

# Introduction

by Peter Hefele

With its 2019 Green Deal and the goal of carbon neutrality by 2050, the EU aims to become the most influential global actor when it comes to advancing the international agenda on decarbonisation and the fight against climate change. Geopolitical conflicts have increasingly shifted political priorities and resources, making the commitments pledged in the previous decade even more challenging to achieve. At the same time, resilience and economic security have become key criteria for the future transformation.

Through its domestic and external relationships, the EU has to be able to ensure a sufficient and reliable supply of materials, fuels, technologies and skills, while meeting the energy demand of its citizens and industries in a secure, flexible and efficient manner. The benefits of the transformation project must be balanced with the need for social acceptance. Openness towards manifold innovation patterns is as important as political and regulatory predictability.

Given the gigantic financial resources needed to transform the existing fossil-based economies, the role of the private sector is crucial to making this happen faster and in a more cost-efficient manner. The volume of private investment in technology and infrastructure must be scaled up massively, as public sources will be less available due to the already high levels of debt. Due to the existing regulatory framework, financial instruments are still not sufficiently accessible for a large part of the corporate sector. In particular, small and medium-sized enterprises (SMEs) lack access to bond market investors and various sophisticated products.

For too long, issues linked to the green transition have been separated from those related to the security of raw materials. But this ignores the ways in which both kinds of issues are inextricably bound up with each other. This is because some of these raw materials are components essential to digitalisation, and the green transition and digitalisation are inseparably linked with each other. Ensuring a stable and affordable raw material supply chain without getting into new import dependencies, with all their geopolitical implications, requires a strategic reorientation of European politics.

The EU has to regain lost ground in the design and production of innovative clean technology. Most of the progress in this area is being made in North America and Asia, and it is there that most large-scale production is also taking place. State subsidies have distorted the level playing field and given rise to daunting challenges for European companies.