

INVESTMENTS NEEDED FOR THE FUTURE: CHALLENGES AND IMPLICATIONS

THE GREEN HYDROGEN AND REAL ESTATE INDUSTRIES

The ESEC believes that improving France's future prospects means investing massively and rapidly in strategic sectors by taking advantage of favourable borrowing conditions. These investments should help us to achieve our climate change objectives and stimulate economic activity, while making the well-being of citizens central to public action.

In particular, the opinion examines the green hydrogen sector as an example of disruptive investment in energy independence and the fight against climate change, and the real estate sector as an example of the investment needed to overhaul and modernise the building sector on a large scale, which is central to sustainable development issues (thermal renovation, land take).

In this opinion, the Council reviews the results of the Future Investment Programme (PIA), the first large-scale programme to focus on innovation and disruptive investments (2009-2019). In addition to the successes achieved, particularly in new technologies, areas for improvement are identified (disbursements, monitoring of impact indicators, coordination with other public funding, the need for external evaluation). Drawing on the lessons of the past, the ESEC identifies the current challenges of the recovery in economic, social and environmental terms, with the following recommendations:

Strengthen and maintain:

- The role of the "strategist State", which should advocate courses of action, develop contingencies and build favourable ecosystems, in particular through non-budgetary measures.
- The role of localities, by taking into account their specificities (in particular the overseas territories), promoting coordination between regional actors and local authorities and supporting cooperation between SMEs and with large groups in order to develop industry and support research.
- Public investment in a low-carbon economy, by combining public aid and procurement and encouraging skills development.
- A stable legal framework and regulatory certainty, complemented by greater predictability of government action over a 15-year horizon for economic actors and investors, would improve investment performance.



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DIRECT A PORTION OF HOUSEHOLD SAVINGS:

- Toward companies to strengthen their equity capital and increase investment in innovation. Appropriate banking and financial instruments could direct household savings toward funds dedicated to future investment. The risk could be limited with a capital guarantee in return for a lower return (under the life insurance tax system) and government intervention, if necessary in the form of guarantees.
- Toward funding for technology start-ups, as France lacks investment funds, particularly for funding above 100 million euros. The ESEC proposes to implement the recommendations of the Tibi report on the financing of these technology companies.
- Toward the sustainable economy, by extending the measure in the 2021 Finance Act that authorises tax-free donations from parents to children (up to €100,000) over a period of 15 years to finance the purchase of old housing (with compliance upgrades and energy renovations) or clean vehicles.
- Toward intermediate rental housing by encouraging banks and insurance companies to devote part of their equity capital to intermediate rental housing, and to channel more savings account funds toward social housing.

SUPPORTING THE DEVELOPMENT OF GREEN HYDROGEN:

- Establish state-guaranteed purchases over a fixed period of time without the possibility of challenging the state's commitments and signature. At the same time, a label or guarantee of renewable origin should be introduced to certify green or renewable hydrogen and its low-carbon potential. Finally, the adoption of an EU carbon border adjustment mechanism, or similar, is necessary to guarantee the competitiveness of European industries and to avoid penalising French companies.
- Promote the production of local renewable hydrogen from biomass resources as a complement to electrolysis: biogas or biomethane reforming can produce, in addition to hydrogen, pure carbon dioxide that can be reused to produce chemical compounds with high added value (particularly for industry).

RENOVATION AND BETTER HOUSING, THE CHALLENGES OF REAL ESTATE:

- Strengthen the "renovation process" for individual homes or condominiums by starting with a complete audit carried out by an approved body and fully paid for by the government. This process should also identify the work to be carried out in order to optimise the renovations and overall insulation, with the work sequenced over time. A much higher level of support should be considered (with a budget four times higher according to the High Council on Climate) to fully fund work on the most disadvantaged households, including refurbishments to allow people with reduced autonomy to remain in their homes. Existing aid should be merged and simplified, and work sites should be monitored regularly by approved companies.
- Rehabilitate more brownfields: this will require greater public (state and local) expenditures beyond the objectives of the recovery plan. The reuse of brownfield sites (industrial, military, railway, port, mining, etc.) is often accompanied by long and costly clean-up and remediation work that affects the profitability of investments. Urban brownfields and vacant dwellings, meanwhile, help limit land take and reduce the housing deficit. Brownfields could also be an excellent opportunity for solar projects, subject to their potential impact on biodiversity, in connection with an economic activity (which will need to be identified) and potentially hydrogen production.