

European Commission Publishes Its Clean Industrial Deal, Answering to the call of the EU Industry in Its Antwerp Declaration

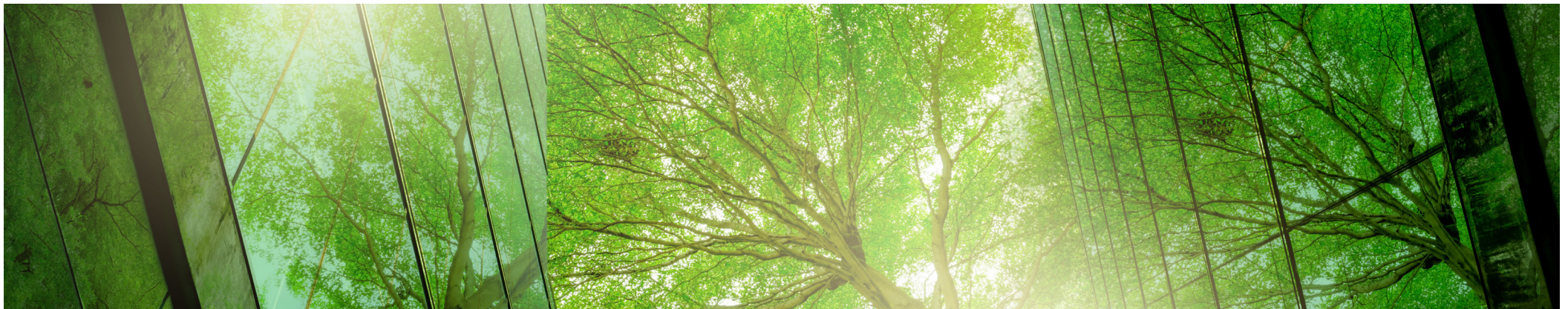
On February 20, 2024, major European industrial companies spanning almost all sectors presented to the European Commission's (EC) president, Ursula von der Leyen, their [Antwerp Declaration](#). It called for urgent action in the form of a European industrial deal to complement the EU Green Deal and safeguard quality jobs in Europe.

Almost exactly one year later, on February 27, 2025, the EC published a communication entitled [the Clean Industrial Deal](#). The Clean Industrial Deal is an umbrella strategy document laying out a suite of measures to address Europe's big challenges: rising geopolitical tensions, slow economic growth and technological competition.

The Clean Industrial Deal builds upon previous documents (e.g., the [EU Competitiveness Compass](#)) but is more specific in the planned measures to make EU manufacturing more resilient, while supporting industrial decarbonization. Its focus areas include energy-intensive industries and "clean technologies" sectors, as well as circularity. The EC refers to the Clean Industrial Deal as a "transformational business plan," bringing together climate policy and competitiveness "under one overarching growth strategy."

Other than the general communication, the EC is currently preparing upcoming sector-specific initiatives for 2025 in the automotive, steel and metals, chemical, sustainable transport and bioeconomy sectors; more precisely:

- The Industrial Action Plan for the Automotive Sector, set for adoption on March 5, 2025, will focus on innovation in future technologies.
- A Steel and Metals Action Plan, following the March 4, 2025, strategic dialogue, will outline measures for ferrous and nonferrous metals, vital for the clean and digital transitions.
- The Chemicals Industry Package, expected in late 2025, will emphasize the sector's strategic role, aiming to boost competitiveness, modernization and innovation.
- The Sustainable Transport Investment Plan will prioritize low-carbon fuels for aviation and maritime transport, expand recharging infrastructure, and support the rail sector's transition.
- A Bioeconomy Strategy will enhance resource efficiency, promote bio-based materials, and reduce dependence on imported raw materials.
- The European Ocean Pact will drive innovation in blue cleantech, offshore renewables and circular economy practices.



