

LIFE COASE

Collaborative Observatory for ASsessment of the EU ETS

Providing knowledge for improved emissions trading

Deliverable D3.1

Report on climate extension of the 2023 EIBIS

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1	15/02/2024	Lea Heinrich, Albert Ferrari, Simone Borghesi	

Visual Report of the results of the survey on companies covered by the EU Emissions Trading System

Add-on module of the EIB Group Survey of Investment
and Investment Finance 2023

Monday 5 February 2024

EIB in collaboration with the EUI under the framework of the LIFE
COASE project



Overview

- Background
- Questionnaire
 - Green Investment Strategy
 - Climate Investment Dynamics
 - Drivers and Impediments to Investment
- Results

Background

Background: objective and motivations

- **Goal of Work Package 3**: generate **novel, firm-level information** on climate-related investment from EU ETS firms and others.
- **Task**: extending the questionnaire of the **European Investment Bank's Investment Survey (EIBIS)** in collaboration with the EIB team.
- **Motivations**: need for more data on climate-related investments, **lack of micro-data on empirical assessment of the effectiveness of the EU ETS** in spurring technological change.

Background: ETS add-on module to the EIBIS



373 ETS firms from 23 EU countries



Special add on module of the annual EIB Investment Survey (EIB) conducted in 2023



Information on:

1. Green Investment Strategies
2. Climate Investment Dynamics
3. Drivers and Impediments to Investments



Survey data matched with the **ETS emission data** and **firms' financial statements from Orbis**



Survey conducted by telephone (in the local language) among firm owners, Finance Managers, Finance Directors or Head of Accounts, Chief Financial Officers (CFO) and Chief Executive Officers (CEO).

Questionnaire

Green Investment Strategy

1. Does company have **decarbonisation strategy**? Since when?
2. When is the **biggest reduction in carbon or greenhouse gas emissions** expected?
3. Is company perceiving itself as **ahead of, on par with, or behind** other companies in the same industry?
4. Is company **investing in or implementing** GHG reduction measures? Which? (e.g. energy efficiency, RES, recycling)

Climate Investment Dynamics

1. Estimation of **total decarbonisation investment (2022)** across investment areas. (e.g. energy efficiency, RES, recycling)
2. Has decarbonisation **investment over the last five years** been enough to ensure the success of the decarbonisation strategy?
3. Which measures were part of the **decarbonisation efforts over the last five years**? (e.g. green technologies, shifting production abroad, reducing output)
4. Main **decarbonisation strategy** or ambition for next five years. (e.g. green technologies, shifting production abroad, reducing output)

