen herkennen als de advanced biofuel is zeer laag. Het tweede is als je het andere gas, het fossiele gas, gaat omvormen tot ethanol.

(35:05-35:19) We noemen dat recycled carbon fuel. Je gaat de koolstof hergebruiken. Daar heb je ook heel wat problemen op vlak van regelgeving.

(35:19-35:28) Ik ga dat zeer concreet maken. Normaal gezien als je het gas in het verleden omvormt tot elektriciteit. We doen dat nog.

(35:28-35:41) Maar een deel van het gas gaat nu omgevormd worden tot ethanol. Het gas dat je omvormt tot ethanol kan je niet omvormen tot elektriciteit.

(35:41-35:49) Dus als je meer ethanol maakt, maak je minder elektriciteit.

(35:49-36:09) De elektriciteit die je niet maakt noemen wij de displaced electricity. Dan zegt de regelgeving om recycled carbon fuel erkenning te krijgen, moet je 70

(36:09-36:17) Maar je hebt displaced electricity die je niet meer maakt.

(36:17-36:28) Dus heb je elektriciteit nodig van het net in België. Je moet dus de CO2-intensiteit van het Belgisch grid in rekening brengen.

(36:28-36:40) En die CO2-factor is hoger dan de CO2-factor van het grid in Frankrijk.

(36:40-36:46) Frankrijk heeft veel nucleaire energie.

(36:46-37:05) Met andere woorden, indien deze installatie in Duinkerke zou gebouwd worden, dan heeft deze installatie het label recycled carbon fuel. Omdat men daar elektriciteit van de nucleaire plants neemt.

(37:05-37:11) En wij hebben die niet.

(37:11-37:25) Dat is dus een ongelijke behandeling van de lidstaten in Europa. En dit is een primeur voor de Europese staalsector.

(37:25-37:40) Dus het is ook wel heel belangrijk dat Europa via regelgeving innovatie stimuleert en niet blokkeert. Stila.

(37:40-37:55) En dat is een fantastisch voorbeeld, want in de wereld wordt ook veel biofuel gemaakt.

(37:55-38:12) Bijvoorbeeld via de omvorming van maïs of suikerbieten tot bioethanol. Maar wij hebben hier geen land use. Wij staan niet in competitie met de voedingssector.

(38:12-38:20) Het is een installatie op een site van twee hectare. Oké.

(38:20-38:26) Dus dit is een voorbeeld.

(38:26-38:39) We spreken al tien jaar om dit te bouwen. We hebben dit nu gebouwd. We zijn er volop mee aan het opstarten.

(38:39-39:07) Na zoveel jaar zijn we dus nog aan het discussiëren met Europa rond regelgeving. Is het nu ABF? In welk percentage is het ABF? Recycled carbon fuel? Mocht het in Dunkerque staan, is het regel A. Nu is het regel B. Dat zijn eigenlijk de zaken waar wij vandaag tegen moeten.

(39:07-39:10) Jawel.

(39:10-39:27) Want ik was net eventjes aan het nadenken over wat je zei. Inderdaad. Sustainability reporting, zoals mijn titel. Het is meer de rond-sustainability-agenda om die CO2 misschien te snel naar beneden te krijgen, zonder dat jullie bijvoorbeeld kunnen volgen.

(39:27-39:37) Dat dat meer hetgeen is dat de Europese competitiviteit ondermijnt. Ja, absoluut. In mijn titel ga ik daar ook gauw voor melden. Oké, wat is de conclusie? Sustainability-reporting is een goeie zaak.

(39:37-39:56) Nu, de andere, de permitting bijvoorbeeld, de regelgeving, die is dan misschien meer het probleem.

(39:56-40:07) Ja, absoluut. En eigenlijk... Ja, maar Purling is eenzaam. Maar de kern van de zaak bijvoorbeeld, CO2-regelgeving en vrije CO2-rechten, die snel naar beneden gaan.

(40:07-40:19) Ja, je moet wel kunnen volgen als bedrijf. Jawel. En daarvoor moet je de boundary conditions hebben, de randvoorwaarden, om te kunnen volgen.

(40:19-40:34) Absoluut. Ik had hier ook een vraag inderdaad. Moet Europa, alle lidstaten, over dezelfde kant gaan?

(40:34-40:41) Moet iedereen aan dezelfde tijdlijn volgen? Of moeten landen wel degelijk verschillend behandeld worden, omdat ze op een ander punt zitten dan de tijdlijn van Sustainability? Ik zou denken, ik ben niet een specialist, maar ik zou denken als de boundaries aan de grenzen correct zijn... Van Europa. (41:06-41:26) Van Europa. En je hebt dus een level playing field waarbij je zegt van, kijk, we lagen verplichting op aan Europa, aan de Europese landen, aan de bedrijven. Maar aan datgene wat wij importeren leggen wij gelijkaardige verplichtingen op.

(41:26-41:52) Dan denk ik dat iedereen in de juiste richting moet bewegen en dat je daar geen verschillen in snelheden moet maken, denk ik. Dus ik denk, zowel level playing field Europa, de rest van de wereld, misschien in eerste instantie, maar ook binnen Europa, dat dat belangrijk is.

(41:52-42:02) Als we het klimaatprobleem willen oplossen, gaat iedereen moeten mee bewegen.

(42:02-42:15) Absoluut. En vandaag zien we dat absoluut niet gebeuren. Europa, de rest van de wereld, gigantisch verschil.

(42:15-42:29) En zelfs binnen Europa belangrijke verschillen. Het voorbeeld dat Jan uitgelegd heeft, is daar het perfecte voorbeeld van.

(42:29-42:37) Jullie... Brengt ook heel veel onzekerheid rond de investeringen.

(42:37-42:50) Wat nooit interessant is om te nemen. Vandaag, als ik groot investeerder zou zijn, ik zou nog een beetje afwachten om te kijken in welke richting het evolueert.

(42:50-42:55) Zeker weten.

(42:55-43:18) Dus we willen het klimaatprobleem oplossen, maar die context, op dit moment, ondersteunt dat onvoldoende. Dan vroeg ik me ook af, in welke mate zijn jullie actief in het buitenland? Buiten Europa bedoel ik, dus globaal. Afzalital? Ja, afzalital.

(43:18-43:24) Overal. We zitten overal. In India, dat er nu... We zitten overal.

(43:24-43:32) Maar ik denk dat je het... Waar ben je voorbij? Nee, we moeten naar beneden gaan, denk ik. Naar beneden?

(43:32-43:40) Twintig slides verder, denk ik. Ah, oké, sorry.

(43:40-43:47) Denk ik. We hadden het er niet in. O ja. Ik ga dan geen slide nemen. Ik ga iets anders doen. Zou je iets nemen?

(43:47-43:52) Is het mogelijk om die slides te ontvangen? Ja, zeker.

(43:52-43:57) Misschien is het... classified. Nee, ik mag toch rust hebben.

(43:57-44:00) Dat is geen probleem.

(44:00-44:07) We gaan iets nemen. Ik ga je sturen, Christophe. Ja, perfect.

(44:07-44:20) Het gelijkse eerste heb ik op dit, maar het bevat nog een paar bijkomende slides. Onder meer rond datgene wat we nu gezegd hebben. We hadden van de week een bezoek van Buitenlandse Zaken.

(44:20-44:27) Ik ga dat opsturen. Het is een pdf, ik heb het gestuurd. Maar dus, Mittal is overal actief.

(44:27-44:33) Is een wereldspeler. Dus wij produceren 5,5 miljoen ton staal. In België.

(44:33-44:42) Op niveau Europa. Vlak staal is rond de 3, 24 miljoen ton. Dus wij zijn ongeveer een vierde van Europa.

(44:42-44:50) En dan de wereld. Er staat Mittal in de wereld, dat is ongeveer een 70 miljoen ton.

(44:50-44:55) Maar het is ook een miningbedrijf.

(44:55-44:57) Mining and steel.

(44:57-45:03) Ik denk dat u nu wel redelijk ver langsachter zit. Je gaat niet veel herkennen.

(45:03-45:09) Dat is in deze. U ziet daar waarom hij actief is, overal.

(45:09-45:13) Maar het is nogmaals ook mining.

(45:13-45:21) Dus kogel en erts. En het is ook staalproductie, 70 miljoen ton. Het zal niet verwonderen dat de grootste spelers in China zitten.

(45:21-45:28) En Nippon is natuurlijk een Japans bedrijf.

(45:28-45:34) Maar dus, er zit Mittal actief in. Staalproductie in 16 verschillende landen.

(45:34-45:38) 145.000 mensen. Oké.

(45:38-45:42) En dan vraag ik mij af, oké, jullie zijn dus een multinational.

(45:42-46:02) Puur, dat is eigenlijk los van de verhaal. Wat heeft jullie dan tegengehouden in al deze

jaren dat het zo moeilijk was, en dat de energie zo duur was, om uw activiteit buiten Europa te gaan plaatsen?

(46:02-46:17) Door vakbonden, beschermde jobs, enorm groot investeren. Europa is ook een heel grote markt. Ja, met een energieprijs die drie keer duurder is. Maar de staalmarkt is hier wel.

(46:17-46:22) Er is een belangrijke Europese markt.

(46:22-46:34) Heel belangrijk. De klant wil ook wel bevoorraad worden door lokale spelers. En, inderdaad, wij hebben een aantal structurele nadelen.

(46:34-46:42) Dus zoals aan de meer energiekosten. Maar, dat moet je niet schrijven in jouw rapport.

(46:42-46:45) Wij, want dat is duidelijk het geval.

(46:45-46:53) Wij zijn met eigen beste, ik schrijf het niet inderdaad, we zijn het beste staalbedrijf in Europa. En top twee, top drie in de wereld.

(46:53-46:57) En wat maakt dat dan het beste? Productiviteit.

(46:57-47:08) Maar dat kan je niet schrijven. Dat is subjectief. De top zegt dat ook, maar als wij dat gaan zeggen, dan gaat dat niet goed.

(47:08-47:11) Dan zijn de aanmatigde vlamingen... Nee, nee, nee.

(47:11-47:20) Kijk, ik ga het opschrijven. Het is concreet. Ik heb een keer de zaterdag een bezoek gedaan, waarbij de toenmalige CEO van Europa hier ook was, voor een belasting van hem.

(47:20-47:32) Dat was een zaterdagvoormiddag, een jaar of acht geleden. En hij zei, welkom bij het sterkste staalbedrijf ter wereld.

(47:32-47:40) Dat is zijn intro. Ik heb het niet zelf uitgegeven, ik ben eerlijk.

(47:40-47:48) En nogmaals, dat heeft te maken met productiviteit.

(47:48-48:07) Top mensen uit universiteiten en hogescholen. Drive in het bedrijf om te gaan verbeteren. Dat maakt een geïntegreerd bedrijf optimale werkingspunten door de mensen en gebalanceerde capaciteiten.

(48:07-48:18) Dat zijn heel belangrijke troeven. We hebben een zeer sterke warme fase en heel veel complementaire producten in de afwerkingslijnen.

(48:18-48:22) Maar er zijn structurele nadelen.

(48:22-48:38) Trade wordt bekeken, CO2, energie, personeelskosten, die we redelijk kunnen compenseren met productiviteit. Maar je mag niet schrijven in je eindwerk dat we een van de beste zijn.

(48:38-48:47) Ik wil niet dat etiket opgekleed krijgen, maar het is wel een feit door de factoorlijke kursgat.

(48:47-48:54) Ik denk dat dat inderdaad voor Ars Metall Belgium zeker geldt.

(48:54-49:12) Natuurlijk, in Europa zijn er ook fabrieken, in onze groep, in andere groepen, andere bedrijven, die het misschien nog wat moeilijker hebben. Dat alles wat aan het gebeuren is, negatief is voor de Europese staalindustrie, is ook wel een feit.

(49:12-49:15) Zeker.

(49:15-49:28) Onze topman heeft ooit in een artikel gezegd, als we niet opletten, dat tientallen procenten van de staalindustrie misschien verdwijnen uit Europa. Dat is ook wel een realiteit.

