

Enabling the Changes, Strengthening the Enablers: Eurogypsum position on the upcoming Clean Industrial Deal

29.01.2025

Taking stock of the **Competitiveness Compass** published on 29 January 2025, the European gypsum industry supports the need for well-designed policies strengthening and accelerating the transition to a climate neutral economy. To achieve this objective, our industry calls on the European Commission, other EU and national institutions to adopt and enact a **Clean Industrial Deal** which ensures that **decarbonisation** is a **powerful driver of Europe's economic growth**.

Our sector calls for:



A reliable **compass for investments** into decarbonised industrial processes;



A sufficient supply of **affordable, renewable energy**;



A sustainable supply of domestic primary and secondary **raw materials**;



A supportive framework to facilitate a quicker transformation of **“easier to abate” sectors**;



The effective delivery of **energy efficiency** measures, particularly in the buildings sector.

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The European Commission adopted the **Competitiveness Compass** on 29 January 2025, paving the way for a new economic dynamism in Europe in the coming five years. As the representative of the European manufacturers of gypsum products, Eurogypsum is glad to see the emphasis on reducing dependencies, driving innovation, and unleashing competitiveness, among others through an optimised use of the Single Market, investment into skills, and targeted financing. We also welcome the strong synergies between economic competitiveness and the necessary move to decarbonisation.

This approach should be reflected in the upcoming **Clean Industrial Deal** (CID). In our view, this initiative is a critical chance for the European Union to drive the transition to climate neutrality in a way that not only maintains but actually **strengthens the competitiveness of our domestic industries**. It should form a solid basis to support, complement and speed up the achievement of the Green Deal's objectives and benefit Europe's citizens and economies.

Eurogypsum hopes that the CID will address any existing loopholes to provide a **stable, predictable regulatory framework**. It should facilitate the implementation of these rules by enabling the necessary investments in processes' transformation, duly considering the impact on the global competitiveness of Europe's industries, adapting to the current geopolitical developments. In light of the upcoming European Affordable Housing Plan, it is also imperative that the CID includes elements **strengthening the European construction industries**, allowing them to deliver the urgently needed sustainable and affordable housing.

Europe's gypsum industry: An enabling sector

The European gypsum industry is a very good example of an enabling sector for Europe's carbon neutrality objectives and strategic autonomy.

- Gypsum products, such as plasterboard, are a **major component of energy efficiency systems for buildings**. This construction material allows to easily (re)build internal walls and ceilings, making them a go-to solution for both renovation and new built. Plasterboard can easily be combined with insulation solutions, considerably improving the energy efficiency of buildings. Hence, these **lightweight construction systems** have an important role to play in decarbonising our building stock.
- Gypsum is currently **supplied in Europe** from **132 quarries**, contributing to the European Union's strategic autonomy. The extractive activities are carried out in full alignment with the **biodiversity conservation and restoration** goals set by the European Union in its Biodiversity Strategy for 2030. Our commitment is further supported through the application of the Extractive Sector Species Protection Code of Conduct.
- The raw materials are then processed in Europe's **111 factories** into plasters, plasterboard, gypsum blocks and other construction products "**made in Europe**", to serve the European Union's building construction and renovation markets. This manufacturing process allows to create construction products with a significantly

lower CO₂ footprint and resource intensity, compared to massive construction. Throughout its value chain, from innovation to manufacturing to sales, the European gypsum industry directly employs 16,000 and indirectly 300,000 people. The gypsum industry provides jobs to 1,100,000 plasterers and plasterboard installers.

- The industry **promotes the transition towards a circular economy**. Gypsum is a unique mineral, which is eternally recyclable. The gypsum industry has been championing and actively deploying **closed-loop multi-recycling models** for plasterboard in Europe. Despite existing barriers (e.g. insufficient volumes of recyclable waste and regulatory obstacles), the industry has been steadily increasing the share of recycled content in production. Within the right regulatory context, the gypsum industry can realise a circular economy model optimising resource efficiency and reducing waste.

The Green Deal's industrial arm: Making the transition a success

We need a strong, competitive and resilient industry to achieve the EU's ambitious sustainability and climate neutrality targets. To effectively support the European gypsum industry in speeding up the decarbonisation of Europe's buildings, the CID should:

1) Provide European industries with a reliable compass for investments

- European businesses have to make significant investment decisions about transforming their production processes in order to achieve the net-zero emission targets by 2050. This requires a clear and **predictable regulatory framework** in line with the long investment times. A **clear path towards 2050** is required, to allow companies such as gypsum product manufacturers to plan and carry out the necessary investment. It should be incentive-based and subject to a broad political endorsement.
- The safeguarding of a **level playing field** within the EU is equally critical, to drive healthy competition on a fair basis.

2) Ensure sufficient supply of affordable, renewable energy

- Diversifying energy sources and boosting Europe's renewable energy generation capacities are indispensable to decarbonise industrial processes, such as gypsum product manufacturing.
- We urge the European Union to prioritise policies aimed at **reducing energy prices, electricity costs and optimising grid connections** in the framework of the announced Affordable Energy Action Plan. As outlined in the Competitiveness Compass, "*the transition to a decarbonised economy must be competitiveness-friendly and technology neutral*", while the shift to cleaner sources of energy must reduce energy costs and price volatility.
- Using the example of plasterboard manufacturing and the first fully electrified plant in Fredrikstad (Norway), our industry can demonstrate that it is technically able and willing to invest in decarbonised industrial processes, mainly through electrification, provided the right conditions are available to invest in costly factory transformations. These include funding mechanisms, financial incentives, policy frameworks, specific infrastructure needs, and cost of energy.
- Furthermore, **industrial symbiosis** and cross-sectoral partnerships such as hydrogen valleys or green tech hubs should be encouraged further, to optimise the use of energy across economic actors.