Drivers and Impediments to Investment

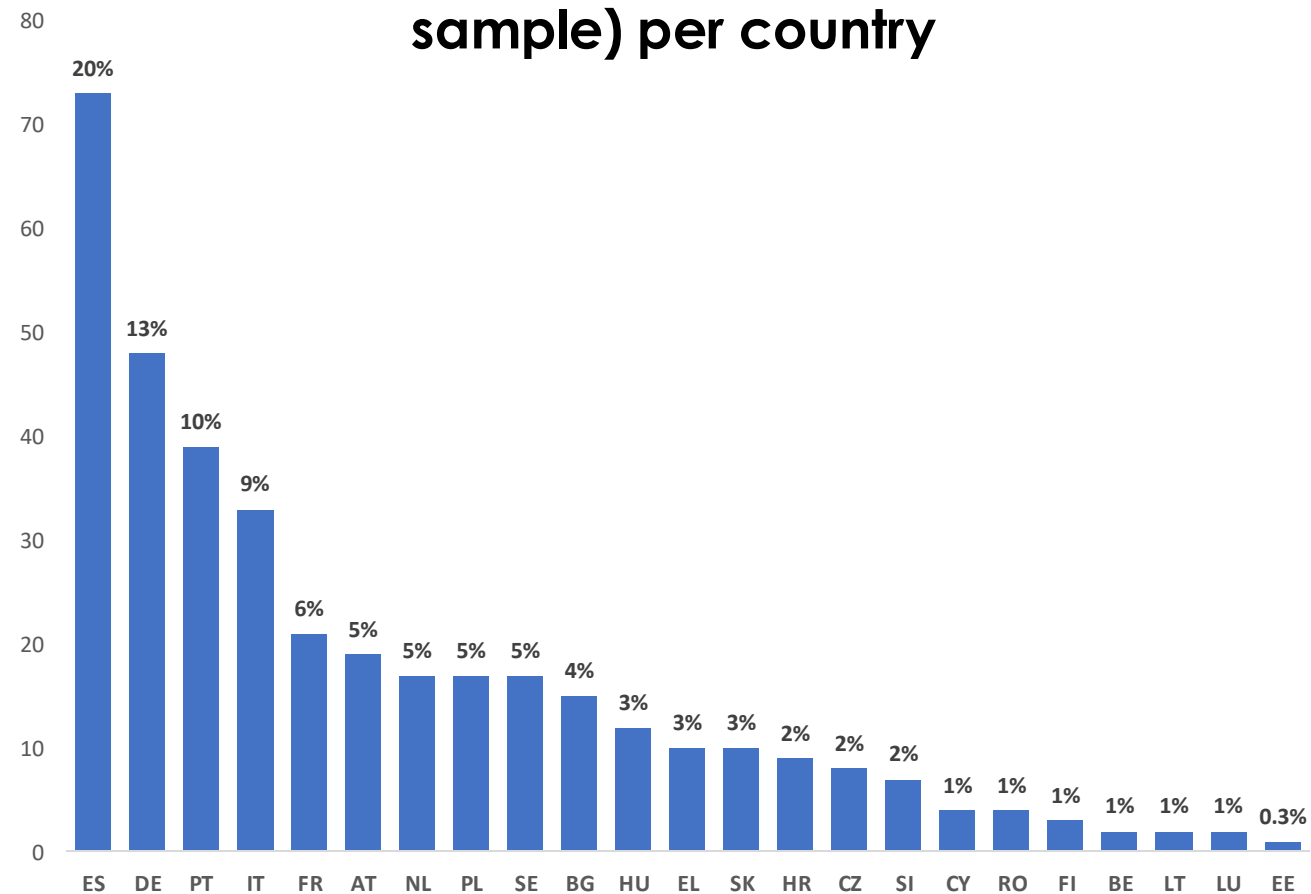
1. Which factors are most likely to **encourage company** to take or accelerate **climate action**? (e.g. regulation, ETS prices)
2. Which policies are most likely to **encourage investment in green technologies** and processes? (e.g. carbon pricing, subsidies, regulation)
3. What are obstacles **to investing in green technologies** and processes? (e.g. price uncertainties, lack of skilled labour)
4. If a lack of skilled labour is an obstacle, which **skills are lacking to invest in green technologies** and processes?