(49:28-49:40) Europa begint dat meer en meer te beseffen. Men luistert naar onze boodschappen en hopelijk gaan ze ook met een heel concreet plan komen.

(49:40-49:44) Maar dat is ook wel de realiteit.

(49:44-49:52) En nogmaals, wij ondervinden die crisis ook zeer goed. We zijn vandaag wel vol belast in onze producties, omdat we een laag kostprijs hebben.

(49:52-50:06) Maar ons resultaat is uiteraard niet goed, als gevolg van de zeer lage verkoopprijzen, en daardoor die hoge importniveaus.

(50:06-50:24) Evident. En zoals Christophe zegt, indien de context in Europa niet verbetert, dan gaan er zeker nog bedrijven gesloten worden. Ik heb u verteld, voorbij tien jaar is 25 miljoen ton staalproducts in Europa verdwenen.

(50:24-50:37) Dat is ongeveer 2,5 miljoen ton per jaar. Dit gaat niet stoppen tot er effectief een structureel herpijnfilter is.

(50:37-50:46) Dus elke twee, drie jaar een bedrijf als Thomsen dat uit de markt genomen wordt.

(50:46-51:06) Intermenso, van Sustainability Reporting vraag ik mij af, aangezien er zoveel Sustainability Reporting moet gebeuren wel degelijk, doen jullie dat in-house of gebruiken jullie daar consulting agencies voor?

(51:06-51:24) Ja, wij hebben inderdaad uw eerste opmerking gestrekt. Dus de rapporteringsverplichtingen die op de grote bedrijven vandaag worden gelegd, dat is enorm. De administratie, je leest er ook heel veel artikels en kranten rond.

(51:24-51:36) In Amerika is men een stap terug aan het zetten op het vlak van vereenvoudigingen. Wel een stap aan het zetten in de richting van vereenvoudigingen.

(51:36-51:48) Ook daar begint Europa in te zien dat er misschien wel heel veel gevraagd is op heel korte termijn. Ik heb daar ook een slide van.

(51:48-52:00) En dat er eigenlijk een heel groot deel van het personeel, dat heel veel geld kost, daar mee bezig is. Absoluut.

(52:00-52:09) Zou je daar een nummer op kunnen plakken, denk je? Of hoeveel procent van het personeel dat mee bezig is?

(52:09-52:19) Of is dat verwaarloosbaar? Is dat een 1% of is het een 10% van het personeel die bezig is met verenigingen?

(52:19-52:30) Dat is zeker geen 10%. We zijn uiteindelijk een maakbedrijf, ook hier in Gent.

(52:30-52:43) Het overgrote deel van de mensen zijn mensen die in de fabriek werken, die het staal maken. Want daar is een volledige organisatie voor moeten worden opgezet om die rapportering te gaan doen.

(52:43-52:51) Want als je weet, wordt er gerapporteerd op corporate niveau. Wij rapporteren op het bedrijfsniveau.

(52:51-53:23) Dus eigenlijk van de top van ons bedrijf, tot en met elke individuele site die zijn deeltje moet rapporteren, zijn er extra mensen bijgekomen om die rapportering waar te maken. Dus op ons ganse bedrijf, ik heb het cijfer niet in mijn hoofd, maar het gaan tientallen, misschien wel honderd mensen zijn die eigenlijk bezig zijn met de rapportering.

(53:23-53:32) Maximus, ik ga dat volgende verhaal doen, maar ik ga jou die presentatie doormelen.

(53:32-53:35) Wordt er nog een vraag?

(53:35-53:41) Jawel, inderdaad. Het spijt me dat ik zelf 20 minuten te laat was. Geen probleem.

(53:41-53:46) Christophe, bedankt. Ik ga iets achterlaten voor jou aan de receptie. Nee, dat mag Jan-Christophe.

(53:46-53:50) Oké, dat kan ook goed.

(53:50-53:54) Merci Jan, voor je tijd. Ja, dat is hier een site die ik al langs gebruikt heb.

(53:54-54:02) Je hebt misschien al gehoord van dat Omnibus-package. Ja, wauw.

(54:02-54:14) Waar nu toch ook, een beetje in analogie met wat in andere delen van de wereld gebeurt, vereenvoudigingen worden voorgesteld.

(54:14-54:26) In bepaalde artikelen lees je dat dat tot zes miljard administratieve vereenvoudiging kan betekenen. Dit is de vereenvoudiging, dus reken uit wat de kost is door alles wat we moeten doen.

(54:26-54:33) Het enige dat wij zien als groot bedrijf, er zijn twee initiatieven.

(54:33-54:43) Je hebt het stop de klok initiatief. Wat kort door de bocht betekent dat kleinere bedrijven

uitstel krijgen.

(54:43-54:48) En je hebt dan ook de scope die we willen reduceren.

(54:48-54:58) Dus kleinere bedrijven gaan minder moeten rapporteren. Maar we willen dan ook de datapunten waarover moet gereporteerd worden, vereenvoudigingen enzo.

(54:58-55:07) Natuurlijk, in een groot bedrijf als het onze, moeten wij nu eigenlijk klaar zijn om te rapporteren.

(55:07-55:18) Is dit wel een beetje zonde, want een groot deel van het werk hebben we al gedaan. Zoals je weet ook, wij moeten rapporteren.

(55:18-55:36) Dus wij moeten zorgen dat heel veel meer data dan ooit tevoren beschikbaar wordt gesteld. Maar die moet niet alleen beschikbaar gesteld worden, die moet ook geauditeerd worden. Dus we hebben interne auditeringen, externe auditeringen.

(55:36-55:46) In ons geval is dat Ernst Young die ons geauditeerd heeft. Ja, als je alles optelt, dat is een enorm werk om dat te gaan doen.

(55:46-56:12) Anderzijds is dat ook een vorm om de vele goeie zaken die wij hier aan het doen zijn, in het kader van klimaat, energie, etcetera, om daarmee uit te pakken en om de resultaten ook zichtbaar te maken.

(56:12-56:39) Jawel, maar in het bekendmaken van die resultaten, en misschien in de methodes waar je ermee bent gekomen, verlies je niet een deel van je unique selling proposition, omdat je al die dingen moet vrijgeven, dat de anderen daar eigenlijk ook mee kunnen helpen.

(56:39-57:00) Want nu gebruik ik misschien als competitive edge om te kunnen zeggen, wij zijn het groenste en wij doen al deze dingen, dat je dan moet vrijgeven wat je daarvoor doet, of is dat iets dat niet relevant is?

(57:00-58:08) Ja, maar ik zou zeggen, als wij vandaag groen staal verkopen, we hebben het X-carb, de merk neemt X-carb daarvoor, je hebt verschillende soorten X-carb, maar ik ga één soort toelichten, dat is echt fysiek gedecarboniseerd staal, dat is staal dat gemaakt wordt in een elektrische oven, op basis van hernieuwbare elektriciteit, dus niet meer op basis van kolen, dat vervolgens bijvoorbeeld naar Gent komt om hier verwerkt te worden. Dus je kunt eigenlijk aantonen dat het CO2-uitstoot van dat soort staal, dat dat vele malen kleiner is dan het klassieke staal.

(58:08-58:24) Vandaag, als wij dat staal verkopen als onze klant, als X-carb, wordt dat uiteraard ook al geauditeerd.

(58:24-58:43) Het is niet zo dat wij mogen onze klanten wijsmaken, we verkopen nu groen staal, je gaat daar meer voor betalen, dus daar zit al een zeer sterk auditeringsproces achter.

(58:43-58:58) Dus in mijn optiek gaat dat niet zozeer spelen dat wij een concurrentieel voordeel verliezen, in het eendeel, we gaan kunnen tonen, elk bedrijf zal kunnen tonen, hoe zit het echt, wat zijn de

cijfers, dus ik zie dat niet zozeer als een nadeel.

(58:58-59:02) Dus goed.

(59:02-59:16) Heeft u vertrouwen in zaken als dit? Gelooft u dat dit, ze zeggen de 6 miljard, maar is dat niet het optimistische nummer? Zeker met een structuur die al opgezet is.

(59:16-59:36) Het moet wel zijn. Ik denk dat we vertrouwen moeten hebben in onze Europese instellingen, en zoals gezegd laten wij ook geregeld als bedrijf onze stem horen in een debat, zodanig dat men weet wat wij belangrijk vinden.

(59:36-59:43) Houden zij dat rekening? Heeft u het gevoel dat er wordt geluisterd naar u?

(59:43-1:00:22) Voor de duidelijkheid, ik ben daar zelf weinig bij vertrokken, maar de feedback die ik krijg is dat inderdaad, ook van onze topmensen, van Aditya Mittal zelf, is dat inderdaad Europa toch begrijpt wat wij zeggen, en dat wij nu het gevoel hebben dat zaken aan het bewegen zijn in de juiste richting.

(1:00:22-1:00:39) Vandaag zijn ze er nog niet, maar we hebben voor het eerst denk ik in lange wel het gevoel dat er zaken bewegen, dat men dit hoort.

(1:00:39-1:00:59) Ook het feit dat dit voorstel er komt, een jaar geleden had je aan honderd sustainability managers gevraagd, denk je dat het denkbaar is dat men dat terug gaat vereenvoudigen? Die hadden er niet veel ja gezegd, denk ik.

(1:00:59-1:01:07) Dus dat zijn positieve zaken.

(1:01:07-1:01:29) Alleen, het is, en dat is misschien een beetje Europa, het is laat dat het komt, want we zijn eigenlijk al aan de deadline, dan komt er nu mee af. En laat ons eerlijk zijn, de hele grote bedrijven zoals wij zullen daar minder voordeel uit halen.

(1:01:29-1:01:54) Dit is eerder interessant voor de kleinere bedrijven. Men heeft gezien dat de hele grote bedrijven er al mee struggelen, ondanks het feit dat ze vaak met meer mensen zijn. Dus het is positief dat men dat in vraag stelt, dat men ergens beseft van oké, de slinger is misschien een beetje naar de ene kant doorgeschoven.

(1:01:54-1:02:20) Een aantal van de ideeën die erachter zitten zijn goed en ondersteunen wij. Het feit van transparantie ondersteunen wij, absoluut. Ook dat kan maar bijdragen aan het leveled playing field, dat is duidelijk.

(1:02:20-1:02:29) Wie de uitstoters zijn en wie niet.

(1:02:29-1:02:51) Een andere vraag. Nu in Europa, in de Europese Commissie, in het Europese parlement, is er een paar maanden geleden de Rearm Europe voorgesteld. 800 miljard, dat moet bij elkaar geraapt worden om terug defensie in Europa op poot te krijgen.

(1:02:51-1:03:07) Dat alle deelstaten aan hun 2% GDP terug raken. Het is duidelijk dat er een focus shift is naar defensie.

(1:03:07-1:03:41) Zou het kunnen dat die defensie de spotlight een beetje wegneemt van sustainability en dat er nog meer zaken als deze omnibus package zouden kunnen gebeuren? Omdat wij eigenlijk altijd zo'n lange tijd van vrede hebben gekend, is er altijd tijd geweest om zich zorgen te maken over deze sustainability.

(1:03:41-1:03:59) Maar in een tijd van mogelijke oorlog op de horizon, ligt sustainability niet meer zo relevant. Of minder relevant.

(1:03:59-1:04:11) Ja, dat is een bedenking die ik ook al gehoord heb. Dus ik denk dat dat, ook voor klimaatactivisten bijvoorbeeld, een terechte bezorgdheid is.

(1:04:11-1:04:32) Gaat de focus... Focus betekent, als je teveel zaken hebt waar prioriteit aan gegeven moet worden, dat kan niet, dan moet je ofwel je aandacht verdelen, of bepaalde zaken minder in de spotlight zetten.

(1:04:32-1:04:50) Dus het is wel mogelijk dat als iets anders de aandacht vraagt, dat dit iets minder de aandacht krijgt. Ik denk ook het feit dat men ziet, dat is het artikeltje dat je hier links ziet, dat andere delen van de wereld toch minder volgen dan men initieel gedacht had.

