

PRESS RELEASE

Lack of coherent long-term energy policy drives Belgian industry into crisis of confidence

Brussels, 9 October 2023 – A study by KPMG in Belgium, commissioned by Febeliec, reveals a worrying crisis of confidence in the Belgian industry regarding the availability and competitiveness of carbon-neutral electricity. Febeliec also commissioned a study by EnergyVille/VITO which confirms the potential of existing and new nuclear reactors to contribute to a future climate-neutral economy at a lower cost. Febeliec urges the Belgian federal and regional authorities to rapidly develop a coherent and long-term climate, energy and industry strategy and to restore the investment climate for industrial activities in our country.

At Febeliec's request, **KPMG in Belgium** conducted in-depth interviews with 22 industry leaders in the summer of 2023. Together, these companies account for around a quarter of the industrial electricity consumption and more than 40.000 direct jobs in Belgium. The conclusions are startling:

- The industry considers that the total cost of electricity per MWh in Belgium is among the highest in the world.
- The security of the electricity supply remains a major concern and hampers industrial investment decisions.
- There is an urgent need for a stable, coherent energy strategy for Belgium, preferably harmonized at EU-level.
- Achieving a climate-neutral economy will require significant investments within the industry in the coming decades, with relatively low returns and job creation, as well as access to large volumes of carbon-neutral electricity at a competitive cost.

With the exception of the life sciences sector, no significant production capacity expansion plans were mentioned in the interviews. **Future investments are being delayed or relocated to other countries.** The first signs of relocation are likely to be subtle and may go unnoticed. However, there appears to be a high risk of relocation as current assets reach the end of their life. Current investments are mainly focused on license-to-operate, cost-efficiency improvements and energy savings.

Febeliec also asked **EnergyVille/VITO** to perform a complementary analysis to the PATHS2050 Study¹ of 2022 on the possible impact of extending 2 GW of nuclear capacity for twenty years instead of ten, and extending the lifetime of an additional 2 GW of nuclear capacity. The analysis by EnergyVille/VITO shows that in both scenarios **the (additional) extension is economically justified** and leads to a significantly lower electricity system cost and a further reduction in CO₂-emissions. The economic advantage is however less pronounced for restarting Doel3/Tihange2 and would require costs of nuclear electricity production below 75 €/MWh.

Febeliec urges Belgian authorities, both at the federal and regional level, to take the numerous clear signals from virtually all industrial sectors and companies seriously, and to urgently take measures to restore the investment climate for industrial activities in our country. This will require actions on several issues and levels, putting in place a **coherent and long-term climate and energy strategy**, preferably in coordination with our neighbor countries and the EU as a whole. Febeliec also calls for technology neutrality on the fuel choices for the future energy mix. The road to climate neutrality will come with a very high cost for society in all scenarios, but the **lifetime extension of more nuclear capacity for a longer period and investing in new nuclear technologies** clearly come out as economically preferable choices. **Decisions must be made and measures taken rapidly** if Belgium wants to have a chance of maintaining a strong industrial base as one of the cornerstones of our economy and wealth.

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¹ See Studies at www.febeliec.be