

Contribution of the Flemish, Walloon and Brussels-Capital Regions of Belgium on the Industrial Carbon Management Strategy

The current existing European CO₂ value chain framework consists of several instruments, such as the EU ETS, TEN-E and the Taxonomy. However, an important cornerstone consists of the CCS-Directive which mainly focuses on CO₂-storage aspects. The Industrial Carbon Management Strategy provides an opportunity to address the shortcomings of the current framework, and creates an additional focus on the transport-aspect of CO₂ as well as a complimentary framework on CCU. Furthermore, the Flemish, Walloon and Brussels-Capital Regions of Belgium ask that the Commission better defines the role of industrial carbon removals within overall EU climate policy.

1 TRANSPORT INFRASTRUCTURE AS A CRUCIAL COMPONENT OF THE CCUS VALUE CHAIN

First and foremost, **cross-border transport infrastructure** needs to be encouraged and regulated on a European level, since not all Member States have potential storage facilities in place to store CO₂. Many important industrial emitters in the Belgian Regions have significant needs for cost-effective storage capacity. Since there is no demonstrated storage potential in the Belgian Regions, developing cross border infrastructure for the transport of CO₂ to other Member States and third countries is one of the keys to decarbonize these industrial sectors. European transport networks will be crucial in the roll-out of CCUS. The Commission should therefore develop a clear and **robust regulatory framework** for the development of this cross-border infrastructure. A regulatory framework on harmonized European standards, for example, is crucial in order to create a liquid, robust and well-functioning market for CO₂. Regulatory provisions on liabilities such as damage to infrastructure should also be addressed on a European level. Furthermore, the current existing regulatory barriers for CO₂ transport to third countries should be addressed. In particular, we call on the Commission to make swift progress in its dialogue with the government of the United Kingdom on cross-border transport of carbon dioxide.

Secondly, building a complete CCUS-value chain is expensive. As such, Member States will need **additional European funding** to build the necessary transport infrastructure that will enable CCUS as a cost-effective decarbonization method for some difficult to abate sectors. Existing funding for transport infrastructure, *inter alia* through the Innovation Fund, should be complemented with new additional European funds. This approach is needed to preserve the proper functioning of the internal market and the international level playing field outside the EU (US and other actors).

Thirdly, Annex I of the ETS Directive was recently amended in order to create a level playing field between different modes of transport for the purpose of geological storage. However, **many uncertainties remain as to the concrete implementation of the amended ETS Directive**. Additionally, discrepancies continue to exist with regard to the treatment of CO₂ transport for usage compared to geological storage, further hindering the establishment of a well-functioning CO₂ market. It is crucial to align the rules regarding transportation of CO₂ for usage and for geological storage. The governments of the Flemish, Walloon and Brussels-Capital Regions of Belgium ask the European Commission to address these issues.

2 A DEDICATED FRAMEWORK TO UNLOCK CCU POTENTIAL IN THE UNION

Currently, there is no dedicated regulatory framework on Carbon Capture and Utilization (CCU) at the EU-level. A clear strategy on the role of CCU in the climate transition and a specific **CCU legislative framework that avoids double counting** could facilitate other European objectives and targets, such as the RFNBO-target under the new Renewable Energy Directive. This lack of appropriate framework disincentivizes the production of RFNBO's.

3 ENSURING LONG TERM GEOLOGICAL STORAGE CAPACITY

The Flemish, Walloon and Brussels-Capital Regions of Belgium have no demonstrated storage potential to date whereas many industrial players need transport and storage capacity. From this perspective, **identifying short- and long-term storage capacity, both in the EU and the EEA**, is of crucial importance in order to provide the necessary predictability for investors and authorities. Transparency and clarity of the regulatory drivers will be key in this regard.

4 COHERENCE WITH EXISTING POLICY FRAMEWORK

The new strategy should take into account the existing policy framework and ensure **coherence across the different files**. As explained above, several uncertainties with regard to the implementation of the EU ETS Directive are still to be addressed. The need for storage capacity is currently being discussed in the framework of the Net Zero Industry Act. Coherence should also be ensured with regard to the Industrial Emissions Directive (IED). CO₂ capture has an impact on how the emission limit values are calculated. CO₂ capture affects the composition of the flue gases and thus the concentration of O₂ and pollutants will be higher. Therefore, the Belgian Regions ask to have a clarification from the European Commission on the implementation of the IED on an industrial site with capture of CO₂, and particularly with regard to compliance with the emission limit values.