Results

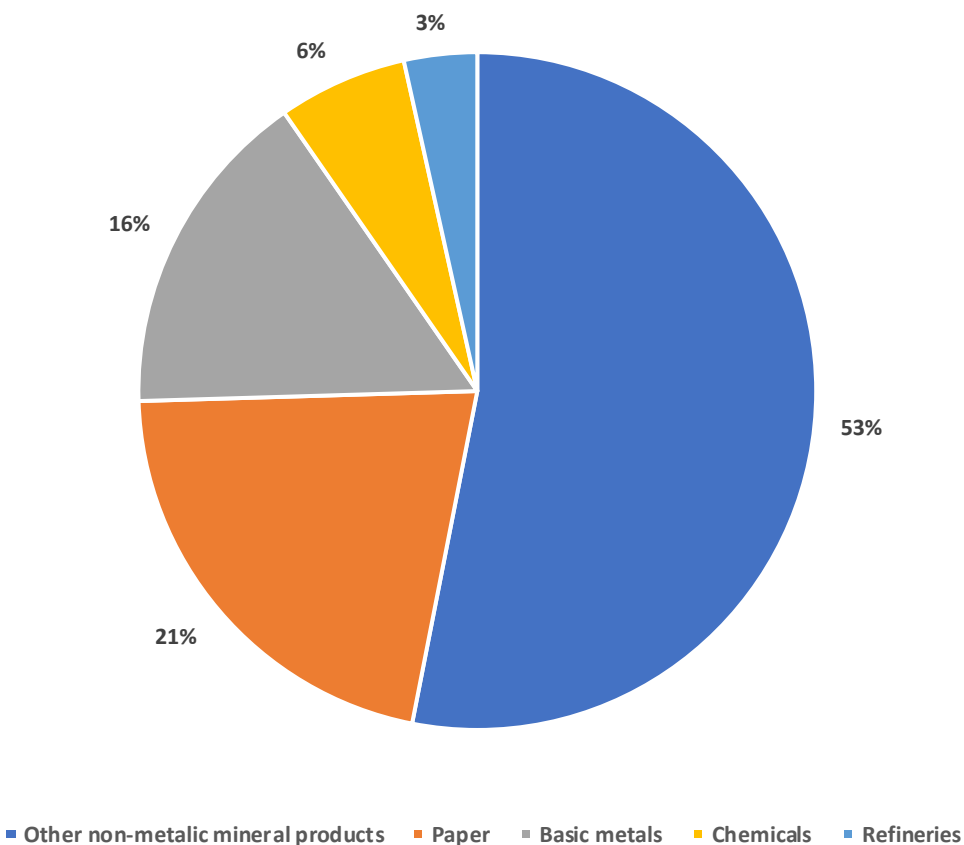
Note: The results are the property of the European Investment Bank. They were presented to the advisory board of the LIFE COASE project on 25 January 2024.