(1:04:50-1:05:14) Europa heeft altijd gezegd, wij gaan het goede voorbeeld tonen, wij gaan tonen hoe het moet, en de rest van de wereld zal automatisch meegaan. Wel, in Amerika en andere delen van de wereld bewijzen ze dat dat niet noodzakelijk het geval is.

(1:05:14-1:05:28) Trump is een aantal zaken rond klimaat aan het terugschroeven. En dan kom je uiteraard ook uit met de discussie die Jan aanhaalde, rond competitiviteit.

(1:05:28-1:05:39) Europa wil ook niet dat wij alles hier gaan verliezen. Staal is een uitermate belangrijk product, een beetje voor defensie, maar voor heel onze welvaart in de eerste plaats.

(1:05:39-1:05:54) In alle gebouwen, in wegenbouw, overal waar je kijkt gebruiken we staal. Als dat een product wordt dat in Europa niet meer gemaakt wordt, en waar we volledig afhankelijk zijn van landen buiten Europa, dan zitten we misschien ook opnieuw met het probleem.

(1:05:54-1:06:21) Ik denk wat er gebeurd is met elektronische chips, daarvan is Europa op een bepaald moment ook gezegd, wij produceren zelf geen chips meer, wij hangen volledig af van anderen. En met een aantal andere zaken is dat ook het geval.

(1:06:21-1:06:44) Dus het zijn wel aandachtspunten die volgens mij meer en meer mensen in Europa doen beseffen dat we toch moeten opletten dat we hier niet te veel negatieve bijzaken creëren.

(1:06:44-1:06:58) Oké. Dan vroeg ik mij af, zijn er specifiek in de sustainability reporting, u staat daar wel dichtbij, toch? Zijn er daar welke datapunten dat het meest waardevol zijn, en welke dat toch niet waardevol zijn?

(1:06:58-1:07:07) Dat zou wel iets interessants zijn voor mij.

(1:07:07-1:07:29) Ja, wel, misschien moet ik eerst een keer, ik ga eerst even de tijd, want ik weet niet hoe laat... Wel tien hè? Misschien nog tien minuten, en dan... Oké, super, ik dacht vijf minuutjes, dat was daarmee dat ik het had. Ja, ja, oké.

(1:07:29-1:07:46) Dus ik ga hier eerst een keer wat specifieke slides zoeken. Dat er misschien een concreet datapunt is dat heel handig is voor jullie, dat investeerders vooral interessant vinden, dat is eigenlijk een bijvraag.

(1:07:46-1:08:08) En dan dat er ook eigenlijk sustainability reporting requirements zijn die jullie moeten doen, die helemaal niet relevant zijn. Wel, dus hier was ik naar op zoek, dus de CSRD, Europese Directiefrechtlijn, die gaat inderdaad, zoals je zelf zei, uit van het ESRS framework.

(1:08:08-1:08:24) Je hebt daar de tien hoofdstukken binnen de E, de S en de G, die hier opgeleid staan. Voor duidelijkheid voor ons, de drie aspecten zijn belangrijk.

(1:08:24-1:08:38) Zoals je weet, de totale ESRS, die bevat meer dan 1200 datapunten. En het is eigenlijk aan het bedrijf zelf om te gaan beslissen, van die 1200, wat gaan we

(1:08:38-1:08:58) rapporteren? Ja, de double materiality. Natuurlijk, inderdaad, je kiest dan niet zomaar wat komt mij het beste uit.

(1:08:58-1:09:09) Dat is eigenlijk een dubbele materialiteitsanalyse die moet gebeuren.

(1:09:09-1:09:29) En dit is eigenlijk niet de laatste versie, maar dit is eigenlijk wat voor ons wat belangrijke aspecten zijn die voor ons naar boven komen. Maar misschien is het interessanter dan rond die dubbele materialiteit, want dat is eigenlijk...

(1:09:29-1:09:37) Wat jullie achten als dubbele materialiteit, dat is eigenlijk interessant voor ons. Voor mij.

(1:09:37-1:09:47) Want ik heb het gestudeerd, dus ik ben mee met wat we zijn allemaal.

(1:09:47-1:10:16) Dus, dit is eigenlijk een analyse die gebeurd is in 2023. Dus, ik weet dat men in het kader van de CSRD eigenlijk dit volledig aan het updaten is, ook met behulp van een externe partner.

(1:10:16-1:10:33) We hebben onder andere met PwC samengewerkt daaromtrend. We werken nu met EY voor de externe auditering. Maar dit zijn zowat de belangrijkste material topics die wij toen in 2023 al geïdentificeerd hebben.

(1:10:33-1:11:03) Dus, zoals hij weet, de twee assen, de impact van ons op de wereld en van de wereld op ons, als we bijvoorbeeld kijken naar de drie die zowel hoog scoren op deze as als op deze as, dan zie je dat de absolute topprioriteit voor ons bedrijf, dat is safety. In al onze communicatie ga je dat ook zien.

(1:11:03-1:11:15) Alles begint en eindigt met veiligheid. Safety is het absoluut belangrijkste.

(1:11:15-1:11:32) We willen dat elke werknemer hier gezond en veilig kan komen werken en gezond en veilig terug naar huis gaat. Dus, we willen absoluut rapporteren over veiligheid.

(1:11:32-1:11:41) Hoeveel ontvallen zijn er? Hoeveel werkverlettingen zijn er?

(1:11:41-1:11:48) En dan de twee andere die hier staan, dat is gender.

(1:11:48-1:12:12) Dat is eigenlijk ook iets waar we van het hoogste niveau van het werk zijn. Dat wij eigenlijk willen naar diversiteit en inclusie, dat wij eigenlijk willen naar gelijke representatie gaan in ons bedrijf op het vak van gender.

(1:12:12-1:12:35) En dan, het verbaast u waarschijnlijk ook niet, klimaat, dat is ons andere materiaal datapunt bij uitstek. Zoals Jan gezegd heeft, 1,7 ton CO2 per ton staal, dat is absoluut wereldtop.

(1:12:35-1:12:56) Maar wij produceren wel 5, 5,5 miljoen ton staal hier in onze site in Gent. Dat betekent 9 miljoen ton CO2. Daarmee zijn we wel de grootste CO2-uitstoot in Vlaanderen. Absoluut.

(1:12:56-1:13:06) Dus dat betekent dat we de productie moeten weghalen in Vlaanderen. Je hoort soms mensen zeggen van stop, Arslan niet al Gent.

(1:13:06-1:13:28) En dan hebben we onmiddellijk het probleem opgelost. Dat zijn uiteraard geen slimme bedenkingen, want dat staal wordt dan niet meer bij ons gemaakt, maar ergens anders.

(1:13:28-1:13:46) En je hebt het van Jan gehoord, de middele CO2-uitstoot is 2,3 ton CO2. Stel je voor, dat wordt dan aan de andere kant van de wereld gemaakt. Die CO2 gaat daar de lucht in.

(1:13:46-1:13:58) Maar goed, die mengt zich, dat is een mondiaal probleem. Absoluut.

(1:13:58-1:14:18) Dus dat zijn absolute zaken waar we belangrijk vinden. En de andere misschien gewoon een keer over lopen. We hebben veiligheid, we hebben life balance, Gent daar hebben we al over gesproken.

(1:14:18-1:14:38) Maar zijn er concrete, want dat zijn dus titels, maar zijn er concrete datapunten die jullie relevant achten? Dus echt een nummer? CO2-uitstoot. Dat brengt mij inderdaad.

(1:14:38-1:14:52) En dat er dus nog zulke zaken zijn, binnen jullie drie double material dingen. Wat zijn daar de concrete datapunten waar jullie iets aan hebben?

(1:14:52-1:15:10) En vooral jullie investeerders, waar het kapitaal vandaan komt, of de aandeelhouders neem ik bedoeling aan. Wat is zij het interessantste achter? Dat zijn eigenlijk de datapunten binnen die domein.

(1:15:10-1:15:23) Dus alles rond CO2-uitstoot is absoluut belangrijk. Dat is ook bijna productiviteit eigenlijk. Zo minder CO2 is meer productiviteit.

(1:15:23-1:15:29) Om efficiënter bedoel ik.

(1:15:29-1:15:53) Zo efficiënt mogelijk draaien, zodat je zo weinig mogelijk CO2 per ton staat. Voilà, om zo relatieve emissies naar beneden te houden. En dat is eigenlijk, zowel op het vlak van scope 1, 2 als 3 emissies. Dat is absoluut belangrijk.

(1:15:53-1:16:03) Zoals gezegd, health and safety. Dat is ook een absoluut belangrijke.

(1:16:03-1:16:21) Als wij een zwaar ongeval hebben, en helaas een aantal jaar geleden hebben we een zwaar mijn-ongeval gehad in Kazachstan. Dan heeft dat onmiddellijk een weerslag op ons bedrijf.

(1:16:21-1:16:32) Vandaag heb je ook de zogenaamde ESG-metrics.

(1:16:32-1:16:51) Als wij zoiets tegenkomen, kan het zijn dat onze rating verlaagt. Investeerders zien dat. Dat zijn belangrijke drivers in de toekomst.

(1:16:51-1:17:02) Dus dat zijn absoluut belangrijke datapunten om te rapporteren voor ons.

(1:17:02-1:17:15) Uw vraag was ook, is dat minder belangrijk? Ik denk dat we minder belangrijk niet direct gaan rapporteren. Je kiest zelf je materialiteit, dus inderdaad.

(1:17:15-1:17:28) Uiteraard, je kunt moeilijk afkomen met twee datapunten. En dat is voor mij ook een beetje het systeem.

(1:17:28-1:17:49) Uiteindelijk is het ook de markt, al onze stakeholders die gaan beoordelen. Is dit voldoende informatie voor ons om een goed beeld te geven van wat is er gaan in dat bedrijf of niet.

(1:17:49-1:18:03) Beneden de Europese taxonomy heb je het Do No Significant Harm-principe. Dat is dan uiteraard ook wat we hier mee houden.

(1:18:03-1:18:24) Dus we focussen op deze dingen, maar in de andere aspecten waar we niet op focussen, doen we geen significant harm. Uiteraard.

(1:18:24-1:18:50) En dus ook voor de taxonomie zijn we aan het kijken als bedrijf, wat zijn de stappen die we moeten nemen om zaken die vandaag ervoor zorgen dat wij nog niet volledig voldoen aan de taxonomie, om daar wel te geraken.

(1:18:50-1:19:15) Een belangrijke stap die we daarvoor moeten zetten, is de decarbonisatie verder zetten. Als we vandaag naar 100% taxonomie alignment willen gaan, want zo heet dat dan, dan moeten wij de overstap maken van kolen naar een andere vorm van energie.

(1:19:15-1:19:24) Dat is exact het project.

(1:19:24-1:19:35) Electric furnaces. Zolang we die zaken niet doen, komen wij niet in aanmerking voor de taxonomie alignment.

(1:19:35-1:19:54) Dus voor bijvoorbeeld die elektrische ovens, is dat nog nooit uitgesteld geweest? Vraag mij af, het is zo duur, er is zoveel onzekerheid over alles, is dit project ooit uitgesteld geweest?

(1:19:54-2:00:09) Is het net zoals die Stielandnol, is dat ook meerdere keren uitgesteld geweest, wat was dat dan de reden voor? Door die niet-level playing field.

(2:00:09-2:00:27) Wij wachten nu, zoals Jan zei, op de investeringsbeslissing. Ik denk dat een aantal jaar geleden... Het is een miljardenproject, hij heeft dat uitgelegd. Ook voor ons bedrijf is dat heel veel geld.

(2:00:27-2:00:43) Sommige mensen denken van, oké, zo'n bedrijf, die leggen dat. Maar dat is absoluut niet waar, voor ons bedrijf is dat zeer veel geld.

(2:00:43-2:00:54) We hebben niet enkel Gent als site, maar we hebben 16 sites waar we ons aan maken.

(2:00:54-2:01:10) Dus we moeten kijken, waar gaan we eerst investeren? We kunnen dat ook niet allemaal op hetzelfde moment tegelijk gaan lanceren.

(2:01:10-2:01:21) En vandaag zitten we eigenlijk in de voorstudiefase en de studiefase van het project.

