

Croatian industry is facing a comprehensive transformation to a low-carbon economy. In order to be realized, the energy sector alone will have to invest 150 billion kuna by 2030. Although we have considerable funds at our disposal from EU funds, such serious investments require the mobilization of the private sector, ie the cooperation of industry, the state and science, so that the domestic economy would not lag further behind international competition. What exactly the challenges this process brings for our companies was the main topic of the online round table Transformation of Industry for a Sustainable Future organized by the Croatian Chamber of Commerce, as part of the European Industry Days.

Marija Šćulac Domac, Director of the Sector for Industry and Sustainable Development of the Croatian Chamber of Commerce, pointed out that we must accelerate the transition to green and climate neutral industry because we make it more resilient and create long-term positive effects on employment and the environment as a whole. "Our goal is to acquaint our entrepreneurs with the obligations to achieve carbon neutrality. The transformation of energy-intensive industry is particularly demanding in terms of funding. Therefore, the Croatian Chamber of Commerce monitors developments at the EU level and promptly informs its members about programs and funds available to them. We will try to help members prepare their projects as well as possible and identify opportunities for their sector, and this round table is just one of the steps in that endeavor," said Šćulac Domac. Davor Žmegač, President of the Management Board of Petrokemija, spoke about the importance of the transformation of the chemical industry, saying that it was a matter of "life and death" for his company. "We have stabilized our business in recent years, but we will simply not be able to follow the rhythm of these investments without cooperation with the state. We have completed the company's development plan, but to reach the top 5 ammonia producers in Europe we need two billion kuna in investments over the next five years. CO2 units were 4 euros a couple of years ago, and we bought them for 37 euros yesterday, which puts big manufacturers in trouble. We need to create industry advice that will include small and large companies, the state, but also science to be ready to implement. We need this broader story and good programming because the competition is currently much faster than us, but the backlog is not irreparable," said Zmegac, noting the strategic importance of his company for the Croatian economy.

"Petrokemija is not just a question of Sisak-Moslavina County, but of the entire country, because as much as 40 percent of the cost of agriculture is mineral fertilizers, and they raise yields by 50 percent. So, without that, we have practically no agriculture," he concluded.

Changes in the cement industry were explained by Merica Pletikosić, Sustainability Manager at Cemex Croatia. “This fourth trading period is extremely difficult and we are trying to maintain competitiveness and sustainable business at the industry level. The cement industry has reached a unanimous position on the European Green Plan to support the path of carbon neutrality. The life cycle is important to us. emissions, so cooperation is extremely important because the goals of the domestic cement industry may not be equal to other countries, or not everyone will be equally burdened. We as an EU border country will be more exposed to products from third countries, but we do not want to be a pilot project of Carbon Border Adjustment (CBAM) because we are afraid that the part related to free allocations will be resolved,” said Pletikosić, noting that the domestic cement industry is coping quite well with fulfilling existing obligations and expects state support in the use of EU funds in the future.

Director of the Directorate for Climate Activities of the Ministry of Economy and Sustainable Development Dunja Mazzocco Drvar said that energy transformation poses many challenges to the industry. “The Low Carbon Strategy (UXO) of the Republic of Croatia until 2030 with a view to 2050 is in the process of adoption, and an action plan for a five-year period is being prepared for the purpose of implementing UXO, which will determine the deadline and funding for the measures. One of the priorities of the Ministry is to finance research and development for the tenders of the innovation fund for the tenders of the innovation fund. We want the academic community to participate in it. We are here to help entrepreneurs through seminars and workshops to become competitive in this new “green market”, said Mazzocco Drvar, and her colleague from the ministry Višnja Grgasović presented all the requirements of the company that must be met in order to achieve climate neutrality. She stressed that levels of CO₂ reduction have been increased to 55 percent by 2030 compared to 1990. “In order for the domestic industry to achieve its climate goals, investments of 150 billion kuna will be needed for energy alone and another 4.7 billion for other sectors. However, it should be borne in mind that each euro invested in preventive measures saves EUR 6 to repair the damage. The revision of the EU Emissions Trading Scheme (ETS) will tighten targets and reduce the shares allocated free of charge. The contribution of the sector outside is also considered “The ETS, as well as the inclusion of road and sea transport and buildings that account for 40 percent of emissions. Outside the ETS, GDP per capita is considered adequate, because it takes into account the economic strength of the state in implementing and financing measures,” she said. Grgasović, then enumerating the funds available to Croatia through EU funds.

In particular, 165 billion euros will be available from the Cohesion Funds by 2030, through

the Mechanism for Recovery and Resilience we have 45 billion kuna at our disposal, of which 37 percent must be spent on climate change (16.6 billion), and the European structural and investment funds offer 120 billion kuna, of which 30 percent, or 36 billion should be spent on climate. There is also the Modernization Fund with 3.2 billion kuna, the Fund for Fair Transition (1.2 billion kuna) and the innovation fund for which no envelope has been determined for each country, but all are competing for funds.

Avelant CEO Ariana Vela explained in more detail what opportunities for financing the transformation of the industry are offered through EU programs and funds and what are the current challenges. “The problem is the issue of eligibility of industrial projects and securing co-financing. There is a big shift towards financial instruments from grants. This is a logical decision of the EC, but we should have a different framework. Croatian entrepreneurs are not in the same position as businessmen from other member states. accession to the Union, so we are lobbying for a change in the conditions for the use of funds,” Vela stressed. Concluding that the preparation of such large projects without the participation of entrepreneurs and their representative institutions such as the Croatian Chamber of Commerce is the creation of “accounts without innkeepers” and that therefore they must be actively involved in the whole process.

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