Sample characteristics

Distribution of number of firms (in % of total sample) per country



Distribution of firms by sector



Key takeaways



ETS firms set decarbonization strategies and invest in green areas



Decarbonization status matches carbon intensity and investment dynamics

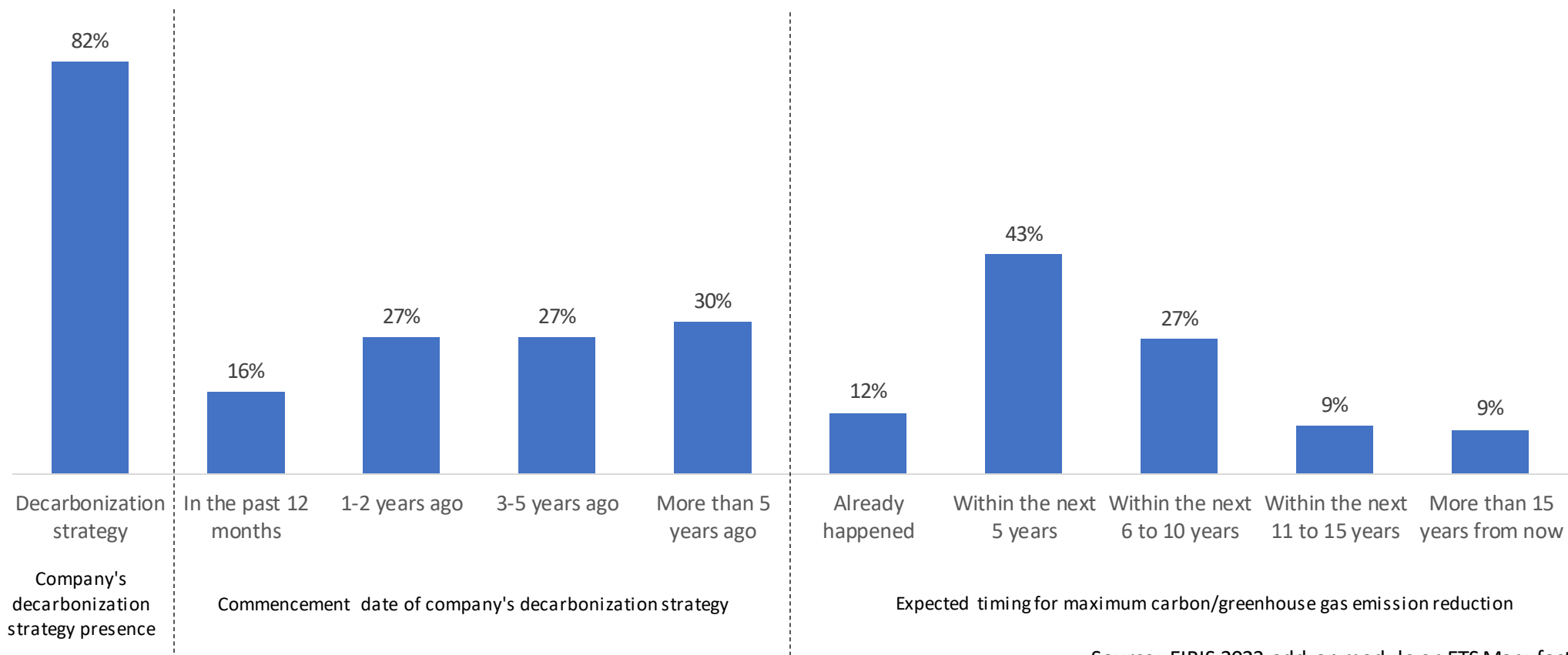


Motivations and challenges depend on decarbonization status



Policy instruments should suit decarbonization status

The ETS firms have a high level of awareness and ambition for decarbonization (% of firms)

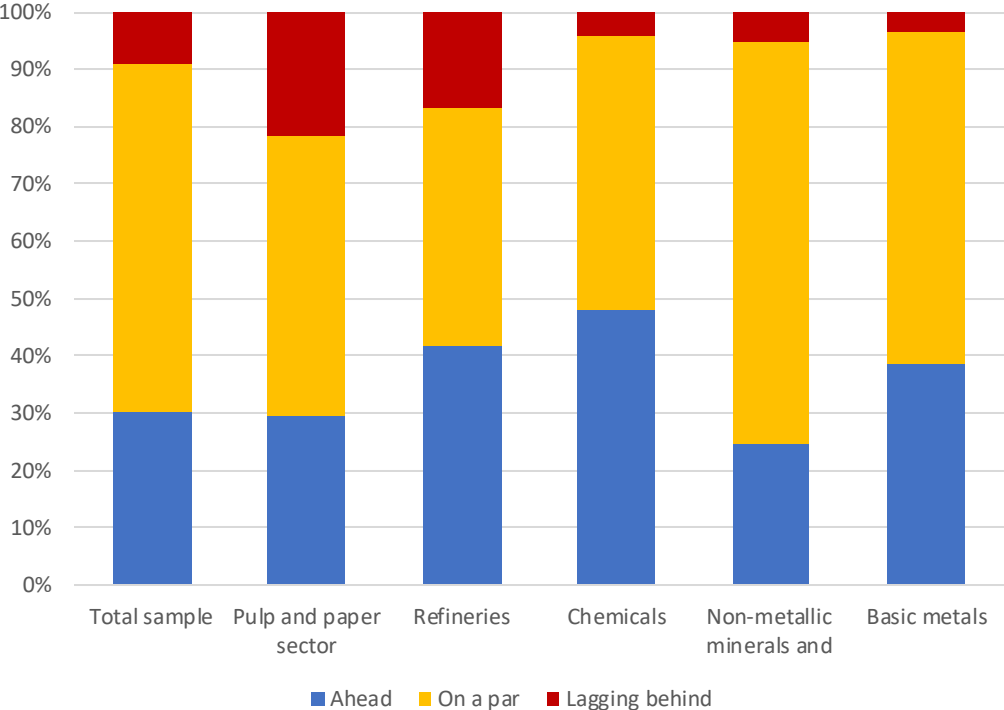


Source: EIBIS 2023 add-on module on ETS Manufacturing

Note: Q.1 Does your company have a decarbonisation strategy? Q.2 When did you first implement a decarbonisation strategy for your company? Q.3 When thinking about the decarbonisation strategy of your company, when do you expect to achieve the biggest reduction in your carbon or greenhouse gas emissions?

