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North Sea set to become Europe's wind energy hub

Parts of Europe's North Sea have long been regarded as ideal for the development of offshore wind farms due to its strong and consistent winds, relatively shallow waters, and proximity to densely populated areas. Countries shoring the North Sea – Belgium, Denmark, France, Germany, Norway, the Netherlands and the UK – as well as Ireland and Luxembourg agreed on 4 April in Ostend (Belgium) to **ramp up offshore wind energy production** in the North Sea, the Atlantic Ocean, the Celtic Sea and the Irish Sea. According to their joint declaration, they pledged to produce a minimum of **120GW by 2030** and **300GW by 2050.** To appreciate the scale of ambition, **current European offshore wind energy production is only 15GW.**

This massive investment on new wind turbines will be accompanied by **network offshore grids interconnecting the countries concerned.** The most important out of the eighteen projects listed is **the first green European offshore power hub**, which will connect the Belgian, Danish, German and Dutch grids to a system of energy islands and clusters in the North Sea by the mid-2030s. **Offshore solar photovoltaic technology** is being eyed as a potential addition. All this will help improve European energy security and provide boost to European industry, jobs in construction, and green hydrogen projects.

The challenges are far from minor. In 2022, no large-scale offshore wind farms were commissioned in Europe. Moreover, despite the Net-Zero Industry Act's incentives to re-shore production, **it will be impossible for this new demand to be met by Europe's five current manufacturers**. All were operating at a loss last year due to rising production costs – as Chinese industry outcompetes them in the same way as with solar panels – and are asking for both financial support and tariffs. Thus, diversification targets will create **opportunities for third-country manufacturers outside of China to export to the EU market.** The grid connection projects will provide valuable lessons for those planning similar systems and could help ASEAN countries in the Gulf of Siam.

Corporate Sustainability Due Diligence Directive: SMEs to finally be excuded from EP's position

It has been fourteen months since the European Commission presented its legislative proposal to hold companies to account for human rights and environmental breaches along their supply chains. Finally, the European Parliament's (EP) Committee on Legal Affairs (JURI), in charge of drafting the EP institution's final position on this legislation, adopted its position this week. After a long debate that proposed adding **Small and Medium-Sized Companies (SMEs)**, which are not included in the Commission's initial proposal, JURI **finally voted to exclude them from the scope of the legislation under pressure from the Liberals and Right-**

wing groups. The EP will, however, push to **include the financial sector**, including asset managers and institutional investors.

The EP will have a final vote in Plenary in its session on 1 June. Then, negotiations with the Council will open to find a common position. **It is expected that SMEs will remain out of the final text**, as the Council's position on SMEs is similar – if not identical – to that of the Commission. The aim is to **conclude the negotiations before the end of the year.**

The transition to the clean aviation age in the EU benefits the ASEAN-EU partnership

The EP and the Council have set out clear objectives to better implement the Green Deal in the aviation sector. Both have agreed to **enforce a raise in the percentage of Sustainable Aviation Fuel** (SAF) **use** – currently only 0.05% of total jet fuel consumption. The targets agreed are 2% in 2025, 6% by 2030, 20% by 2035, 34% by 2040, and finally **70% by 2050.** Biofuels produced from agricultural and forestry residues, used cooking oil, and animal tallow are included in the **new SAF definition**, while **palm fatty acid distillate, and palm and soy-derived materials are explicitly excluded**. Another type of SAF, **hydrogen-based synthetic fuels, has its own specific targets.** These are 1.2% by 2030, 5% by 2035 and 35% by 2050.

European industry is already preparing to meet this growing demand for SAF, including by **boosting investment in ASEAN countries.** Italy's Eni – in partnership with Malaysia's Petronas and Japan's Euglena – is planning the **development of Southeast Asia's largest integrated refinery in Malaysia.** Once operational, this refinery will produce 12,500 barrels per day of SAF and biofuels for other modes of transport. Furthermore, Neste is about to **open a plant in Singapore** to boost its SAF capacity with 1 million tonnes more per year. Finally, the EU-ASEAN Business Council announced in February the **establishment of a Sustainable Aviation advocacy group** co-chaired by Neste and Airbus to raise awareness of potential.

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