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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: *Preparation of the Competitiveness Council (Internal Market, Industry, Research and Space) on 26 February 2026*
Emergency plans for industrial resilience: follow-up to the Industrial Action Plans for Europe's steel, automotive and chemical industries within the Clean Industrial Deal
- *Exchange of views*

Delegations will find attached a Presidency background note on “Emergency plans for industrial resilience: follow-up to the Industrial Action Plans for Europe’s steel, automotive and chemical industries within the Clean Industrial Deal” with a view to an exchange of views at the Competitiveness Council on 26 February 2026.

Emergency plans for industrial resilience: follow-up to the Industrial Action Plans for Europe's steel, automotive and chemical industries within the Clean Industrial Deal

Context

Competitiveness ranks high on the EU's political agenda. The EU's economy, security and strategic autonomy depend now more than ever on the ability to innovate, compete and grow. In light of the current geopolitical context, the resilience of the EU's industrial base and its supply chains is an important safeguard for Europe's economic growth and prosperity.

Against this backdrop, the Competitiveness Compass adopted by the Commission at the beginning of its new mandate puts clear emphasis on the need for Europe to strengthen its competitiveness. The strategy capitalises on Draghi's insightful report and takes into account the need to address the challenges faced by specific sectors, by proposing a number of action plans that were adopted in 2025. These combine supply-side measures with demand-side instruments, notably the development of European lead markets for clean products and "Made in Europe" requirements, to help scale up demand for clean, resilient and competitive industrial products produced in the Union.

The implementation of these industrial action plans is currently ongoing, and forthcoming steps should help to speed up concrete deliverables.

European Steel and Metals Action Plan

With respect to the Steel and Metals Action Plan, adopted on 19 March 2025, a number of measures have been put forward. A new long-term trade measure for steel has been proposed and is now under the ordinary legislative procedure. In parallel, the Commission has announced its intention to issue a proposal addressing aluminium scrap, reflecting the strategic importance of secondary raw materials for decarbonisation and industrial resilience.

Building on this preparatory work, this discussion at the Competitiveness Council offers an opportunity to provide political orientation on whether the Action Plan is on track to deliver on its objectives, while considering recent market and geopolitical developments.

Energy costs remain the key driver of the metals industries' competitiveness, as recognised in the Steel and Metals Action Plan. Persistently high and volatile electricity prices continue to weigh on production decisions, capacity utilisation and investment in steel, aluminium, copper and other non-ferrous metals. Beyond infrastructure constraints, access to affordable, reliable and clean energy remains a decisive condition for maintaining industrial activity in Europe and for enabling the transition towards low-carbon production routes. Lowering energy costs therefore remains a central challenge that cuts across industrial, energy and climate policies.

At the same time, the Commission has strengthened the Carbon Border Adjustment Mechanism (CBAM) as the Union's principal instrument to address carbon leakage and preserve a level playing field between EU producers subject to carbon pricing and imports from third countries. Recent measures include reinforced anti-circumvention provisions, an extension of CBAM to selected steel- and aluminium-intensive downstream products as of 2028, and the introduction of a Temporary Decarbonisation Fund to address residual carbon-leakage risks during the transition. These developments are relevant for investment certainty and for the coherence of the EU climate framework, including in view of forthcoming guidance linked to the EU ETS review, but they do not necessarily fully address the underlying issue of high energy prices faced by energy-intensive industries.

Industrial Action Plan for the European automotive sector

The Industrial Action Plan for the European automotive sector, presented on 5 March 2025, was followed by the Automotive Package on 16 December 2025 to support the sector's efforts in the transition to a more competitive and clean mobility. It sets an ambitious yet pragmatic policy framework to achieve 2050 climate neutrality as well as strategic independence while providing more flexibility to manufacturers. It also responds to calls by EU industry to simplify rules. The negotiations on the legislative proposals of this package have already started in the competent Working Party formations.