The Clean Industrial Deal is organized in six pillars, each with a set of flagship policy initiatives for the years ahead:

Affordable Energy Access

The EC deems affordable energy access to be “a cornerstone” of the Clean Industrial Deal. It wants to advance towards an integrated EU single market for energy. To that extent, the EC identifies three objectives:

Lowering Energy Bills

The EC wants to implement the Electricity Market Design (with a [directive](#) and a [regulation](#)) and promote energy efficiency. Power purchase agreements (PPAs) are a focal point. State aid rules will be tweaked towards supporting renewable energy, industrial decarbonization and cleantech manufacturing capacity. The EC will also guide Member States on the design of contracts for difference and cross-border forward capacity allocation rules.

The EC encourages member states to urgently conclude negotiations on the [Energy Taxation Directive](#) and to lower electricity-related taxation. Additionally, it wants to harmonize the design of tariff methodologies for network charges. Regarding network systems, a European Grid Package aimed at integrating grids is announced.

Accelerating the Rollout of Clean Energy and Manufacturing

To accelerate the rollout of clean energy and manufacturing, the EC wants to cut permitting times. The Industrial Decarbonization Accelerator Act will set out measures to address permitting bottlenecks relating to industrial access to energy and industrial decarbonization.

Ensuring Well-functioning Gas Markets

Other than the recently launched EC Gas Market Task Force, the EC will launch stakeholder consultations concerning regulatory oversight and reduce the burden on companies trading on financial markets for energy.

Policy Actions

- Action plan on Affordable Energy (Q1 2025)
- European Investment Bank pilot program for corporate PPAs (Q2 2025)
- Extension of the Gas Storage Regulation (Q1 2025)
- Clean Industrial Deal state aid framework (Q2 2025)
- Network changes recommendation (Q2 2025)
- Industrial Decarbonization Accelerator Act (Q4 2025)
- Recommendation on energy taxation (Q4 2025)
- Guidance on Contracts for Difference design (Q4 2025)
- Guidance on promoting remuneration of flexibility in retail contracts (Q4 2025)
- European Grids Package (Q1 2026)



Boosting Supply and Demand of Clean Products

The EC considers that businesses will only make decarbonized product investments if they are sure there is a market for such products. To that extent, the EC sets out two axes to boost their demand and supply:

Establishing Non-price Criteria in Public Procurement and Incentives for Private Purchases

The Industrial Decarbonization Accelerator Act is set to introduce resilience and sustainability criteria (e.g., cleanliness, circularity, cybersecurity) to foster supply in energy-intensive sectors.