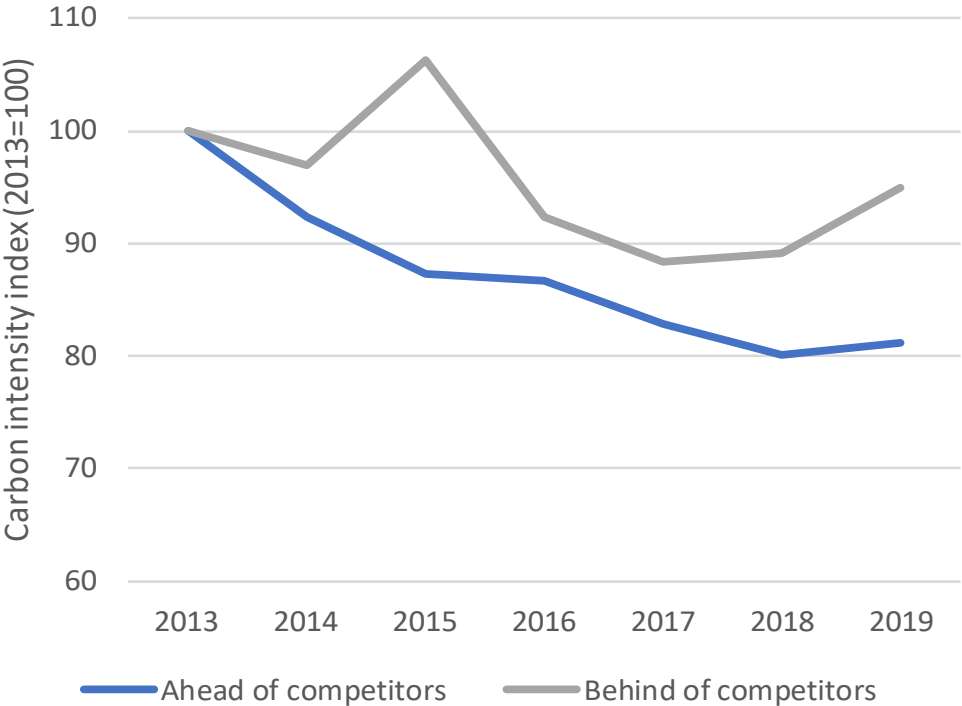
As decarbonisation pressures mount, some firms race ahead while others lag behind

About 10% of ETS manufacturing firms feel behind and 30% ahead of their peers
(% of firms)



Source: EIBIS 2023 add-on module on ETS Manufacturing

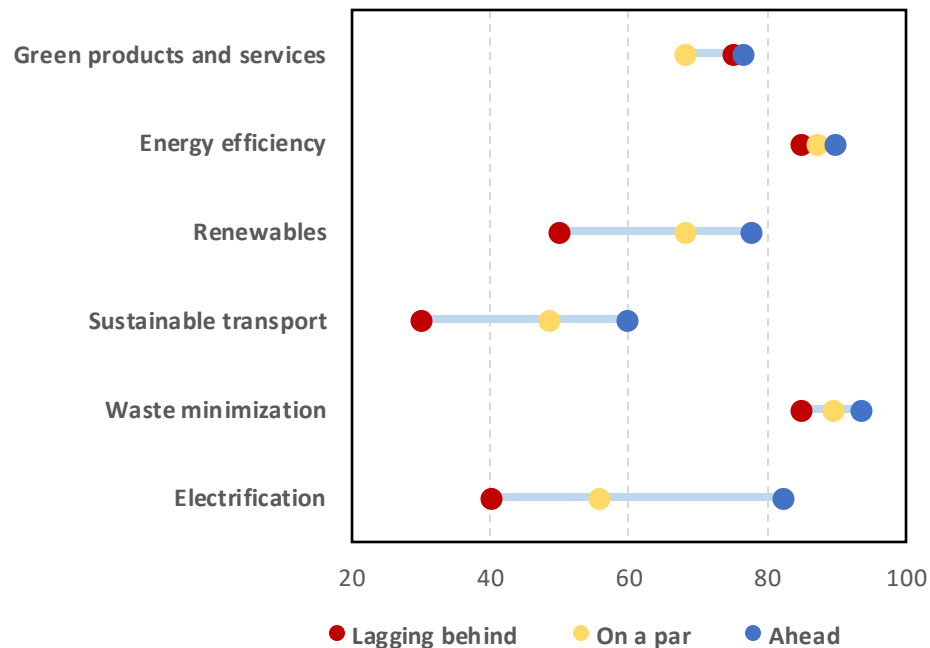
The firms' self-assessment matches the actual carbon intensity trends
(% of firms)