The Automotive Package aims to boost EU value creation in the automotive sector, accelerate the uptake of zero-emission vehicles and improve the regulatory framework for the automotive industry:

- The **Revision of the CO2 standards for cars and vans** increases flexibilities to support the industry and enhance technological neutrality, while providing predictability to manufacturers and maintaining a clear market signal towards electrification.
- A legislative proposal on **Greening Corporate Fleets** to boost the uptake of zero-emission vehicles made in Europe, with targets at Member State level to support the zero- and low-emission vehicle uptake by large companies.
- A **Battery Booster** package to support the battery value chain in Europe. With €1.8 billion, the Battery Booster will accelerate the development of a fully EU-made battery value chain. As part of the Battery Booster, €1.5 billion will support European battery cell producers through interest-free loans. Additional targeted policy measures will support investments, create a European battery value chain and foster innovation and coordination across Member States.
- An **Automotive Omnibus** proposal with simplification measures to reduce administrative costs for the automotive industry, boosting its global competitiveness, and freeing up resources for decarbonisation. Businesses are expected to save approximately €706 million per year. The Omnibus also introduces a definition of the small affordable e-Car.

In addition, the Commission launched the European Connected and Autonomous Vehicle Alliance in September 2025 to foster collaboration and capacities for automotive software, chips and AI and is working with Member States to prepare the roll-out of large-scale cross-border testbeds for automated vehicles. Furthermore, the Commission launched with Member States the Green Transport Corridors initiative to accelerate the roll-out of charging infrastructure for electric trucks.

European Chemicals Industry Action Plan

On 8 July 2025, the Commission adopted the European Chemicals Industry Action Plan to strengthen the competitiveness and modernisation of the EU's chemical sector. The Action Plan responds to urgent challenges, such as high energy costs, unfair global competition and weak demand, while promoting innovation and sustainability. The Plan was accompanied by a simplification omnibus on chemicals to further streamline and simplify key EU chemicals legislation, and a proposal to strengthen the governance and financial sustainability of the European Chemicals Agency (ECHA) on which the Council has already adopted its negotiating mandates.

The Plan includes the following measures:

- **Resilience and level playing field:** The Commission established together with Member States and stakeholders a Critical Chemicals Alliance to address the risks of capacity closures in the sector. The Alliance will identify critical production sites needing policy support and tackle trade issues like supply chain dependencies and distortions. The Commission will also swiftly apply trade defence measures to ensure fair competition, while expanding chemical import monitoring through the existing Import Surveillance Task Force. The Alliance will align investment priorities, coordinate EU and national projects, including Important Projects of Common European Interest, and support critical production sites in the EU to boost innovation and regional growth.
- **Affordable energy and decarbonisation:** The Commission has committed to implement at full speed the Affordable Energy Action Plan to help reduce high energy and feedstock costs. It has introduced clear rules for low-carbon hydrogen. The Plan also encourages using clean carbon sources from carbon capture utilisation, biomass and waste, alongside support for renewables. As a key deliverable of the Plan, **the Commission updated the State aid guidance on ETS indirect cost compensation in December last year.** The revision widened eligibility to a broader range of sectors exposed to higher electricity prices linked to carbon costs, notably by including additional chemical sectors.
- **Lead markets and innovation:** The Action Plan highlights fiscal incentives and tax measures to boost demand for clean chemicals. The upcoming Industrial Accelerator Act will set requirements to support investments in clean technologies and industrial products. The Bioeconomy Strategy and the upcoming Circular Economy Act will boost the EU's resource efficiency and chemicals recycling and strengthen the market for bio-based and recycled alternatives to fossil-based inputs. The Commission will also launch EU Innovation and Substitution Hubs and mobilise EU funding under Horizon Europe (2025–2027) to accelerate the development of safer, more sustainable chemical substitutes.
- **Taking action on per- and polyfluoroalkyl substances (PFAS):** The Action Plan reaffirms the Commission's commitment to minimise PFAS emissions through a robust, science-based restriction, which will be proposed swiftly after ECHA's opinion, while ensuring continued use in critical applications under strict conditions where no suitable alternatives are available. The Commission will also invest in innovation, promote remediation and prioritise the development of safer alternatives.

Questions for discussion

1. Does the European Steel and Metals Action Plan, as currently implemented, provide an adequate and sufficiently comprehensive framework for industrial resilience and economic security across all metal value chains?
2. Which measures should the EU urgently take to prioritise strategic autonomy and competitiveness of the EU chemicals industry, and to prevent further deindustrialisation and future dependence on production outside the EU?
3. The Automotive Package of 16 December 2025 is a milestone of the implementation of the Industrial Action Plan for the European automotive sector. While the individual proposals are discussed in other Council formations, what is your perspective on the proposed measures in view of fostering global competitiveness of the EU automotive industry and the EU's strategic autonomy?