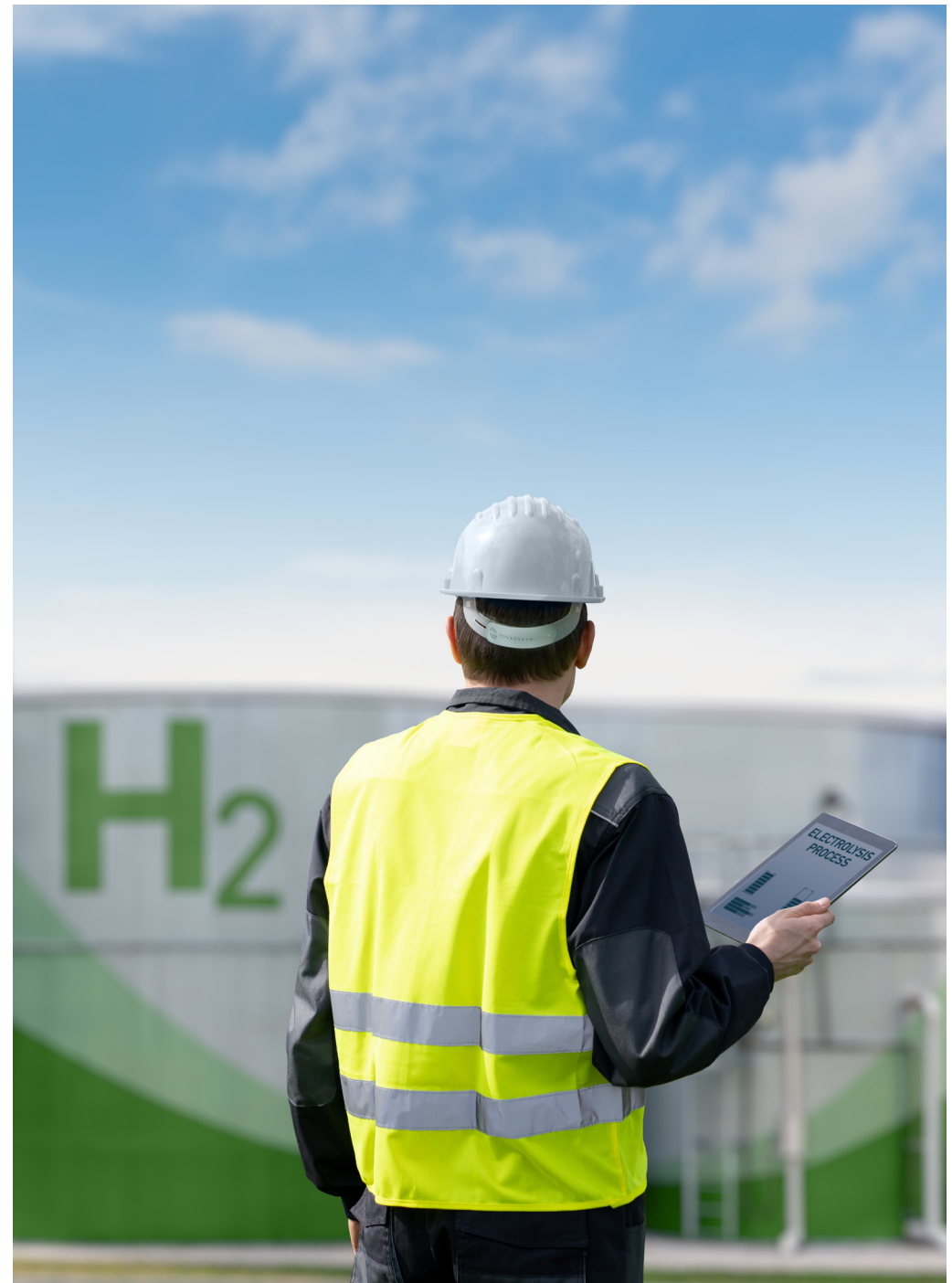
Beyond this, the EC will propose a revision of the Public Procurement Framework to allow for sustainability, resilience and European preference criteria in EU strategic sector public procurement. The EC wants to address private procurement in the future; for example, by including requirements and non-price criteria. On this point, the Industrial Decarbonization Accelerator Act will introduce a voluntary label on the carbon intensity of industrial products. To simplify the application of decarbonization incentives, carbon accounting methodologies will be streamlined.

Promoting the Uptake of Renewable and Low-carbon Hydrogen

The EC is bound to adopt legislation on low-carbon hydrogen setting a dedicated regulatory framework. It aims to clarify the rules for producing such hydrogen. It will launch a €1 billion call under the Hydrogen Bank. Furthermore, it is planning the launch of a hydrogen mechanism to mobilize and connect off-takers and suppliers.

Policy Actions

- Delegated act on low carbon hydrogen (Q1 2025)
- Industrial Decarbonization Accelerator Act (Q4 2025)
- Communication and legislative proposal on greening corporate fleets (2025/2026)
- Public Procurement Directives revision to mainstream the use of non-price criteria (Q4 2026)



Public and Private Investments

The EC announces that the Clean Industrial Deal will address the EU industry needs for immediate capital access through the mobilization of more than €100 billion to support EU-made clean manufacturing. This should include €1 billion in guarantees under the current EU Multiannual Financial Framework. The EC identifies three policy directions to mobilize public and private investments:

Strengthening EU Level Funding

The EC wants new financing options under the EU Innovation Fund to scale up support for selected projects having received a Sovereignty Seal under [the Regulation on a Strategic Technologies for Europe Platform](#) (STEP). It also wishes to further align funding criteria for the EU Innovation Fund and national financing to accelerate state aid approval.