(2:01:21-2:01:46) Maar het is zeker een feit, en dat is ook wat Jan heeft gezegd, dat door de onzekerheid, door het Europese kader, dat men meer afwachtend is om knopen door te hakken.

(2:01:46-2:02:03) Dan mocht alles wat wij vragen om te leven, playing field, et cetera, C-BAM, trade measures, mocht dat al in plaats zijn.

(2:02:03-2:02:22) Dus vandaag is ons bedrijf, en ze communiceert dat ook via onze absolute top, op zoek naar de juiste business case.

(2:02:22-2:02:32) Dus, we hebben nooit gezegd, tegen dan gaat het echt starten of klaar zijn.

(2:02:32-2:02:46) Maar je merkt dat het beslissingsproces zeker niet versnelt, in het tegendeel. Inderdaad, want, uw staal zou duurder worden, of net goedkoper worden, na die investeringen.

(2:02:46-2:02:59) Het nieuwe proces is duurder. Het kost veel geld om de installaties te bouwen, maar nadien is het ook een duurder proces.

(2:02:59-2:03:15) Maar het is wel groenstaal, dus het is ook wel belangrijk dat we nadien de valorisatie kunnen doen via de markt. Dat er voldoende vraag is naar groenstaal.

(2:03:15-2:03:29) Inderdaad, en dan is daar een van de manieren voor, door dat in te werken in overheidsuitgaves, dat zij verplicht groenstaal te gebruiken. Dat is een van de zaken die we al gevraagd hebben.

(2:03:29-2:03:36) Als er grote investeringen zijn, binnen Europa, (2:03:36-2:03:39) Het gaat echt starten of klaar zijn, maar je merkt dat het beslissingsproces zeker niet versnelt. Inderdaad.

(2:03:39-2:03:45) Want, uw staal zou duurder worden, of net goedkoper worden, na die investeringen, per ton.

(2:03:45-2:03:46) Het nieuwe proces is duurder.

(2:03:46-2:03:48) Het kost veel geld om de installaties te houden.

(2:03:48-2:03:49) Je bent groener.

(2:03:49-2:03:57) Maar nadien is het ook een duurder proces, want het is wel groenstaal, dus het is ook wel belangrijk dat we nadien de valorisatie kunnen doen via de markt, dat er voldoende vraag is naar groenstaal.

(2:03:57-2:04:02) Inderdaad. En dan is daar een van de manieren voor, door dat in te werken in overheidsuitgaves, dat zij verplicht groenstaal te gebruiken.

(2:04:02-2:04:03) Absoluut.

(2:04:03-2:04:07) Dat is een van de zaken die we al gevraagd hebben.

(2:04:07-2:04:14) Als er grote investeringen zijn binnen Europa, vanuit overheden, toon het goede voorbeeld bij Manny van Spreken, en zet in uw vraag dat het groenstaal moet zijn.

(2:04:14-2:04:20) Zou dat voldoende zijn, als voor het overheden in heel Europa, 10% van de overheidsuitgaven van projecten met groenstaal zou gebeuren, of is daar een nummer op aan het plakken, of is dat...

(2:04:20-2:04:22) Nee, dat is echt...

(2:04:22-2:04:23) Daar heb ik geen probleem mee.

(2:04:23-2:04:26) Ik snap de zijgemoedige vraag, dus ik verwacht niet dat je daar een antwoord op hebt.

(2:04:26-2:04:32) Het is belangrijk dat dat voldoende gepromoot, gepusht wordt.

(2:04:32-2:04:37) Europa wil dat we decarboniseren, het is dan ook belangrijk, dat is ook een stukje van het kader, dat moet gecreëerd worden om het dan te kunnen valoriseren.

(2:04:37-2:04:41) En dan misschien nog één laatste vraag, dat is dus binnen, nu dat groenstaal, die groene premium, oké.

(2:04:41-2:04:44) Binnen Europa is dat allemaal goed, misschien dat we dat wel kunnen krijgen in die overheidsuitgaven.

(2:04:44-2:04:48) Maar hoe zit dat dan met export?

(2:04:48-2:04:50) Kun je nog exporteren buiten Europa als je staal zoveel duurder is?

(2:04:50-2:04:53) Wel, dat was eigenlijk het verhaal dat we hebben gebracht bij Seba.

(2:04:53-2:04:54) Herinner je je van de twee problemen?

(2:04:54-2:04:57) Ja, ik herinner me.

(2:04:57-2:04:59) De export solution was één van de twee problemen.

(2:04:59-2:05:18) Als vandaag CO2-taxen betaald worden op het staal dat wij produceren binnen Europa, en Jan heeft de cijfers genoemd, vandaag betalen wij 30% van de ETS-rechten zelf, aan 70 euro per ton, dus reken uit, 70 euro per ton CO2, maal 1,7, 130 of zoiets zeker, daarvan 30%, dat is een significant stuk van onze verkoopprijs, gaat dus vandaag naar de CO2-tax, en dat zorgt er gewoon voor dat exporteren geen zin heeft, omdat, waarom, je hebt de logistieke kost van Europa naar buiten Europa, en je hebt de CO2-tax die nergens anders niet betaald wordt, dus exporteren heeft, zoals dat vandaag geïmplementeerd heeft, is zeer moeilijk.

(2:05:18-2:05:20) We zien dat ook, we hebben quasi geen export, we hebben nog een paar procent export.

(2:05:20-2:05:23) Dus is dat nu de focus van, dus het strategische focus is eigenlijk puur Europese markt, en daaraan voldoen?

(2:05:23-2:05:25) Want er is geen business case voor export, buiten Europa?

(2:05:25-2:05:33) Vandaag is de realiteit dat wij produceren voor de Europese markt, en zoals Jan ook zei, dat is een grote markt, en klanten willen ook ons stel, omdat wij dingen, wij stelsoorten kunnen maken die men niet maakt in bepaalde andere landen, maar absoluut, de strategie vandaag is niet, we gaan massaal exporteren, gewoon omdat dat economisch niet zinvol is.

(2:05:33-2:05:36) Jullie zijn dus actief over heel de wereld, jullie hebben ook mijnen in Afrika, neem ik aan?

(2:05:36-2:05:38) Dat ben ik in Liberia, denk ik, maar daar ben ik in Duitsland.

(2:05:38-2:05:41) Jawel, oké, goed, want ik vroeg mij af in welke manier jullie de druk ervaren van bijvoorbeeld China.

(2:05:41-2:05:54) China heeft dus, dat weet je wel, een complete monopolie bijna, op de meeste critical materials, koper, goud, staal, dat merk je wel, zij zijn zeer actief in Afrika, Europa is zeer weinig actief in Afrika, dan vraag ik mij af, hebben jullie soms druk dat jullie worden weggeduwd door China of, in Afrika hé, dat is eigenlijk de vraag.

(2:05:54-2:05:57) Hoe ervaar je de druk van China, wat je de ontgenningen gaat doen?

(2:05:57-2:06:02) Of dat zij daar echt alles ondermijnen en eigenlijk dingen opkopen of duurdere prijzen betalen, gewoon zodat iemand anders er niet aan kan?

(2:06:02-2:06:04) Maar daar is het in je buitenhoek, ja, sustainability, sustainability.

(2:06:04-2:06:07) Dat is het dame van mijn koper, ik wil niet met mijn nek hier kletsen.

(2:06:07-2:06:08) Nee, nee, absoluut.

(2:06:08-2:06:10) Het zijn goeie vragen die je stelt, maar ja.

(2:06:10-2:06:11) Super, ik weet dat je door moet.

(2:06:11-2:06:18) Zou het logisch zijn, het is een beetje een laatste vraag, een beetje vager, nu als er energieprojecten gebeuren, bijvoorbeeld windmolenpark of energieeiland in het Noordzee, dat dat door verschillende overheidsinstanties moet gaan en moet goegekeurd worden, op zeer lokaal vlak ook.

(2:06:18-2:06:21) Daarom, er is zoveel tegenslag, omdat je lokale mensen daar geen rust in hebt.

(2:06:21-2:06:29) Zou het logisch zijn dat zo'n megaproject, bijvoorbeeld een windmolenpark in het Noordzee, rechtstreeks zou kunnen goegekeurd worden door, op Europees niveau, en dat de lidstaten eigenlijk een beetje van die autonomiteit zouden af moeten heden?

(2:06:29-2:06:31) Of is dat een pad dat je niet mee akkoord bent?

(2:06:31-2:06:34) Dus dat er op Europees niveau wordt gekeken naar de infrastructuur en naar de verbinding.

(2:06:34-2:06:38) En dat lidstaten eigenlijk moeten zeggen, ja oké, we zijn een deel van Europa, dus we moeten er mee akkoord gaan, we kunnen er eigenlijk niets op zijn.

(2:06:38-2:06:41) Om die energieunie te creëren, om die energieprijs naar beneden te krijgen.

(2:06:41-2:06:42) Ja, dat is een subjectieve vraag, hè?

(2:06:42-2:06:45) Ja, geen makkelijke vraag.

(2:06:45-2:06:47) Allee, ik denk dat het vandaag niet zo realistisch is om daar snel naar toe te gaan, eerst en vooral.

(2:06:47-2:06:53) Ik denk dat Europa al zeer veel bepaalt, dus heel veel van onze wetgeving, regelgeving komt van Europa, op het vlak van energie, maar ook op het vlak van milieu.

(2:06:53-2:06:58) Ik denk eerder dan zorgen dat een instantie het nog goedkeurt, dat er moet gekeken worden naar de alineatie van bestaande regels binnen Europa.

(2:06:58-2:07:00) Misschien komt dat finale dan een beetje op hetzelfde neer.

(2:07:00-2:07:01) Dus dat dezelfde regels...

(2:07:01-2:07:02) Ja, de standardisering.

(2:07:02-2:07:04) Ja, de standardisering van regels.

(2:07:04-2:07:05) Het is niet logisch.

(2:07:05-2:07:09) En ook... Dat je andere wetten, regels, normen hebt in verschillende landen binnen Europa.

(2:07:09-2:07:12) Ja, dat is één van de hoofdreden waarom de energie zo duur is in Europa.

(2:07:12-2:07:16) Eerst en vooral omdat we minder Russisch gas importeren, maar omdat we de energie tussen de lidstaten niet genoeg verdeeld krijgen.

(2:07:16-2:07:18) Omdat de grid standards anders zijn.

(2:07:18-2:07:20) Hoe ervaren jullie dat?

(2:07:20-2:07:21) Het wisselen van energie.

(2:07:21-2:07:23) Jullie zijn waarschijnlijk de grootste verbruikers van energie in België, in het Mimikaan.

(2:07:23-2:07:24) Is het niet zo?

(2:07:24-2:07:26) Of misschien de chemie-sector ook nog?

(2:07:26-2:07:29) Ja, ik... Dan, als jullie bijvoorbeeld op piekmomenten energie moeten gaan halen uit andere landen.

(2:07:29-2:07:31) Hoe dat dan verloopt?

(2:07:31-2:07:32) Ja, wij kopen aan, wij kopen onze elektriciteit bijvoorbeeld.

(2:07:32-2:07:34) Dus we hebben verschillende soorten energie.

(2:07:34-2:07:37) De grootste energie komt uit de kolen vandaag.

(2:07:37-2:07:39) Dus de kolen, dat is een wereldmarkt.

(2:07:39-2:07:41) Dus daar hebben we minder dat effect, want dat is een wereldmarkt en dus ook een wereldprijs.

(2:07:41-2:07:46) En voor elektriciteit kopen wij aan in Vlaanderen. Waar dat die elektriciteit dan fysiek vandaan komt, opgewekt in Vlaanderen of in Frankrijk, uit de kerncentrale komt en zo.

(2:07:46-2:07:50) Als dat de elektronen zijn die we ontvangen, bij manier van spreken, dan maakt de prijssetting dat minder uit.

(2:07:50-2:07:52) Dus, ik weet niet...

(2:07:52-2:07:54) Of kunnen jullie het graag nog eens herformuleren?

(2:07:54-2:07:57) Deze... Is een deel, eigenlijk gewoon, hoe komen we aan goedkopere energie?

(2:07:57-2:07:58) Hoe komen, waar komt jullie energie vandaan?