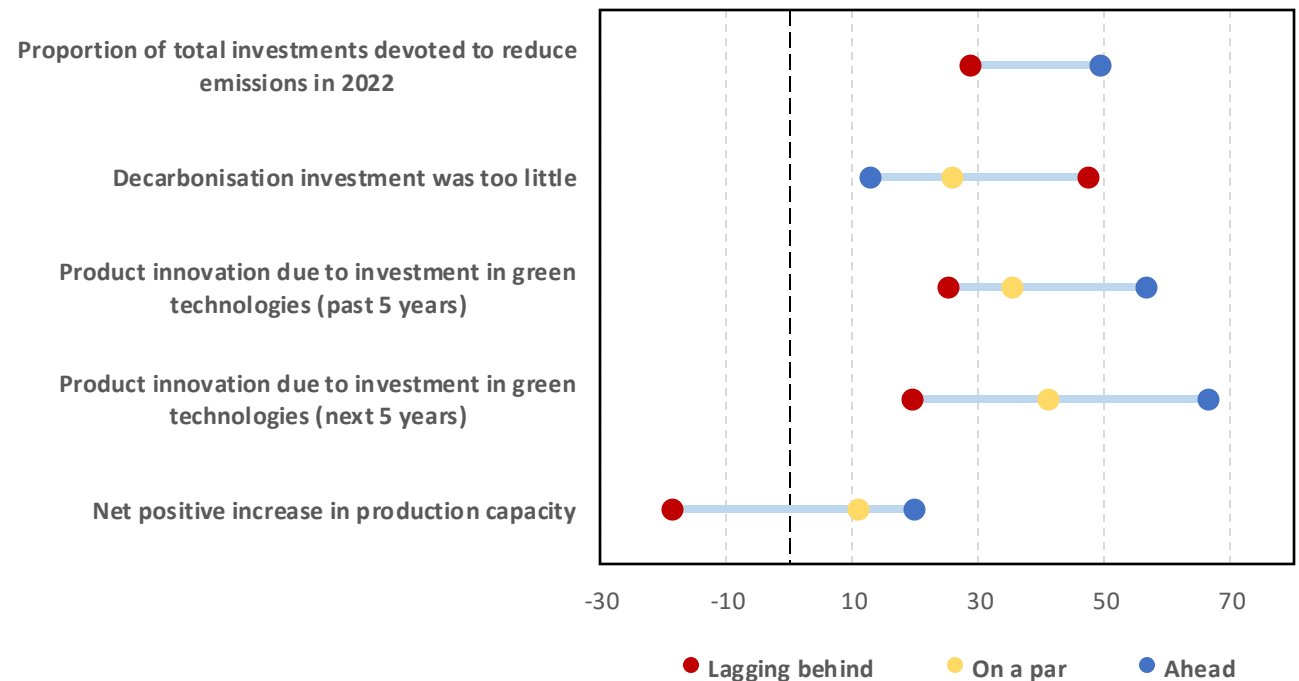
Source: EIB staff calculations based on EU ETS, Orbis databases and EIBIS survey on ETS Manufacturing