The EC will propose an Industrial Decarbonization Bank targeting €100 billion in funding. Prior to the revision of the Emissions Trading System (ETS) Directive scheduled for 2026, the EC will launch a €1 billion pilot auction on the decarbonization of certain industrial processes.

Additionally, the EC assures that it will launch a €600 million “flagship Horizon Europe call” under its 2026-2027 work program to support fit-for-deployment projects. A fusion strategy will also be proposed, including the creation of public-private partnerships to accelerate commercialization.

Leveraging Private Investment

The EC wishes to amend the [InvestEU Regulation](#) to improve its risk bearing capacity. The EC aims to mobilize around €50 billion in additional financing and investment. InvestEU guarantee instruments will be used by the European Investment Bank (EIB) Group. Furthermore, the EC plans new initiatives in collaboration with the EIB Group to support sectors targeted by the Clean Industrial Deal.

Clean Industrial Deal State Aid Framework and Other Support and Facilitation

The EC will modify EU state aid rules by 2025. The EC will provide Member States a longer five-year planning horizon, and state aid rules will be simplified to further the objectives of the Clean Industrial Deal. Quicker approval of state aid for decarbonization and cleantech projects are planned.

The EC aims to reduce bureaucracy associated with state aid during the upcoming review of the [General Block Exemption Regulation](#). It also wishes to speed up new important projects of common European interest (IPCEIs).

Additionally, Member State corporate tax systems should support a clean business case, e.g., through shorter depreciation periods for clean technology assets and tax credits for businesses in certain sectors. This will be paired with a suggested scale down and/or phase out of fossil fuel subsidies.

Policy Actions

- Increasing InvestEU's risk bearing capacity (Q1 2025)
- Design Support Hub for IPCEIs (2025)
- Clean Industrial Deal state aid framework (Q2 2025)
- Recommendation to Member States to adopt tax incentives (Q2 2025)
- Flagship call under Horizon Europe (Q4 2025)
- Innovation Fund pilot auction (2025)
- Industrial Decarbonization Bank (Q2 2026)
- TechEU investment program on scale-ups (2026)



Powering the Circular Economy

According to the EC, the EU needs to improve its procurement of raw and secondary materials to reduce “unreliable supplier” exposure and supply disruptions through more innovative circularity. The EC foresees two angles for powering the circular economy:

Implementing the Critical Raw Materials Act Fast

The EC prioritizes the implementation of the [EU Critical Raw Materials Act](#), including through a first list of Strategic Projects delivered by March 2025. The EC will also jointly purchase raw materials on behalf of interested companies through an EU Critical Raw Material Center.