3) Secure the sustainable supply of domestic primary and secondary raw materials necessary for the green transition

- **Reducing dependencies** and ensuring Europe's **strategic autonomy** are more than ever needed to make the transition to climate neutrality. While much emphasis is rightly put on securing critical raw materials indispensable for our economy's electrification, the European Union should have a solid raw material supply policy in place to guarantee sufficient volumes of other **essential raw materials** – which are indispensable to build and renovate Europe's infrastructure, particularly buildings.
- In the case of gypsum, Europe is strategically autonomous and can remain so in the future, but this requires a **solid forward-looking raw material supply**, supporting investment by Europe's companies into domestic resource extraction with the highest environmental standards.
- Long-term visibility on domestic raw material supply projects is also indispensable for European gypsum product manufacturers to make the most optimal investment decisions for decarbonised plants, in line with local supplies and markets.
- We support Clean Industrial Deal policies duly integrating the need for a stable supply of essential raw materials. In particular, we are calling for the **streamlined permitting mechanisms** introduced under the Critical Raw Materials Act (CRMA) to be extended to essential raw materials used for building construction and renovation.
- **Secondary raw materials** will play an increasingly important role to supply Europe's industries. In the field of construction and demolition waste, examples such as the closed-loop recycling model promoted for plasterboard are showing the way forward. Circularity should rightly be part of the Clean Industrial Deal, by supporting all industrial sectors to **lift obstacles to further reuse and recycling** practices, duly considering the waste hierarchy. Policy tools, such as recycling targets and bans on recyclable landfill, should be assessed case by case and applied strategically, in light of each waste stream's available volumes and recycling potential. In this sense, we look forward to contributing to the announced Circular Economy Act.

4) Facilitate a quicker transformation of “easier to abate” sectors

- Certainly, Europe's move to climate neutrality will not happen if the “hard to abate” sectors are not addressed. In this sense, our organisation fully understands the emphasis put on developing technological solutions for such sectors and rolling them out.
- In the case of gypsum product manufacturing, which has a *relatively* low CO₂ footprint, the decarbonisation of our industrial processes is technologically mature; the main obstacles remaining the access to a stable and affordable supply of alternative energy, and the extent of the investment. Thus, speeding up the decarbonisation of industrial processes like ours would represent for the EU a relatively “low hanging fruit”, helping Europe to make quicker progress towards its climate neutrality objectives.
- An **investment support mechanism** (e.g., through tax incentives or other funding mechanisms), focusing on energy transformation in industries with low CO₂ footprints, would allow to incentivise the full electrification of a critical number of plants. In combination with reduced electricity prices and ancillary costs, this could boost the deployment of electrification in these industrial sectors, leading to substantial aggregated emission reductions. Instead, having energy intensive

sectors as the sole focus of the CID, **risks jeopardising the swift decarbonisation of sectors where this is already technically feasible today.**

- Therefore, we believe that the investment supporting arm of the Clean Industrial Deal should not only focus on “hard to abate” and “clean tech” sectors, but also **effectively help a quicker decarbonisation of intermediary sectors**, for instance through incentives, easier access to the Innovation Fund or other support mechanisms at national level. Therefore, we call for this approach to be reflected in the upcoming Industrial Decarbonisation Accelerator Act.

5) Maintain the ambition on energy efficiency

- Often said but rarely practiced, the best energy is the energy that is not used. Besides addressing decarbonised energy supply and prices, we believe that the Clean Industrial Deal should also have an important focus on achieving energy savings and boosting energy efficiency.
- The renovation of Europe’s buildings has a major potential to achieve energy savings. Therefore, we call for **building renovation and construction to be considered among the possible lead markets in the Clean Industrial Deal.**
- Over the past years, the Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD) have been updated, clearly identifying Europe’s energy efficiency ambitions. We demand for the Commission to actively support the effective implementation of this legislation.
- The Commission should encourage the Member States to deliver ambitious, but implementable National Building Renovation Plans.
- The EU should support national and regional authorities in realising the EPBD objectives through technical assistance and financing aid. In particular, within the next Multiannual Financial Framework, sufficient funding should be allocated to energy efficiency projects in the building sector.
- The aim should be to leverage not only public but also private investments, e.g. via EU-managed programmes.
- Further measures to **encourage the demand for building renovation**, e.g. in the field of **public procurement**, may be considered as a complement to the existing regulatory framework.

Eurogypsum is a European federation of national associations of producers of gypsum products (i.e. plaster and plasterboard). It is one of the few fully integrated industries (from cradle to cradle) within the construction products field. The companies which mine gypsum also process it and manufacture the value-added products and systems used extensively in construction and other industries.

With a turnover of EUR 7 billion, the European gypsum and anhydrite industry operates some 111 factories and 132 quarries and generates employment directly to 16,000 people and indirectly for 300,000 people. The gypsum industry provides jobs to 1,100,000 plasterers and plasterboard installers. It trains around 25,000 people per year across Europe.