Decarbonisation leaders are more likely to invest, innovate and transform

Leaders invest in areas that can make a big difference in cutting down emissions
(% of firms)



Leaders invest more, innovate more and do not reduce their production capacity
(% of firms)

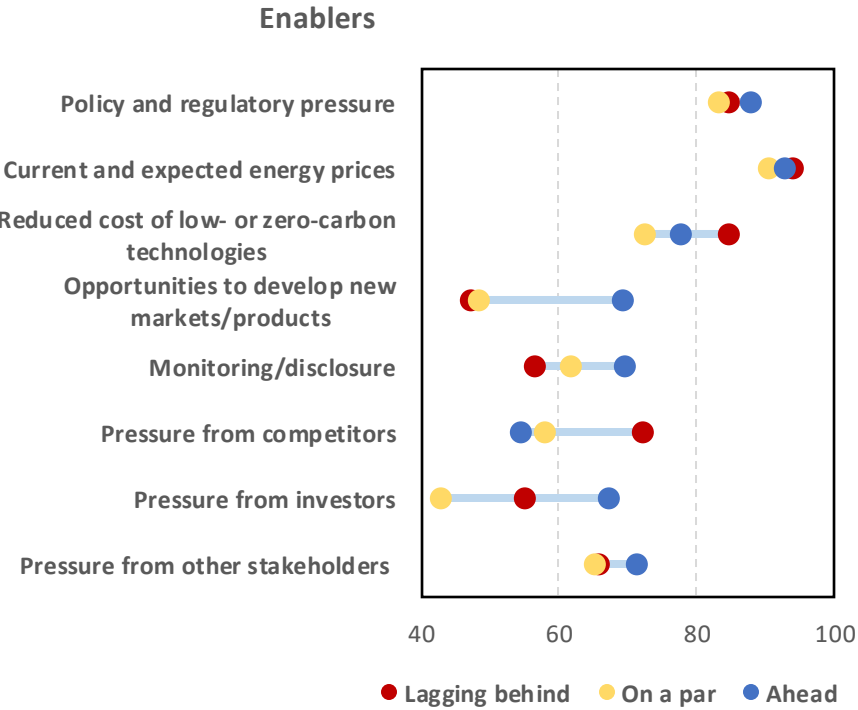


Source: EIBIS 2023 add-on module on ETS Manufacturing

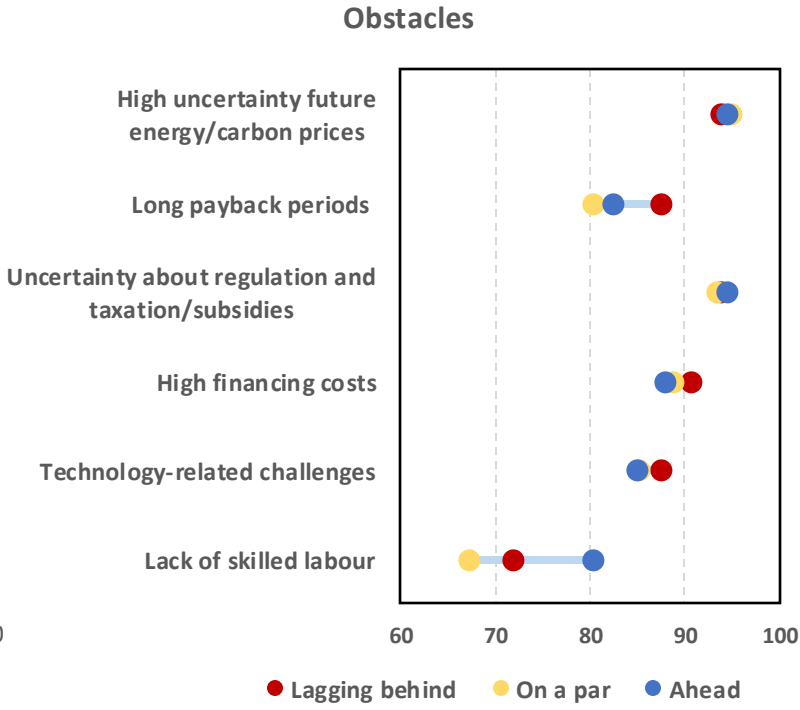
Note: Q.1 Is your company investing in or implementing any of the following to reduce carbon or greenhouse gas emissions? Q.2 Thinking about the total investment of your company in 2022, what proportion of your total investment was devoted to reducing greenhouse gas emissions? Q.3 Looking back at your decarbonisation investment over the last five years, was it too much, too little, or about the right amount to ensure the success of your decarbonisation strategy? Q.4 And thinking about your company's decarbonisation strategy, compared to five years ago, has your company's total production capacity significantly changed as a result of the construction, shutdown, purchase or sale of production plants?