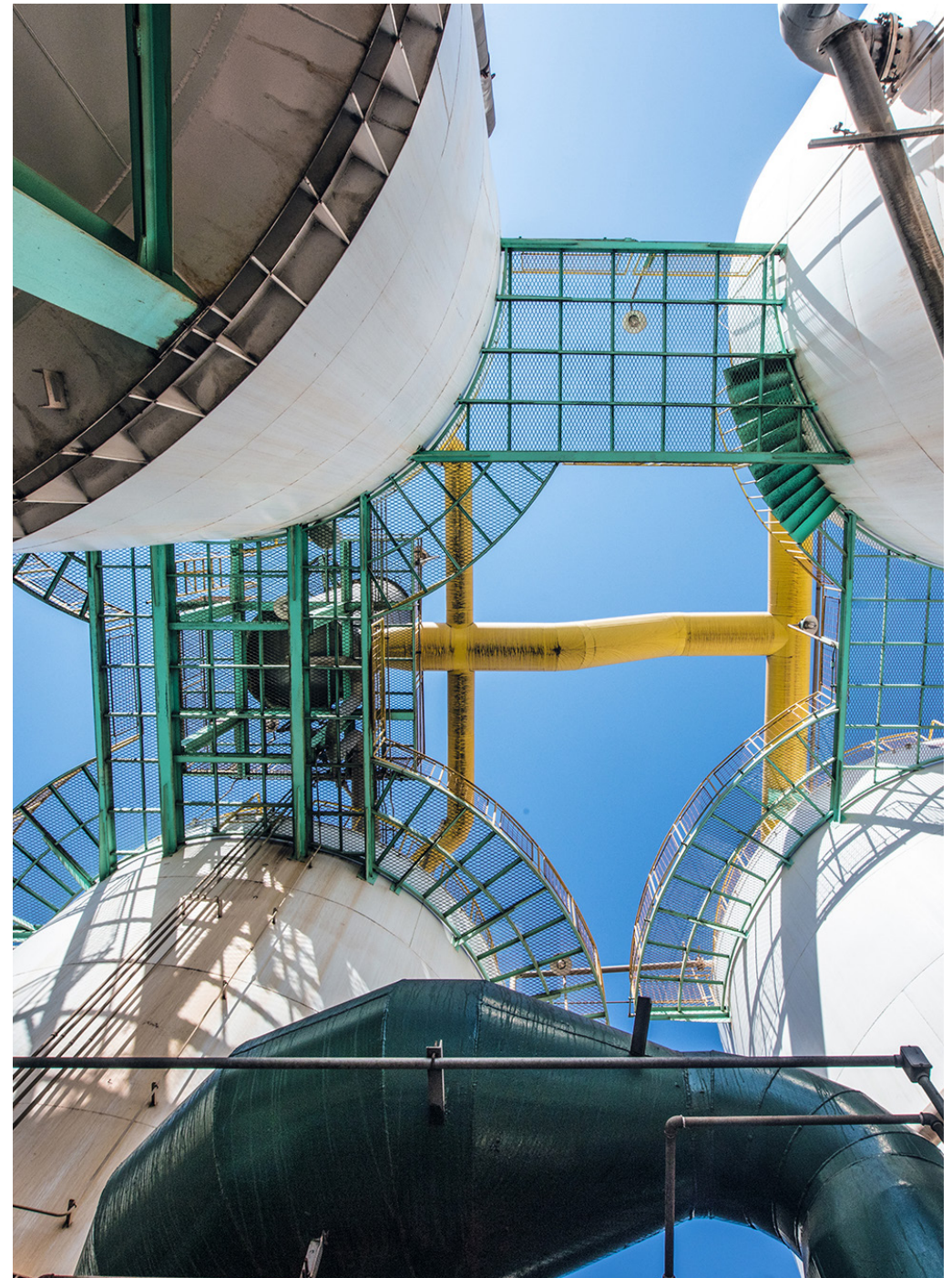
Circular Economy-specific Initiatives

A 2026 Circular Economy Act will accelerate the “circular transition” through the free movement of circular products, and secondary raw materials and waste. It will simplify rules on e-waste and harmonize “end of waste” criteria. Incentives should also be introduced to increase the use of metal scrap, for example. The EC also aims to require the use of new raw material sources, like recycled and bio-based materials, to substitute other materials such as virgin fossil materials in plastics.

Regarding batteries, the EC will adopt measures to address a black mass shortage faced by the EU recycling industry. On taxation, the EC will review second-hand scheme rules contained in the [Value Added Tax \(VAT\) Directive](#) to address embedded VAT in second-hand products.

Policy Actions

- First list of strategic projects under the Critical Raw Materials Act (Q1 2025)
- Ecodesign Working Plan adoption (Q2 2025)
- EU Critical Raw Materials Center (Q4 2026)
- Circular Economy Act (Q4 2026)
- Green VAT initiative (Q4 2026)
- Transregional circularity hubs (Q4 2026)



Global Markets and International Partnerships

The EC considers that the achievement of the objectives of the Clean Industrial Deal is linked to the EU's ability to act internationally. It identifies three approaches to doing so:

Clean Trade and Investment Partnerships

The EC wants to continue signing and fully implementing free trade agreements (FTAs). Furthermore, more targeted and flexible clean trade and investment partnerships (CTIPs) will complement FTAs. CTIPs' focus should be on managing the EU's strategic dependencies and securing its position in global supply chains.