(2:07:58-2:08:02) En hoe makkelijk of moeilijk is dat om aan te raken van andere lidstaten?

(2:08:02-2:08:03) Dat is het gewoon.

(2:08:03-2:08:05) Moet het zelf.

(2:08:05-2:08:07) Moet je energie gaan halen uit andere lidstaten of is dat zelfs niet nodig?

(2:08:07-2:08:09) Zoals gezegd, wij kopen via Ingie energie aan.

(2:08:09-2:08:11) En zij, het netwerk in Europa is geconnecteerd.

(2:08:11-2:08:12) Dus zij halen het, waar het geproduceerd wordt.

(2:08:12-2:08:14) Soms importeren we inderdaad als land elektriciteit uit Frankrijk.

(2:08:14-2:08:17) Een van de belangrijke zaken is, er zijn prijsverschillen in de elektriciteit.

(2:08:17-2:08:19) Dat heeft ook te maken met welke strategie de landen gevolgd hebben.

(2:08:19-2:08:22) In Frankrijk hebben ze veel meer kerncentrales dan in België.

(2:08:22-2:08:24) Lage CO2-uitstoot in kerncentralen.

(2:08:24-2:08:27) Maar subsidieert men ook bepaalde aspecten van de elektriciteit, meer dan bij ons.

(2:08:27-2:08:30) En als je al die zaken optelt, denk aan je elektriciteitsrekening thuis.

(2:08:30-2:08:34) Je hebt je elektronenkost, je energie zelf, maar je hebt daar nog heel veel kosten die erbij komen, transport en netwerk.

(2:08:34-2:08:37) Daar zitten ook allemaal heel veel verschillen op.

(2:08:37-2:08:39) En de realiteit is, als je een som maakt, dat er verschillen zijn tussen de landen allemaal.

(2:08:39-2:08:42) Daarom is het ook subsidiemechanisme die spelen, bijvoorbeeld in Frankrijk, om nog goedkopere energie te krijgen.

(2:08:42-2:08:45) We vinden dat allemaal goed, maar laten we dezelfde regels hanteren binnen Europa.

(2:08:45-2:08:50) Het zou niet mogen zijn dat een investeerder zegt, ik ga mijn installatie in dat land zetten, want daar betaal ik maar de helft van in België.

(2:08:50-2:08:51) Ja, dat is level playing field.

(2:08:51-2:08:52) Dat is niet vast.

(2:08:52-2:08:53) Ja, inderdaad.

(2:08:53-2:08:54) Mag ik iets achterleggen naar de receptie?

(2:08:54-2:08:56) Want ik heb eigenlijk voor jullie allemaal iets mee.

(2:08:56-2:08:58) Om toch een klein bedankje te geven.

(2:08:58-2:09:00) Zodat het wat makkelijker is om mij te vergeven dat ik twintig minuten laat.

(2:09:00-2:09:01) Geen probleem.

(2:09:01-2:09:02) Ken je Arthur Machaud?

(2:09:02-2:09:03) Nee.

(2:09:03-2:09:04) Ah, hij heeft mij eigenlijk een contact gebracht.

(2:09:04-2:09:05) Ja, dat gaat niet genoegen.

(2:09:05-2:09:06) Ik zie een flesje.

(2:09:06-2:09:06) Alsjeblieft.

(2:09:06-2:09:08) Een kleine herinnering.

(2:09:08-2:09:12) Weet je, ik vind het supercool dat er zelfs zo'n groot bedrijf openstaat om een interview te doen met een thesistudent.

(2:09:12-2:09:15) Dat kan een kleine motivatie zijn voor als er dan nog iemand is na mij die het vraagt.

(2:09:15-2:09:16) Ja, dat is zeker niet gemoeten.

(2:09:16-2:09:17) We moeten hier geen alcohol drinken.

(2:09:17-2:09:19) Eerst zou ik vragen, hoe drinken jullie in de eerste plaats?

(2:09:19-2:09:20) Maar we gaan het hier zeker niet opdoen.

(2:09:20-2:09:21) Nee, het is de tijd, inderdaad.

(2:09:21-2:09:24) Ik zou voorstellen, mocht er echt nog iets concreets zijn, je kent zo'n beetje onze domeinen, mail mij.

(2:09:24-2:09:28) Christophe.van de Kerkhove at asomita.com Jan.Cornelis stuur ons een mailtje.

(2:09:28-2:09:30) We zijn zeker ook benieuwd naar het resultaat.

(2:09:30-2:09:31) Ik zou een fotootje gewenst hebben.

(2:09:31-2:09:32) Oh nee, jammer.

(2:09:32-2:09:33) Is hij in een meeting nu?

(2:09:33-2:09:35) Ja, ik heb hem zien wachten aan.

(2:09:35-2:09:36) Zouden we anders een fotootje kunnen nemen?

(2:09:36-2:09:39) Misschien een powerpoint snel op de achtergrond van Aslomita?

(2:09:39-2:09:40) Want ik wil het op mijn LinkedIn zetten.

(2:09:40-2:09:41) En dan zou ik hier kunnen taggen.

A.3.5 Interview Transcrip: Professor Jeremey Alan Garlick (Professor International relations and expert on China)

(0:00-0:14) Fine So what I would like to handle or write some chapters about Is first of all China's recent engagement strategies in Europe So we talked about before the 17 plus 1 we talked about how they have the majority stake in the grace ports In Greece. [cite: 1]

(0:14-0:28) Yeah, and I was wondering if you are aware of any more recent activity of China Trying to get their tentacles into you know, not really it's kind of it's kind of frozen because of the recent Political problems because of the trade war and in the first Trump administration and then the corona virus froze everything And then now you're back into another trade war with Trump again, so they haven't they haven't really Engaged any further with Europe. [cite: 2]

(0:28-0:36) It's still the still existing Okay projects I don't think there's any further expansion really I Know that there's a lot of Chinese companies that are building factories again in Europe. [cite: 3]

(0:36-0:43) Mostly Hungary I haven't done the you know, it's in the details But I guess it's because I have an interesting tax scheme for investments like that But it seems like every big factory is going to Hungary. [cite: 4]

(0:43-0:46) Well, it's because of Hungary's political style. Oh, yeah Yeah, I mean Hungary's the black sheep of Europe. [cite: 5]

(0:46-0:53) Yeah, right They're pro Pro Russia or sort of pro Russia the Serbia is the other one But Serbia is not in the EU Hungary's in the EU side of the EU states. [cite: 6]

(0:53-0:56) Hungary's a real Black sheep perhaps being joined now by Slovakia, right? [cite: 7]

(0:56-0:58) Slovakian Prime Minister was in was in Russia as well. [cite: 8]

(0:58-1:08) So The two of them but I mean they are seen Hungary is seen as being you know beyond the pale in in terms of the EU and going against EU Undermining policy with more kind of authoritarian friendly policy So I think that's why they go to Hungary because the Hungarians don't criticise the Hungarians because Xi Jinping his last visit to Europe Can I forget it, right? [cite: 9]

(1:08-1:11) I don't know you can check it, but I think he visited only three countries. [cite: 10]

(1:11-1:15) I think he went to France Hungary Serbia, I could be wrong, but he was seeing if he could I think he thought that Macron was going to be Sympathetic to him. [cite: 11]

(1:15-1:18) So he was trying it out, but I don't think he made too much progress with France, right? [cite: 12]

(1:18-1:30) He tried it, but he pointedly didn't visit anywhere else I mean could have visited other countries and he didn't so it's it's clear that they see Hungary as a sort of Main ally in terms in terms of the EU Because it's because it's more authoritarian friendly because they're more sympathetic to Russia China Yeah, and the others are not, you know, I mean what's blocked When what's blocked? [cite: 13]

(1:30-1:45) I mean in recent years the other thing we should mention what's blocked Improved relations with China is the Ukraine conflict, right? Because obviously the EU has to be against Russia on that and then China has not criticised Russia and not Criticised the Russian invasion and has appeared to be backing Russia up and maybe even supplying Russia with for sure Yeah, maybe military materials. [cite: 14, 15]

(1:45-1:50) We don't know maybe some troops I don't think there's a lot of Chinese troops, but they did find a few It's not it's not like a large-scale Open cooperation, but there's some obviously that the economic ties are still going on full full scale And it's so China's support for Russia or the tacit. [cite: 16]

(1:50-2:12) support for Russia and lack of support for Ukraine Has again affected the relations with Europe, you know so so I Don't think there's any It's I mean I think now they're Discussing if they are sort of thinking about whether they can revive Better relations with China because now because of what stimulated that is the Trump Assault and putting tariffs on European countries and then the Europeans started thinking well Should we then try to build better ties with China to get around this? [cite: 17]

(2:12-2:14) But I think it's in a state of uncertainty at the moment. [cite: 18]

(2:14-2:22) Everything is up in the air The Chinese are mad just yesterday just did a new deal with with Trump with you Yeah They they went now they went now down to The US will have 30% on China and China were 10% on the US That's actually the next line of questions that's indeed sparked by Trump yeah forcing everybody to Re-evaluate. [cite: 19]

(2:22-2:24) Yeah their ties. I'm not being a reliable trade partner. [cite: 20]

(2:24-2:25) Yeah more.

(2:25-2:29) Yeah And then there is a question for Europe In the case of China should we cooperate more or contain more? [cite: 21]

(2:29-2:32) So in my case the case study that I'm doing it's energy and steel Yeah, you are aware that China is dumping a lot of their steel day. [cite: 22]

(2:32-2:33) They have lowered the man's Country a lot. [cite: 23]

(2:33-2:40) Yeah, we're like 80,000 80 million tonnes But they have kept production on the same level so they have to get rid of that somehow and they dump their cheap steel In Europe and then we're stuck with it we can't do anything with it. [cite: 23]

(2:40-2:42) So the question is Okay Should are we gonna really keep them out? [cite: 24]

(2:42-2:46) It's because if you feel like why yesterday three days ago I talked to a slow metal. [cite: 25]

(2:46-2:47) Maybe you know them. [cite: 26]

(2:47-2:51) They're the largest producer still in Europe Yeah, and they said we really can't Compete. [cite: 27]

(2:51-3:04) Yeah, but China never you can only satisfy the European markets Yeah Because we cannot export to any other parts of the world because I simply cannot compete and then they also said that China will still find ways to circumvent policies by rerouting their steel their material or Shuffling, you know sent their greenest steel to Europe So it doesn't get taxed for the extra carbon and they can't say anything because it is the greenest steel So there's a question. [cite: 27]

(3:04-3:08) Okay, instead of trying to Stop this unstoppable force Can we not cooperate more with them because China is always looking for a good deal. [cite: 28]

(3:08-3:09) You're not come to a better deal. I Think so. [cite: 29]

(3:09-3:14) I would agree I think this Europe should be looking to do better deals with China and looking to somehow live with China because as you say It's an unstoppable force. [cite: 30]

(3:14-3:15) You're not going to stop China I mean, I mean look at this the recent statistics I mean the US put this huge tariffs on China. [cite: 31]

(3:15-3:20) So the US China trade got, you know Blocked or look like as a problem, but China's China's overall Exports in the first quarter of the year went up by 8

(3:20-3:33) So the other thing that China is doing is it's diversifying its markets I mean, it's it's you it's exporting more and more to other parts of the global South and other markets that The US and the EU are just kind of ignoring or not Prioritising because they don't think of them as markets, you know in people especially in the. [cite: 32, 33]

(3:33-3:49) EU. I think people's Minds like for example Africa is just not seen as a market It is not seen as a market seen as a play poor place that we've got to help and we've got to give them charity You got it, but China doesn't see it like that China sees it as a trade partner they see it as a source of natural resources But they also see it as a place they can export to they that's an untapped market That's going that's building up rapidly starting from a very low base and they want to export more to Africa Latin America Southeast Asia I think Southeast Asia's Xi Jinping's been there recently travelling around there and I think they see Southeast Asia's a Biggest market, I'm sure it's yeah everywhere. [cite: 34, 35]

(3:49-3:50) So they're diversifying the market. [cite: 36]

