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INFORMATION

From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	European Climate Law amendment: follow-up to the WPE on 14 July 2025 – Commission presentation

Delegations will find attached the presentation on the Clean Industrial Deal given by the Commission at the above WPE meeting.

The Clean Industrial Deal

A joint roadmap for competitiveness and decarbonisation

14-07-2025

WPE

European Commission

What is the Clean Industrial Deal?

- A response to strengthen **European industry's competitiveness.**
- A set of **incentives** to encourage industrial decarbonisation in Europe.
- Also reinforcing Europe's **resilience**
- A clear commitment to the **2050 objective** of the EU becoming the first climate neutral continent, including through the **intermediate 2040 target of 90%** net greenhouse gas emissions reduction.
- It focuses on industrial decarbonisation in **energy-intensive industries** and **clean tech** manufacturing, as well as circular business models.
- It presents **6 drivers** to make a business case

1. Access to affordable energy

- **Action Plan on Affordable Energy**
- Lowering energy bills by
  - supporting the rollout of **power purchase agreements** and **contracts for difference**
  - lowering **taxation levels** for electricity, with Commission recommendation
  - Guidance on making **network charges** more efficient and promote **remuneration of flexibility** in retail contracts
- Faster **permitting** for renewables, grids and storage as well as industrial decarbonisation, the latter via the Industrial Decarbonisation Accelerator Act
- European Grids package
- **Gas Market Task Force** to ensure optimal market functioning
- More **flexibility for filling trajectories** gas storage
- KPI: install 100 GW RES per year until 2030, electrification 32% in 2030

2. Lead markets: boosting clean supply and demand

- The Industrial Decarbonisation Accelerator Act to develop **non-price criteria in public procurement** for decarbonised industrial products.
- Introduce a **carbon intensity label**, starting with **steel based on ETS data** in 2025, and mandate for a **cement label** under the Construction Products Regulation
- Continue to work on labels for end-consumers (ESPR, CPR)
- A revision of the **Public Procurement Directives** to ensure alignment with broader EU competitiveness objectives.
- Adopt the delegated act on **low-carbon hydrogen**
- Develop a market for **captured carbon and carbon removals,** including in the context of the review of the EU ETS, including a wider range of CCU applications in case waste incineration is included in the EU ETS.

3. Public and private investments (1)

- **EU funding**
  - **The next MFF will play a key role with the planned Competitiveness Fund**
  - **Industrial Decarbonisation Bank** aiming to mobilise EUR 100 bn funding for industrial decarbonisation.
  - Based on a **competitive selection** (e.g. EU-wide Carbon Contracts for Difference), while also considering a **fair distribution of support across Member States**.
  - It will be financed by using the **existing Innovation Fund** resources, **reserve ETS allowances** (revision of the ETS Directive) as well as leveraged finance from **InvestEU**, mobilizing also voluntary Member State resources (e.g. **auctioning as a service**).
  - Plan to commit EUR 6 billion from the IF in 2025, including clean tech, battery manufacturing, H2 bank and industrial decarbonisation. Invitation for MS to make use of auction and grant-as-a-service.
  - The 2025 Innovation Fund call will already include a **pilot** for the bank of EUR 1 billion to decarbonise key industrial processes across various sectors.

3. Public and private investments (2)

- **Private investment**
  - **InvestEU amendment** to leverage approx. EUR 50 billion by mobilising left-over guarantees.
  - Work with EIB to finance **disruptive innovation** and **clean tech scale-ups.**
- **National financing**
  - **Clean Industrial Deal State Aid Framework** will simplify access to national funding for decarbonisation projects.
  - Focus on simplifying rules for renewable electricity deployment and storage, allow support for manufacturing of clean-tech products, and simplify existing state aid rules including for industrial decarbonisation.
  - Recommendation to Member States to adopt **tax incentives** to support the Clean Industrial Deal's objectives.

4. Circularity and Access to Resources

- Strategic Projects under the **Critical Raw Materials Act** to lower dependencies
- **EU Critical Raw Materials Centre** for joint purchases and management of strategic stockpiles
- **Circular Economy Act** to allow free movement of circular products, secondary raw materials and waste
  - Push: better availability of high quality recyclates
  - Pull: stimulate demand for secondary materials and circular products
- **Ecodesign Work Plan**: full roll-out of ecodesign requirements
- **Trans-Regional Circularity Hubs** for recycling at scale
- Review the rules on **the second-hand scheme** contained in the VAT Directive as part of a green VAT initiative

5. Global Markets and International Partnerships

- **Clean Trade and Investment Partnerships** to investment to develop strategic clean value chains with partners
- **Level playing field** for EU industry
  - Protecting against global overcapacities
  - Guidelines on Foreign Subsidies Regulation
  - Use of Trade Defence Instruments
  - Examine the role of foreign investments in strategic sectors (invite to further strengthen in the review of the FDI Regulation)
- **Carbon Border Adjustment Mechanism**
  - Simplification Omnibus
  - Comprehensive review report this year to assess extension to more sectors/products, how to tackle circumvention risks, review of carbon leakage of goods exported
  - Legislative proposal following the review next year

6. Skills

- **Support for Skills**
  - Union of skills to lay out skills strategy
  - Skills Portability Initiative to facilitate skills recognition
- **Supporting workers in the transition**
  - Quality Jobs Roadmap to improve working conditions
  - European Fair Transition Observatory
- **Social Leasing for clean products**, e.g. zero emission vehicles and heat pumps



Horizontal enablers

- Clean Industrial Deal is a framework for engaging in a dialogue with industries, to **develop sectoral transition pathways**.
- Also, a number **sector-specific plans** will be developed in 2025:
  - Automotive Sector Action Plan
  - Steel and Metals Action Plan
  - Chemicals Industry Package
  - Sustainable Transport Investment Plan
  - Bioeconomy Strategy



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Thank you



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