Furthermore, the EC predicts that under the new Pact for the Mediterranean, a transmediterranean energy and cleantech cooperation initiative will seek to stimulate investments in renewable energy.

Improvement of the Carbon Border Adjustment Mechanism

The EC proposes to substantially simplify the Carbon Border Adjustment Mechanism (CBAM) to reduce the administrative burden (on the same day as the Clean Industrial Deal, the EC presented a [proposal for an EU regulation simplifying CBAM](#)).

In the second half of 2025, the EC will present a CBAM review, evaluating its extension to additional EU ETS sectors and downstream products. The report will assess indirect emissions and carbon leakage risks for EU exports and set out a strategy to tackle CBAM circumvention. A legislative proposal should follow in the first half of 2026.

Alongside these efforts, the EU will continue supporting partner countries' decarbonization, promoting carbon pricing and international carbon markets through the International Carbon Markets and Carbon Pricing Diplomacy Task Force.

Ensuring a Level Playing Field for the EU Industry

The EC will propose measures to ensure that foreign investment in the EU better contribute to EU industrial competitiveness. It suggests that EU Member States could consider conditions such as equipment ownership, EU-based staff recruitment, joint venture requirements or intellectual property transfers where projects involve foreign investment.

The EC also deems it important to ensure that foreign investments do not undermine EU security and public order. By January 2026, it will adopt guidelines on key concepts underpinning the [EU Foreign Subsidies Regulation](#) (FSR). It will also make use of FSR *ex officio* investigations.

The EC will continue to use the trade defense instruments at its disposal (i.e., antidumping and anti-subsidy duties) and reflect on whether further instruments are necessary.

Policy Actions

- CTIP negotiations launch (Q1 2025)
- CBAM simplification (Q1 2025)
- CBAM scope review (Q3 2025)
- Transmediterranean energy and cleantech cooperation initiative (Q4 2025)
- Legislative proposal on an extension of CBAM (Q1 2026)
- Guidelines on Foreign Subsidies Regulation



Skills and Quality Jobs

The EC wants all persons, communities and businesses to benefit from the clean transition. To that extent, it identifies two Clean Industrial Deal objectives:

Support for Skills

The EC will propose an overarching “Union of Skills” to give the population the necessary skills to thrive and contribute to the requirements of employers, particularly in industries targeted by the deal.

Supporting Workers in the Transition

A Quality Jobs Roadmap will be introduced to support EU industry in providing an attractive work environment and support for transitioning workers. As part of the review of the General Block Exemption Regulation (GBER), the EC will evaluate whether state aid rules can be updated to incentivize workforce investment.

Policy Actions

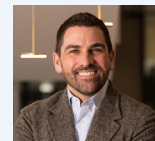
- Union of Skills (Q1 2025)
- Quality Jobs Roadmap (Q4 2025)
- Guidance on social leasing for clean products (2025)
- European Fair Transition Observatory (Q1 2026)
- Skills portability initiative (2026)
- Review of state aid GBER rules (Q4 2027)



How We Can Help

We live in geopolitically turbulent times, and Europe is seeking to redefine its role at global level, as well as stepping up its game to be able to safeguard its unique social market economic model. The Clean Industrial Deal analyzed above indicates an impressive number of new EU policies, which will affect all market operators active in the EU Single Market. There will be new regulatory challenges, but there are also a lot of policy opportunities (e.g., new funding pots) as well as a softening of the existing EU regime (e.g., state aid and deregulation). 2025 is a year of massive EU policy change!

Contacts



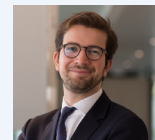
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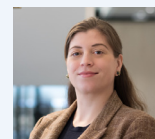
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