(3:50-4:03) So yes, they they they do need Europe They do need us. There's a still a two biggest markets, but they're aware of the problems they have Right in terms of perceptions in terms of tariffs and all the rest of it and they are trying to diversify So so it's a long-winded answer, but to answer your question I think Europe should find ways to work better with China because it's just as you say Unstoppable force is a good way to put it actually, I mean You're not going to get rid of China, you know And and there's a lot of you know The problem I see in international. [cite: 36, 37]

(4:03-4:07) relations and particularly in the Czech Republic is there's an obsession with Taiwan you know, we're supposed to be building up relations with Taiwan and of Pushing China nobody wants to deal with China, but it doesn't make any sense to me. [cite: 38]

(4:07-4:15) It makes no economic sense It makes no sense, I mean Taiwan is what 20 million people whatever it is population China's 1.4 billion China Taiwan is increasingly dependent on China as well for trade The only thing Taiwan has is semiconductor exactly It's been dominating and now the Chinese are rapidly catching up on semiconductors So and and Trump is messing up the semiconductor thing as well with his tariffs So Taiwan is not gonna have any competitive advantages, you know 10 years from now It's just gonna be lost, you know, and then there's a question with other. [cite: 39]

(4:15-4:18) problems arising. So Gaza is still Being full-blown Ukraine as well now Pakistan India. [cite: 40]

(4:18-4:19) Yeah, also, yeah getting heat Meanwhile, there's a trade war. [cite: 41]

(4:19-4:22) Yeah, so it would seem if I was China. Yeah, this seems like a pretty good time to Yeah Yeah, but I think they yeah, they don't need to I think they're playing the long game They'll just they'll just try to they look at that and I mean everybody thinks are they gonna invade militarily? [cite: 42]

(4:22-4:27) I'm just gonna send them send the army in I don't think they will because I don't think I think they by their calculation They don't need to I think they were just economic economically absorb it. [cite: 43]

(4:27-4:34) Yeah in due course Regardless of without having to take that kind of extreme measure I mean if as we said Taiwan semiconductors if they stop being Dominant in semiconductors and the Chinese managed to which I think they're working on it Hey, let's take over the industry. [cite: 44]

(4:34-4:40) Well ways every then Taiwan has nothing, you know Then Taiwan is very weak will be

very weak and will be relying on the Chinese market anyway so they'll just kind of absorb it economically, you know, so So anyway, so the EU I think they'd have to find ways to work with China they don't have to Trust China don't have to set up. [cite: 45]

(4:40-4:46) They don't have to like do it in a blind way I mean it should do it in a cautious way, but I mean it should find more ways to The thing is corporate an example of like 70 plus one is that countries in EU Bilaterally make deals already. [cite: 46]

(4:46-4:49) with China and it feels like there's no common foreign policy in the EU and I Maybe do you feel like we missed that that if we had a common? [cite: 47]

(4:49-4:51) Policy to work with Chinese investments and spread them around in Europe. [cite: 48]

(4:51-4:53) That is something that would benefit all of us And then we could keep the European jobs and we don't have European investments. [cite: 49]

(4:53-4:57) Yeah. Yeah That is that that is an issue of the EU that every country is still a sovereign state so every country is making its own Bilateral policy with China and the Chinese exploit that of course, right? [cite: 50]

(4:57-5:04) I mean the Chinese the Chinese in my view they Tried around the early 2000s to work with the EU as a whole and then they decided quietly decided that it was not possible to go through the EU because of the bureaucracy and And the lack of clear decision-making so they just Forget it. [cite: 51]

(5:04-5:07) We'll just do we'll just go back to our standard policy bilateral deals with individual countries They've been doing that with German Germany. [cite: 52]

(5:07-5:09) I mean, it's just they've been doing on that basis for 20 years Angela Merkel visited China. [cite: 53]

(5:09-5:17) I think at least 10 times with business Now, I don't know I don't think they well now you have a transition in Germany So I don't think they're thinking about that at the moment, but they have a economy that's too heavily dependent on China They're too heavily dependent on car exports to China, for example So the Germans have to kind of recalibrate their economy anyway But she was very much very big on building up ties with China. [cite: 54]

(5:17-5:19) I mean whether that's In the end where that's benefited Germany. [cite: 55]

(5:19-5:24) I'm not sure it benefited them in the short term But whether it's benefiting them in the long term if they're too dependent on China's and that's not good either Yeah, are there any? [cite: 56]

(5:24-5:27) Policies that you're aware of that the EU has now against China But you think like this is really Ridiculous or irrelevant. [cite: 57]

(5:27-5:36) I Don't think the EU has clear policy I mean Literally now in a horizon Europe project where we are researching China with the European Commission has asked us to build a database on knowledge about China and build an Community of experts on China. [cite: 58]

(5:36-5:38) I've been to Brussels several times. [cite: 59]

(5:38-5:41) I've listened to people from the EU talking about China I don't literally don't think they know what they're doing. [cite: 59]

(5:41-5:43) I don't think they have any clear plan about it at all That's my that's my conclusion I've been waiting to hear something They don't they don't know what to do. [cite: 60]

(5:43-5:45) They basically don't know what would be the first step to fix that to solve this Lack of knowledge. [cite: 61]

(5:45-5:47) Do we have to send them back to school or is it something? [cite: 62]

(5:47-5:51) It's gonna be yeah More puts into the curriculum at university, for example, because me too. [cite: 63]

(5:51-5:56) I'm studying a nice Studies and I never heard any of this China was always the communist country that nobody wants to work with and that's it and I Should have you know more I should have all meet me too. [cite: 64]

(5:56-6:05) I mean, I didn't get anything at school either I mean, you know I only started finding out about China when I first visited there as a tourist in 1999 and this is when I was already You know long after university, you know, and then I went when lived there around about 2008 You know, so I also didn't know that much about a short China, you know Yeah, there should be more education on it for sure, but I don't know whether that's going to fix Fix the whole issue. [cite: 65]

(6:05-6:10) I mean, I think I think Europeans. Unfortunately, there's still Everybody is stuck in this old models of thinking China is changing really rapidly and the EU is not keeping up with it You know, the EU is still stuck in his old thing. [cite: 66]

(6:10-6:17) I mean what I was saying, you know About Africa, for example we still tend to just think of Africa just as a poor starving country where we just got to send aid and The Chinese are just developing in this this millions. [cite: 67]

(6:17-6:21) This is millions of Chinese in Africa small businessmen You know, I have a friend. [cite: 68]

(6:21-6:25) He said he recently visited Malawi, right? He said it's full of Chinese stores He couldn't believe how many Chinese stores there were Selling all kinds of like, you know, all the cheap stuff, you know that now by now we don't necessarily want so much It's full of it's full of time. [cite: 69]

(6:25-6:26) We don't see this. [cite: 70]

(6:26-6:31) We don't hear anything about this So, you know, they are engaging with for example that continent a completely different way to the way that Europeans are European Thinking on this is just behind So we conclude as you say you work in the body on Those policies, but they don't have any what

are them? [cite: 70]

(6:31-6:33) One or two policies that you think we should have with China good or bad to contain or to cooperate. [cite: 71]

(6:33-6:43) I Think I think what they I Think what they need to do is really just to sit down with representatives of China and just engage in Discussions about how they can cooperate like cautiously like not going into it Foolishly or anything like this trying to make deals But just sit down with Chinese counterparts and try to figure out ways to cooperate I mean, I would start with that because I don't think they've been Discussed they don't think there's been any kind of dialogue going on. [cite: 72]

(6:43-6:45) You know, it's just been there's been no it's been just it's just Been cut off. [cite: 73]

(6:45-6:46) There's been no dialogue. [cite: 73]

(6:46-6:51) So they need to start just by As you know as true as the Trump administration just did they sat down where was it Geneva? [cite: 74]

(6:51-6:55) I think they met right they sat down in Geneva with some Chinese counterparts and They managed to hammer something out like it's not perfect and it's not probably gonna work That well, but it's it's at least a step right? [cite: 75]

(6:55-6:56) It's a step Yeah, it's a step forward, right? [cite: 76]

(6:56-7:00) I mean in the EU. I don't see that they're doing this They're not they're not engaging with the Chinese and they don't really know what's going on with the Chinese I mean, I think they just don't They don't think in those terms. [cite: 77]

(7:00-7:06) They're thinking more still in terms of like strategic competition and China's a competitor and we don't want to Engage with it too much, but they need to just sit down with Chinese counterparts and figure out where are the Areas in which they can do deals right? [cite: 78]

(7:06-7:08) I mean so they don't you know, they don't want this Do you know as you're talking about steel dumping? [cite: 79]

(7:08-7:15) They don't want the steel dumping so they need to sit down with the Chinese and say, you know Look, we have this problem. You're dumping your steel here. It's undermining our steel industries Maybe the chip maybe the Chinese don't even like realise that you know, maybe they're not thinking in this the Chinese might say Aha, okay We didn't really think about it like that Okay You know, what can we do? [cite: 80, 81]

(7:15-7:18) I mean, I don't know, you know, they just need to first sit down and just discuss it I don't think there's been dialogue at all. [cite: 82]

(7:18-7:22) I think that's the problem. There's no understanding on either side There's just mutual incomprehension and mutual lack of trust, right? [cite: 83, 84]

(7:22-7:26) They're just not they're not Discussing they're not talking to each other. [cite: 84]

(7:26-7:30) The other thing is I've heard Chinese school Recently heard of Chinese scholars saying this at least or two Chinese scholars saying this that They feel like their domestic economy is underdeveloped and they are looking for foreign companies to come in they want European companies to come in right and to Invest in China and coming please come in and I was saying to them Well, but the problem from the European perspective is you're seen as blocking entry You're not letting anybody in but we want them to come but it's like but you're not developing Favourable conditions. [cite: 85]

(7:30-7:39) for them to come in they're struggling. They can't compete with Chinese companies because Chinese companies have more faith have more Funding or more subsidies and so on so that they can't it's not a level playing field for them So they can't come in plus they don't have they don't have the language in China. [cite: 86]

(7:39-7:40) They don't have the language They don't have the contacts. [cite: 87]

(7:40-7:42) They don't know the Bureaucracy the tax regimes all this kind of stuff. [cite: 88]

(7:42-7:45) They're not competing on a level playing field So it's difficult for them to come in and China's rather Protectionist anyway, so it's the how are they supposed to come in? [cite: 89]

(7:45-7:52) I mean, I've I've talked to business people before who if you before covered I went to a Seminar with some Czech business people who tried to do business in China and they said oh my god It's so hot. [cite: 90]

(7:52-7:55) It's you know, we get cheated and if you don't have a local contact, it's just you're going to lose money You're not gonna understand the local market. [cite: 91]

(7:55-7:57) It's very difficult to do Meetings I heard about that Was right and you always have to speak to this head? [cite: 92]

(7:57-8:01) Yeah, even if he doesn't speak English and yeah the drinking culture and they might always come back on their words Yeah to try and work a better deal out all that kind of stuff So this is why I say they need to sit down with Chinese there needs to be some kind of long-term dialogue saying This is the problem from our side you're dumping things here and you're not letting us in like how can we work something out with? [cite: 93]

(8:01-8:05) this how can we work this out so that We're not affected by your dumping and we somehow get access in areas that you want us to come in How do we get in if you want us to be there? [cite: 94]

(8:05-8:08) Then how are you gonna help us to get it, you know, because what I might think is While we try to get closer to China with things like that How will the u.s. [cite: 95]

(8:08-8:10) React to that? Are they not punish us? Yeah for doing that for trying to come closer to China good point, but then we could also say, okay, that's just Yeah, except that from America and just make even closer ties with the rest of the world Good it's a good point because China the u.s. [cite: 96]

(8:10-8:18) Will not like it, right? So then I think that's why the Europeans are cautious about it because they they don't want to annoy the Trump administration any further I mean, I see now that they're you know, the British for example now that's not you but the British now done a new deal with with Trump, so They're still thinking in terms of the you prioritising the u.s So I guess the other Europeans also still trying to figure out how to Deal with the Trump issue before they even started engaging with China Yeah, exactly because the soft. [cite: 97]

(8:18-8:20) power of the u.s. In Europe. [cite: 98]