Leaders seize market opportunities, while laggards demand protection, subsidies and grants

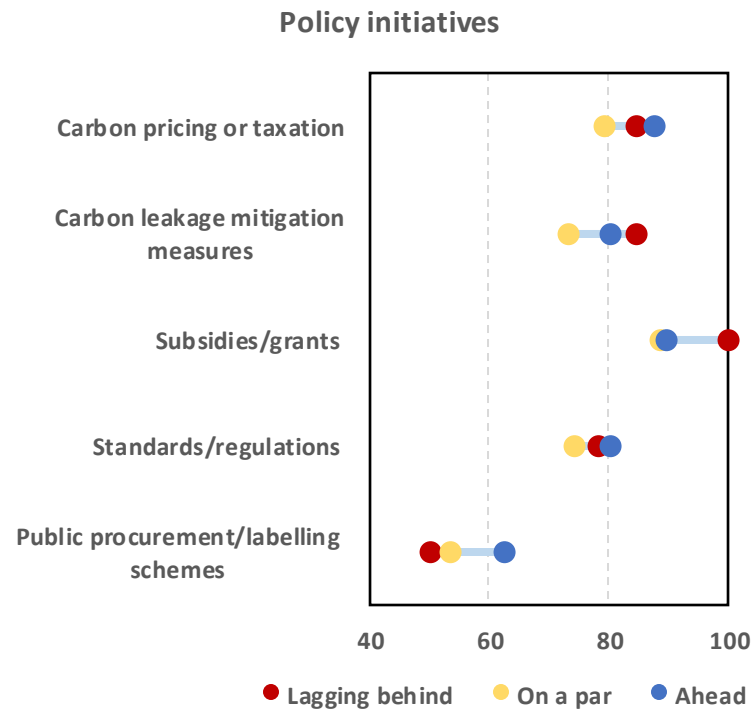
Leaders see opportunities, laggards face technology constraints and competitors' pressure
(% of firms)



Uncertainty on prices and regulation key obstacles to all
(% of firms)



Laggards depend on subsidies to decarbonize, leaders in favour of market-based incentives
(% of firms)



Source: EIBIS 2023 add-on module on ETS Manufacturing

Note: Q.1 When thinking about decarbonization, how important, if at all, are each of the following to encourage you to undertake or accelerate action to tackle climate change? Q.2 To what extent, if at all, is each of the following an obstacle to investing in green technologies and processes? Q.3 How likely or unlikely are each of the following policies to encourage your company to invest in green technologies and processes?

To sum up

Leaders



Decarbonization strategy

essential step to be ahead in decarbonization



Innovative firms

more responsive to investor pressure and transparent about their decarbonization efforts



Production capacity

more likely to expand or maintain it



Decarbonization enablers

market opportunities and clear policy guidance for the net-zero economy.



Laggards



Underinvestment in decarbonization

they are more likely to believe they are not doing enough



Technological constraints

as barrier to decarbonization



Production capacity

more likely to anticipate a decline



Decarbonization enablers

Certainty and more support to start their green transition



More info:

- LIFE COASE: <https://LifeCoase.eui.eu>
- The EIBIS survey: <https://www.eib.org/en/publications-research/economics/surveys-data/eibis/about/index.htm>



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