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A Clean Industrial Deal: Strengthening EU Competitiveness through Decarbonisation

Key policies: *Clean Industrial Deal, European Green Deal, EU Climate Neutrality Objective 2050, Fit for 55 package, Industrial Decarbonisation Accelerator Act, Action Plan on Affordable Energy, EU State Aid Framework for Clean Industry, EU Innovation Fund, InvestEU Programme, Carbon Border Adjustment Mechanism, EU Critical Raw Materials policy framework, Circular Economy Act*

The **European Commission** has presented the **Clean Industrial Deal**, a comprehensive business plan designed to strengthen the **competitiveness, resilience and decarbonisation of European industry**. The Deal positions climate action as a core driver of industrial growth and aims to secure the long-term future of manufacturing in Europe.

Decarbonisation as a driver of competitiveness

European industry is facing major challenges, including **high energy prices**, intense global competition and regulatory complexity. The Clean Industrial Deal responds by placing **decarbonisation at the heart of Europe's industrial strategy**, offering long-term certainty and predictability for companies and investors on the EU's commitment to climate neutrality by 2050.

Speaking on the initiative, **Ursula von der Leyen** emphasised that Europe must remove remaining barriers to industrial growth and make a strong business case for investing and producing in the EU.

A framework for reindustrialisation and innovation

The Deal focuses on two closely interconnected sectors:

- **Energy-intensive industries**, which require urgent support to decarbonise and electrify in the face of high energy costs and global competition
- **Clean tech industries**, which are central to future competitiveness, innovation and industrial transformation

Circularity is a core pillar of the Deal, aiming to maximise the EU's limited resources and reduce dependencies on third-country suppliers of raw materials.

The framework strengthens the **entire industrial value chain** and allows for **sector-specific action plans**, including:

- An **Automotive Industry Action Plan** (March)
- An **Action Plan on Steel and Metals** (Spring)
- Further tailored actions for chemicals and clean tech

Lowering energy costs

Affordable energy is recognised as the foundation of industrial competitiveness. Alongside the Clean Industrial Deal, the Commission adopted an **Action Plan on Affordable Energy**, which aims to:

- Accelerate the deployment of clean energy
- Speed up electrification
- Complete the internal energy market through interconnections
- Improve energy efficiency and reduce dependence on imported fossil fuels

Boosting demand for clean products

The proposed **Industrial Decarbonisation Accelerator Act** will stimulate demand for EU-made clean products by introducing **sustainability, resilience and “made in Europe” criteria** in public and private procurement.

Key measures include:

- A review of the **Public Procurement Framework** by 2026
- A **voluntary carbon intensity label** for industrial products, starting with steel in 2025 and cement thereafter
- Simplified and harmonised carbon accounting methodologies

These measures will increase transparency for consumers and reward manufacturers for decarbonisation efforts.

Financing the clean transition

In the short term, the Clean Industrial Deal will mobilise **over €100 billion** to support clean manufacturing in the EU. Key financing actions include:

- A new **Clean Industrial Deal State Aid Framework** for faster and simpler approval of support measures
- Strengthening the **Innovation Fund** and proposing an **Industrial Decarbonisation Bank**
- Revising **InvestEU** to unlock up to €50 billion in additional investment

The **European Investment Bank** Group will complement these efforts through new instruments, including:

- A **Grids Manufacturing Package**
- A joint Commission–EIB pilot for **PPA counter-guarantees**
- A **CleanTech Guarantee Facility** under the TechEU programme

Circularity and access to raw materials

To reduce strategic dependencies and support decarbonisation, the Commission will:

- Enable companies to aggregate demand for critical raw materials
- Establish an **EU Critical Raw Material Centre** for joint purchasing
- Propose a **Circular Economy Act in 2026**, with the goal of reaching **24% circular material use by 2030**

Acting globally and defending EU industry

The Clean Industrial Deal also has a strong external dimension. The Commission will:

- Launch **Clean Trade and Investment Partnerships**
- Strengthen trade defence instruments
- Simplify and reinforce the **Carbon Border Adjustment Mechanism (CBAM)**

These measures aim to protect EU industry from unfair competition and global overcapacities.

Skills for the industrial transition

A successful industrial transformation requires skilled workers. The Commission will establish a **Union of Skills**, supported by up to **€90 million from Erasmus+**, to:

- Invest in workforce upskilling
- Support sectoral skills for strategic industries
- Promote quality jobs and social conditionalities

Background

The Clean Industrial Deal was announced by President von der Leyen in her **Political Guidelines 2024–2029** as a priority for the first 100 days of the Commission's mandate. It builds on extensive engagement with industry leaders, social partners and civil society through the **Antwerp Declaration for a European Industrial Deal** and the **Clean Transition Dialogues**.

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