(8:20-8:21) Yeah, you can feel it Yeah, going down you can really feel that. [cite: 98]

(8:21-8:23) Yeah, just the anger towards all your American. Oh, yeah Yeah, do you even want to be an American? [cite: 99]

(8:23-8:26) The soft power America's going down but on the other hand it's soft power China's not going no exactly it's still Even if. [cite: 100]

(8:26-8:38) the soft power of America is going down. It's still higher than it's way higher than China in Europe I mean what's interesting what I've been looking at is that the in other parts of the world this the What's affected us of power in other parts of the world is The Gaza conflict in Muslim countries and and we've seen opinion polls that the opinion of China's Like absolutely overtaken the u.s. [cite: 101]

(8:38-8:43) In some countries in the in the global South China's really kind of I mean u.s. Is still overall just ahead But the China's really caught up quite a lot and in some places ahead Bangladesh, for example, they're very pro-china Malaysia's become now more pro-china than it was it was pretty anti China now becoming more pro-china so You know in Europe, it's China still seen very negatively but in other parts of the world not not necessarily So I think the Chinese are just going to try to continue diversifying Their markets as they have been already for since the first Trump administration. [cite: 102, 103]

(8:43-8:51) I mean they saw that there They understood at that point when Trump started the first trade war that they are going to have problems with the u.s So they have started they have since that time decreased their dependency on the u.s And so their exports to the u.s. [cite: 104, 105]

(8:51-8:54) Have already I think it was like 18% of their exports now down to 12 or something Yes, they've been gradually reducing their Level of their exports to the u.s. [cite: 105]

(8:54-8:57) So they reduced their exposure. So when this happened, it's a it's impacted them But not but they were ready for it, right? [cite: 106]

(8:57-8:59) That's what they do right China that they can yeah do Create new policy. [cite: 107]

(8:59-9:02) There's a very nice thing about it in Europe You can change the parties, but you can't change the policies. [cite: 108]

(9:02-9:07) Yeah, and in China, you can't change the party One last thing then that I wanted to know

is Africa actually and the difference in how the EU and the u.s Spend their money in Africa and how China spends their money. [cite: 109]

(9:07-9:10) So there is this clear Diversion between what was it? [cite: 110]

(9:10-9:13) We once saw a slight in class I think that about 80% around number about 80% of Western money was for health. [cite: 111]

(9:13-9:14) Yeah, and then about 80% of Chinese money was for infrastructure. [cite: 112]

(9:14-9:25) Yeah Well, well that's interesting what what's happening with that is that Trump's now cut all the budgets, you know all the USA to Africa He's he's cut all that USA so there's all that stuff that was in there was a lot of people in Africa Whose jobs were dependent on USA and they're losing their jobs and a lot of them You know AIDS AIDS medication is getting undermined and all this kind of stuff. [cite: 113]

(9:25-9:29) So it's It's going to impact That aspect of Africa and it's gonna but it's just gonna impact the US image I mean the Africans are just going to increasingly say what we can't depend on Well, then the China and then the next thing would be that the Chinese will come in and say well we can provide you with Some health. [cite: 114]

(9:29-9:32) Well, then the thing is where should Do you be in that case because of her colonial past? [cite: 115]

(9:32-9:37) You know, everybody's afraid to come there. Everybody's like, oh, no We don't want to be racist. We don't want to cut off hands or anything. We have to make good deals They just don't dare. [cite: 116, 117]

(9:37-9:43) Yeah, but should we also engage in infrastructure? Because Because we have such a limited Access to raw materials to critical raw. [cite: 118]

(9:43-9:47) materials and of course China already has basically the dominance Well, maybe yeah, well maybe infrastructure or maybe something else, you know, maybe something else that we can offer I don't know what they'd have to figure out what we can offer I mean, maybe then we step in to offer that health care if the u.s. [cite: 119]

(9:47-9:50) Is not going to do it We as appears it appears and the thing is whether we have capacity to do that whether you're Well, we don't That's it. [cite: 120]

(9:50-9:52) So then we have to combine it with a reason to be there. [cite: 121]

(9:52-9:53) Yeah, that would be critical materials Yeah, that's what I think. [cite: 122]

(9:53-9:59) Okay, that would be maybe a thing Okay, making deals like Trump is doing in Ukraine actually like yeah, we will provide you health care in return. [cite: 123]

(9:59-10:04) We get a lease on or Part of me by part of the profits from new mining mining invest-

ments mining operations and we build infrastructure because we could Well, we could if it's if it's done through private companies and it's done a coordinated way then yeah, I mean, why not I mean, I mean somewhere like Democratic Republic of Congo. [cite: 124]

(10:04-10:07) I think has a lot of cobalt cobalt mining But China is also extremely active there. [cite: 125]

(10:07-10:09) It would be very hard I think to get in there. [cite: 126]

(10:09-10:13) Maybe that's one deal that we could make with China Listen, we can open up our markets, but you have to include us in your projects in Africa. [cite: 127]

(10:13-10:14) Yeah No, actually, maybe be it creating a triangle. [cite: 128]

(10:14-10:15) Yeah relation. [cite: 128]

(10:15-10:16) Yeah instead of adversarial If not include us in your projects then let us do some, you know, co project coordinate Like what is the problem or something? [cite: 129]

(10:16-10:19) That we get maybe access to cheaper raw materials as well. [cite: 130]

(10:19-10:20) Yeah. Yeah.

(10:20-10:22) I mean they should be thinking in those terms Yeah, yeah, because that is the next crisis rights with more batteries Yeah, it's in the future Cobalt and lithium Rare earths. [cite: 131]

(10:22-10:24) I mean China controls a large amount of the rare earths. Yeah. [cite: 132]

(10:24-10:27) Yeah, which is about 80% about 80% most cases So there needs to be some solution to that as well So, yeah working together, I think that's an interesting stance the triangle relations maybe yeah nice little paragraph Yeah, yeah, yeah the possibility of that I Think I think you know, I said, you know, you're saying that and that's that's a really good idea I mean, I just think it's a lack of imagination in Europe about this. [cite: 132, 133]

(10:27-10:35) It's a lack of like ideas, you know about this You know, I mean, there's so many possibilities and then but everybody's thinking is just like zero-sum Kind of like how do we count to China? How do we how do we how do we please Trump and not offend Trump and blah blah blah? [cite: 134, 135]

(10:35-10:37) How do we how do we count to put in in Ukraine? [cite: 136]

(10:37-10:39) How do what stance do we take on Gaza? It's always like reactive, right? [cite: 137]

(10:39-10:41) Proactive that's your it has been Europe's role ever since after the Second World War everything. [cite: 138]

(10:41-10:45) Yeah, so they need to be more proactive Visionary kind of thinking and my more imagination about the future thinking about how to make Happen rather than just reacting to exactly and said like we're also in Ukraine But that the u.s. [cite: 139]

(10:45-10:48) Was engaging with Putin and Zelensky without even talking about Europe. [cite: 140]

(10:48-10:49) Yeah that we weren't even at the table Yeah, which is it? [cite: 141]

(10:49-10:52) Which is crazy. I know but then we should maybe be proactive and like create the table ourselves We don't. [cite: 142]

(10:52-10:54) include us, for example, we go listen we have to maintain our own future we have to talk about which. [cite: 143]

(10:54-10:57) Garlick kopie [cite: 1]

(10:57-11:00) Transcribed by TurboScribe.ai. Go Unlimited to remove this message. [cite: 131]

(11:00-11:05) We have to maintain our own future, we have to talk about with China, we have to talk about these raw materials. [cite: 2]

(11:05-11:10) Well there's one thing you have to give Trump credit for, and I'm not saying I like Trump, because I think what Trump is doing is chaotic, but one thing you have to give him credit for is trying to make a change. [cite: 3]

(11:10-11:11) Yeah, for sure. [cite: 4]

(11:11-11:15) Or provoking change, and then the Europeans go, oh this happened, oh now we have to do something. [cite: 4]

(11:15-11:17) I mean he's kicked everybody in the back. Everybody's knees. [cite: 5]

(11:17-11:18) Testing everything. [cite: 5]

(11:18-11:21) He's testing out everything, but at least he's kind of going, I mean, you know, he's not doing it the right way. [cite: 6]

(11:21-11:24) He's doing it on social media or whatever, but he's just saying, you know, you need to negotiate now. [cite: 7]

(11:24-11:26) He said to Zelensky yesterday, you have to go and negotiate with Putin now, immediately. [cite: 8]

(11:26-11:29) And then apparently Zelensky's now in Istanbul. They're meeting in Istanbul. [cite: 9]

(11:29-11:30) Yeah, apparently. [cite: 9]

(11:30-11:35) So at least it makes something happen, whereas the, I mean, I don't say it's the right direction at all, but then what the criticism I've had of Europe is, well what are they doing? [cite: 10]

(11:35-11:38) They don't make anything happen at all. Like why are they not making something happen? [cite: 11]

(11:38-11:40) It's in their backyard, and nothing happens, right? That's true. [cite: 12]

(11:40-11:41) Yeah. [cite: 12]

(11:41-11:45) In some way, I do my thesis on European competitiveness, but sometimes I'm more worried about the US than I am about Europe, how they're gonna do it after these four years. [cite: 13]

(11:45-11:46) When every bridge is burned. [cite: 14]

(11:46-11:47) Yeah. I mean, yeah, like, okay. [cite: 14]

(11:47-11:51) So, I mean, from the point of view, the overall point of your thesis, I mean, what we need to do is sort out Ukraine, like bring Ukraine to an end, right? [cite: 15]

(11:51-11:53) Like solve that somehow, right? At the expense of the 20, 30% of land. [cite: 16]

(11:53-11:56) I don't know how you, well, I mean, I don't know how you solve it, but it needs to be somehow brought to an end, right? [cite: 17]

(11:56-11:59) I mean, it can't just go on and on and on, right? It's just draining. It's draining everybody. [cite: 18]

(11:59-12:00) But then I don't know. [cite: 19]

(12:00-12:01) Yeah, I don't know how you do it. [cite: 19]

(12:01-12:08) I would think that if we solve that, that's a bit what everybody's scared of, is that Russia would have time to build up their forces again, and then maybe go through what are the Balkans, the Baltics, that's what it is. [cite: 20]

(12:08-12:10) That's what they're scared of, at least. [cite: 21]

(12:10-12:11) And I think they know better than us if they're scared of it. [cite: 21]

(12:11-12:13) But then the other option is just perpetual war in Ukraine. I mean, how long can it go on? [cite: 22]

(12:13-12:15) I mean, I don't know how long the Ukrainians can keep holding out. [cite: 23]

(12:15-12:17) They're short of manpower already, you know? [cite: 24]

(12:17-12:20) I mean, even if we keep giving them weapons, they literally don't have manpower. [cite: 24]

(12:20-12:23) I mean, they just don't have enough soldiers now. I mean, a lot of their soldiers are like 40 and 50 years old and stuff, and the young guys don't want to go into the army. [cite: 25]

(12:23-12:26) I thought it was crazy that we didn't come up with the deal, like the mineral deal, that the U.S. came up with. [cite: 26]

(12:26-12:29) It's literally in our backyard. And then the U.S. comes to fly over the whole sea to go get it, and we can't. [cite: 27]

(12:29-12:33) That was also why I wanted to handle defence, like the building up, how the spotlight is really shifting from this sustainability story. [cite: 28]

(12:33-12:36) I'm doing it on sustainability reporting, and how the spotlight is shifting from that to defence. [cite: 29]

(12:36-12:39) And then you heard about the Rearm Europe project and the 800 billion that was going to come from who knows where. [cite: 30]

(12:39-12:41) But still, how it's put in the spotlight, like defence, defence, we have to work together. [cite: 31]

(12:41-12:44) The interesting thing, you say, why didn't the Europeans do it? I didn't know that Ukraine had all these resources. [cite: 32]

(12:44-12:47) I didn't know that, and I don't know how Trump knew that, or who's telling him about that, because I didn't know that. [cite: 33]

(12:47-12:48) So I don't know how many Europeans knew it. I looked into it. [cite: 34]

