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Daikin Europe on EU Green Deal: "Heat pumps are the answer to achieve climate targets”

**Summary:**

1. Europe wants to become the world’s first climate-neutral continent by 2050. Heat pumps are a key part of making Europe climate-neutral by 2050.
2. Following the EU Green Deal initiative, policy makers in the EU Member States can act on two levels to achieve decarbonization: The most polluting heating systems must be phased out and renewable technologies need a level playing field.
3. Every euro invested in heat pump technology is a euro invested in local job creation.

**Brussels, 24 September 2020 – Daikin, a global HVAC leader, today expresses its support for Europe’s Green Deal. According to Daikin Europe, the decarbonization of Europe’s heating sector will be key to making the continent a climate-neutral economy by 2050. The company also believes continuous innovations in heat pump technology will help to decarbonize Europe and to combine decarbonization with sustainable economic growth, the core principles of the Green Deal.**

Europe wants to become the world’s first climate-neutral continent by 2050, and the EU Commission aims to reduce emissions by at least 55% by 2030. At Daikin, we support this aim, striving to become a climate-neutral company globally by 2050.

Decarbonizing Europe and recovering from the COVID-19 pandemic are massive challenges. When presenting the Green Deal, the European Commission’s President even called it Europe’s “man-on-the-moon moment”. In implementing the Green Deal, we look forward to seeing the EU and its Member States promoting low carbon technologies, like heat pumps.

**Why heat pumps?**

Today, the European building stock is responsible for approximately 36 % of all CO2 emissions in the EU. Taking into account that almost 50 % of European Union’s final energy consumption is used for heating and cooling, of which 80% is used in buildings, the potential for decarbonizing this sector is massive.

1. Heat pumps are a proven solution, and Europe has the technology, the expertise and the investments to expand further. From single family to multi-family homes, from renovation to new housing, from small to large commercial buildings and industrial plants, heat pumps today are ready and fit for the EU Green Deal.
2. Heat pumps are a low carbon heating technology. For each kWh of required heat, the carbon impact of a heat pump today is about half of a high efficiency gas boiler, with an even lower carbon footprint potential due to the further decarbonization of the EU electricity production.
3. Heat pumps make use of renewable energies such as thermal energy from the air, the water or the ground. These renewable energy sources are abundantly available in Europe; so do not need to be imported.
4. Heat pumps will increasingly use renewable electricity and are on the way to being a fully climate-neutral solution.
5. In addition, heat pumps are essential to enable balancing of the power grid, thus supporting the further deployment of a renewable energy production.

Investing in heat pumps also boosts EU economic growth as these products are widely developed and manufactured in Europe. Daikin, for example, has a European R&D center and 5 factories in Europe related to heat pump technology.

Every euro invested in heat pump technology is a euro invested in local job creation. The heat pump industry as a whole currently employs 225,000 people in Europe. New and further investments in renewable heating will pay dividends for the European economy as well as for our environment.

**End carbon-based incentives**

Following the EU Green Deal initiative, policy makers in the EU Member States can act on two levels to achieve decarbonization.

First, EU Member States could commit to ending the use of fossil fuels. The most polluting heating systems must be phased out. Austria no longer allows oil-based boilers to be installed in new homes as of January 2020. This is an excellent initiative. Policy makers could avoid incentives for fossil fuels. Even today, direct or indirect incentives benefit oil or gas-based boilers, due to different taxation of heat pumps compared with boilers for instance.

Secondly, renewable technologies also need a level playing field. The gap between electricity and gas prices in many Member States is too high to make a heat pump an economically attractive investment for EU citizens. Incentives can bridge that gap for a certain period, but in the long run, the cost of energy should reflect the carbon intensity more. Carbon pricing can contribute to further emissions reduction by extending the EU Emission Trading System (ETS) to all emissions of fossil fuel combustion in buildings and revising the Energy Taxation directive.

**Motivating European consumers**

The industry innovates relentlessly to make heat pumps attractive through a mix of product features, pricing, design, and installer- and end user friendliness. The industry can put more effort in explaining the benefits of heat pumps so that end users become more aware of them.

**Patrick Crombez, General Manager Daikin Europe Heating and Renewables** states “*Governments can draw consumers’ attention to heat pumps through incentives for residential renovations, but also other means could make opting for heat pumps beneficial, such as reflecting the use of renewable energy in the building’s total energy score. This sends a strong signal and invites consumers to do a detailed calculation of total cost of ownership and ecological advantages. At this point, the benefits of heat pumps will become evident to consumers*.”

“*In the short term, government incentives can help accelerate the transition to carbon-neutral heating and make heat pumps accessible to all Europeans, but in the long term accurate energy prices and a correct indication of the energy and carbon performance of a building need to be the end user motivations to invest in heat pump technology,*” adds **Patrick** **Crombez**.

The examples from other European countries show us this strategy works. For instance, France and Germany have set up extensive and widely popular oil boiler replacement schemes. In addition, Italy launched its ‘Superbonus’ to promote heat pumps thanks to a 110% payback credit.

**What’s next?**

“*Daikin has set itself the ambition to become a carbon-neutral company on a global scale by 2050. Decarbonizing the heating sector in Europe and achieving the Green Deal’s bold target are the drivers of that vision. Daikin is convinced that all stakeholders – policy makers, industry leaders and consumers – have the same goal, to lay the foundations of a zero-emission future*,” concludes **Patrick Crombez**.

**About Daikin**

Daikin Europe N.V. is a major European producer of air conditioners, heat pumps and refrigeration equipment, with approximately 10,000 people employed throughout Europe and 14 major manufacturing facilities based in Belgium, the Czech Republic, Germany, Italy, Turkey, Austria and the UK.

Globally, Daikin is renowned for its pioneering approach to product development and the unrivalled quality and versatility of its integrated solutions. With more than 90 years‘ experience in the design and manufacture of heating and cooling technologies, Daikin is a market leader in heat pump technology.

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