(12:48-12:53) It was based on some very old, not very accurate Russian reports that were made about speculation more about these things being there, but not really certainty. [cite: 35]

(12:53-12:56) I think it got to Trump's desk somehow. He was like, okay, let me make some phone calls. [cite: 36]

(12:56-12:57) We have to get in on this. [cite: 37]

(12:57-12:58) So we don't really know how much. No, we don't really know. [cite: 37]

(12:58-13:00) There's not concrete reports that these things are there. [cite: 38]

(13:00-13:02) Well, that's why the Europeans didn't think of it, because nobody knew. [cite: 38]

(13:02-13:04) The US is like, let's give it a shot anyway. [cite: 39]

(13:04-13:06) Well, they want to get back something for their supplier arms. [cite: 40]

(13:06-13:07) I mean, I understand it. [cite: 40]

(13:07-13:09) Are there any other aspects that would be interesting to cover in the EU-China relation? [cite: 41]

(13:09-13:10) I think we've kind of covered a lot of it. [cite: 42]

(13:10-13:14) Well, if you're looking at sustainability, I mean, like what about the green technologies, you know, the China's renewable technologies and things like that. [cite: 43]

(13:14-13:17) I mean, couldn't there be more discussion of cooperation? I don't know if that comes into what you're doing. Absolutely. [cite: 44]

(13:17-13:19) We don't have the grid capacity to even handle all of that. [cite: 45]

(13:19-13:22) We don't have a standardised grid system in Europe. So it's not as easy to send energy around between countries. [cite: 46]

(13:22-13:24) So we have an overproduction of the already renewables that we have. [cite: 47]

(13:24-13:27) We don't have that much, but we already have an overproduction and we can't store it anywhere. [cite: 48]

(13:27-13:29) Now we get to deal with negative energy prices. Imagining that everybody with solar [cite: 49]

(13:29-13:32) panels has to pay now to send their energy on the net because the grid can't handle it. [cite: 50]

(13:32-13:34) So, you know, I would look at cooperation on that because the Chinese are becoming world leaders in that stuff. [cite: 51]

(13:34-13:39) So, I mean, why doesn't Europe look at, instead of criticising China for dumping solar panels and things like this, why don't they sit down and say, how can we synergise this somehow? [cite: 52]

(13:39-13:42) Just focus on that area, for example. If you don't want Chinese 5G or whatever, then okay, fine. [cite: 53]

(13:42-13:45) But why not focus on that, which could benefit both sides or benefit everybody? Absolutely. [cite: 54]

(13:45-13:47) I think it's just that Europe doesn't want China to have something to do with their infrastructure. [cite: 55]

(13:47-13:48) And I think that's very fair. [cite: 56]

(13:48-13:54) Yeah, because I am also pro-China, but let's not be naive because there was actually a report in Belgium, so done by the national, you know, you have like this news thing that does research for Belgium, right? [cite: 56]

(13:54-13:57) And they looked into the influence of China in Belgium, politics, everything, and the scandals that came out. [cite: 57]

(13:57-14:00) All the many dinners that have been paid and the flights and the vacations that have been booked. [cite: 58]

(14:00-14:05) And even apparently that Chinese restaurant owners were called to action, that WhatsApp messages with the Chinese government were exchanged, how they should keep an eye out for their clients. [cite: 59]

(14:05-14:09) If they would hear anything suspicious or interesting on infrastructure projects that they should send it to the Chinese government and stuff. [cite: 60]

(14:09-14:12) So how deep tentacles really go. And that is now with us being so sceptical towards them. [cite: 61]

(14:12-14:14) Imagine if we were together with them, the possibilities that they would have then. I agree. I agree. [cite: 62]

(14:14-14:15) So you'd have to, you'd have to figure it out carefully. [cite: 63]

(14:15-14:19) I mean, you know, you don't, I mean, you don't necessarily let them build any projects in Europe or anything like this, but there must be other ways of cooperating. [cite: 64]

(14:19-14:21) There must be other ways of cooperating that would benefit both sides. [cite: 65]

(14:21-14:23) I mean, for example, I mean, I just saw a thing that I just saw a report that the Chinese are planning to build. [cite: 66]

(14:23-14:29) I mean, this is very far in the future. It's very science fiction, but they're planning to build a giant one kilometre wide solar panel plant in space at 36,000 kilometres and transmit. [cite: 67]

(14:29-14:32) And my wife asked me how they're going to get the energy back to earth. Apparently they can send it through microwaves. [cite: 68, 69]

(14:32-14:33) So this is a really long-term project, but they've already started planning this. [cite: 69]

(14:33-14:38) So, you know, I mean, I'm not saying to, I'm not saying the Europe should co-finance it or something, but they need to like somehow think about how they're going to do something about this. [cite: 70]

(14:38-14:42) If this is the future, this kind of things, and China's moving so fast, so quickly ahead,

they need to respond. [cite: 71]

(14:42-14:43) They don't need to be not left behind on all this kind of stuff. [cite: 72]

(14:43-14:47) So it's not about necessarily as you said, if there's already overcapacity and renewables in Europe, it's not necessarily about China coming in and building renewable plants in Europe. [cite: 73]

(14:47-14:48) There's no need for that, right? There's no need to do that or anything. [cite: 74]

(14:48-14:50) You don't have to let China come in on any European infrastructure. [cite: 75]

(14:50-14:50) You don't have to do that. [cite: 75]

(14:50-14:56) We have the biggest problem of Europe is its internal frictions. That's really the biggest reason why we can't compete with the rest of the world, because we can't even work together between the member states and we can't blame ourselves because we have so many different cultures between ourselves already. [cite: 76, 77]

(14:56-14:59) It's just, you said it yourself with Hungary and Poland also being completely different stance on migration. [cite: 78]

(14:59-15:01) And then Germany, we're chaff and dust, we can handle everybody. And then their economy is now shambles. [cite: 79]

(15:01-15:04) And then France being so revolutionary always. And Belgium, every week we have a strike on public transport or anything. [cite: 80]

(15:04-15:05) Our country really doesn't function properly. [cite: 81]

(15:05-15:06) So with all these things going on, how can we expect? [cite: 81]

(15:06-15:08) I've been a few times because I have to keep visiting Brussels. [cite: 82]

(15:08-15:10) I'm going to be back in Brussels in September and then again in October and then next year in September. [cite: 83]

(15:10-15:11) I keep coming to Brussels. [cite: 84]

(15:11-15:12) I'm not a big fan of Brussels. It's okay. [cite: 84]

(15:12-15:14) It's not too bad, but it's not really like an exciting place to be. [cite: 85]

(15:14-15:16) I don't know Belgium very well, but I don't think it's working very well. [cite: 86]

(15:16-15:23) And there's a lot of people there. My impression of this project I'm doing is there's a lot of people in Brussels just sitting in offices, shuffling paperwork, filling out documents, ticking boxes, but it's not action. [cite: 87]

(15:23-15:25) They're mistaking. They're mistaking bureaucracy for action. It's just all drowning in bureaucracy. [cite: 88]

(15:25-15:26) That's a good quote. [cite: 88]

(15:26-15:27) Mistaking bureaucracy for action. Yes. [cite: 89]

(15:27-15:28) I think that's the problem. That's the problem of the EU. [cite: 89]

(15:28-15:29) That's the problem of Brussels. [cite: 90]

(15:29-15:30) That is for Horizon. I heard about that. Horizon Europe. [cite: 90]

(15:30-15:33) It's directly from the European Commission. It's directly funded. We are overseen by a representative from the European Commission. [cite: 91]

(15:33-15:34) She comes and oversees our project. We're supposed to coordinate. [cite: 92]

(15:34-15:36) If you need some new young blood, you know where to find me. [cite: 93]

(15:36-15:40) To give some economic... Because I think that's one of the things that many diplomats maybe lack is the understanding of the policies that they're imposing. [cite: 94]

(15:40-15:42) Do you understand what the effect this will have on the economy? Mostly they don't. That's politics. [cite: 95]

(15:42-15:47) Politicians, they really have oftentimes no clue what they're talking about because they studied law. They're very interested in international relations, but they don't understand the consequences on the economies. [cite: 96, 97]

(15:47-15:49) Eventually, in the end, politics is super important, but the flows of money dictate everything. [cite: 98]

(15:49-15:50) They won't know anything because they don't want to read anything. [cite: 99]

(15:50-15:54) We're issuing these policy papers we're supposed to do, and we're trying to make them short, like 2,000 words, but they don't even want to read 2,000 words. [cite: 100]

(15:54-15:57) They're having to put all the bullet points at the start because we think that the only thing they're going to read is the bullet points. [cite: 101]

(15:57-15:59) We're just emphasising the bullet points. I collected a couple of those at the European Commission. [cite: 102]

(15:59-16:03) I went to interview, for my thesis, a couple of MEPs, Irish MEPs, on what energy project they were working on. [cite: 103]

(16:03-16:05) There's this huge wall filled with policy reports. I thought I was going to read all of them. [cite: 104]

(16:05-16:07) I was like, oh my god, this is such good material for my thesis. [cite: 105]

(16:07-16:09) It took a whole bundle of these policy reports. I haven't read a single one. [cite: 106]

(16:09-16:11) Then what people start doing now is they just take it and they just ask GDT, can you summarise it? [cite: 107]

(16:11-16:12) It's a summarization already. [cite: 108]

(16:12-16:13) Can you please summarise the summary? [cite: 108]

(16:13-16:16) We're aware of that, but I don't think we're even getting them to even read the bullet points. [cite: 109]

(16:16-16:18) They're not even reading the bullet points. It seems like everybody's putting on such a show when I was there in the parliament. [cite: 110]

(16:18-16:22) There's all these different corners with cameras and stuff where all the MEPs can do their publicity and that they can show that they've been, that they said it. [cite: 111]

(16:22-16:24) What's the sphere or something? The half circle. Oh yeah. [cite: 112]

(16:24-16:25) I don't know what it's called. Hemisphere. [cite: 112]

(16:25-16:30) That the MEPs can film themselves showing that they did their argument and then you look in the room and everybody's on their phone and not a single person is listening. [cite: 113]

(16:30-16:32) Nobody's listening. It's half filled or 10% filled and then they put it on social media. [cite: 114]

(16:32-16:33) Oh, I'm advocating for change. [cite: 115]

(16:33-16:34) This is why you voted for me. [cite: 115]

(16:34-16:36) I addressed it in the hemisphere and then it really doesn't do anything. No, it doesn't. [cite: 116]

(16:36-16:39) I feel like that's the whole this European Commission and Parliament. It's just all a facade. It's a facade. [cite: 117]

(16:39-16:41) It's like a facade. It's what I feel as well. Being involved in it, it's like a facade. [cite: 118]

(16:41-16:43) I'll tell you what I'll give you though while I think about it. I'll give you one of these. [cite:

119]

(16:43-16:44) This is our project. [cite: 120]

(16:44-16:46) Eurohub. Yes. If you want to look at the materials or join it or something, I think you can join it. [cite: 121]

(16:46-16:47) You can sign up for it. It's a job? It's not a job. [cite: 122]

(16:47-16:50) It's a three-year project. We started in 2023 and we're finishing next year, 2026. [cite: 123]

(16:50-16:51) We're building a database of knowledge on China. [cite: 123]

(16:51-16:52) We're supposed to be building a network of experts. [cite: 124]

(16:52-16:53) I'm not saying it's perfect because it's not, but if you're interested. [cite: 124]

(16:53-16:54) General public. General public. [cite: 125]

(16:54-16:56) That's another thing. It's got general public, but we're not connecting to the general public. [cite: 125]

(16:56-16:57) We're not even trying to connect. [cite: 126]

(16:57-16:58) We're not really doing that. [cite: 126]

(16:58-16:59) I'm trying to do it one person at a time. That's what I'm trying to do. [cite: 127]

(16:59-17:01) I have no more questions. I think I have some cool things I can add. It's interesting. [cite: 128]

(17:01-17:03) What's your home university? University of Ghent. I went there when I was in Brussels. It's nicer than Brussels. [cite: 129]

(17:03-17:05) It's like living in Hogwarts in real life. Okay. So yes, we can stay in touch. [cite: 130]