

INVESTOR BRIEFING

THE EU CLEAN INDUSTRIAL DEAL

This document is provided for information only. It should not be construed as advice, nor relied upon. PRI Association is not responsible for any decision or action taken based on this document or for any loss or damage arising from such decision or action. All information is provided “as-is” with no guarantee of completeness, accuracy or timeliness and without warranty of any kind, expressed or implied. PRI Association is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by PRI Association or PRI signatories. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

Copyright © PRI Association 2025. All rights reserved. This content may not be reproduced, or used for any other purpose, without the prior written consent of PRI Association.

KEY TAKEAWAYS

The [Clean Industrial Deal](#) (CID) is a non-legislative communication about the Commission's action plan for its next mandate 2024-2029, and a 'business plan' for Europe's transformation (see [press release](#) and [FAQ](#)). It was launched on 26 February 2025, in parallel to the first two [omnibus simplification](#) packages.

This new economic strategy is based on three core objectives, as outlined in the EU [Competitiveness Compass](#):

- closing the innovation gap,
- a joint roadmap for competitiveness and decarbonisation, and
- increasing economic self-sufficiency and resilience.

The CID outlines concrete actions to position decarbonisation as a key driver of growth, by lowering energy prices, creating quality jobs, and setting the right conditions for companies to thrive. It focuses on energy intensive industries and the cleantech sector, with more circular business models as one of the main enablers for this new economic strategy.

To increase transition finance, the CID aims to mobilise €100 billion for industrial decarbonisation and cleantech manufacturing, including guarantees. Through this leverage, it aims to expand the investable universe for sustainable finance, introduces new de-risking mechanisms for renewable energy, decarbonisation and circular business models, and incentivises private sector investments.

The CID regulation intends to incentivise decarbonisation with 'carrots', while the omnibus proposal to reduce and simplify sustainability reporting requirements attempts to remove regulatory 'sticks'. However, the data, transparency and guidance provided in the sustainable finance framework supports CID implementation. This information helps to guide investment needs, monitor progress, and create demand for clean and net zero aligned investments for responsible investment portfolio shifts and transition plans.

For more information, contact:

Elise Attal
Head of European Policy
elise.attal@unpri.org

Martin Stavenhagen
Policy Specialist, Climate and Transition
martin.stavenhagen@unpri.org

DETAILED ANALYSIS: SIX PRIORITY ACTIONS FOR THE TRANSITION

The action plan is based on six pillars:

- **Affordable energy**, to make EU industrial production competitive and cost-efficient
- **Lead markets**, to create market demand for clean energy products and market differentiation
- **Financing**, to provide public support and incentives while leveraging private finance
- **Circularity and access to materials and resources**, to reduce dependencies, offer more innovative products, and gain more security over the own cleantech value chain
- **Global markets and international partnership**, to strengthen trade relationships in a highly competitive geopolitical environment and grow markets for clean products
- **Skills and quality jobs** for a workforce ready and able to build the innovative circular net zero economy.

Industry dialogues for selected sectors – e.g. automotives, steel and metals, chemicals, and the bioeconomy – have started from March 2025 to inform the development of sectoral transition pathways. The Commission's EU's climate target of -90% emission reductions by 2040 is restated, to be proposed as an amendment to the EU Climate Law in 2025. To accelerate investments, the CID aims to provide long-term regulatory stability, public incentives for decarbonisation, effective policy coordination, and scaling access to finance.

1. AFFORDABLE ENERGY

Reliable and affordable energy access is the backbone for energy-intensive EU industrial sectors like steel, cement, construction, and manufacturing. Lowering the cost while accelerating the rollout of renewable energy is essential for competitive decarbonisation and innovation.

- The CID presents a new [Affordable Energy Action Plan](#) that includes measures to lower energy bills for industry, companies and households. It also aims to shorten permitting times for renewable energy installations; deepen the EU energy market; provide Europea Investment Bank (EIB) guarantees for energy efficiency measures; attract investments; and stabilise gas energy markets while reducing dependencies on fossil fuel imports.
- It also points out the role of National Energy and Climate Plans (NECPs) as essential tools to ensure EU target achievements and to support strategic investment.
- To incentivise the private sector, the CID includes a proposal for an EIB pilot on corporate financial guarantees for power-purchasing agreements (PPAs) for €500 million in 2025.
- The KPIs on affordable energy are twofold: to increase the economy-wide electrification rate from 21.3% today to 32% in 2030; and to annually install 100 GW of renewable electricity capacity for the next five years.

2. LEAD MARKETS

One of the main challenges for clean tech markets in the EU is the lack of stable and predictable market demand that prevents investment, scaling up, and economies of scale. At the same time, around 16% of the EU's economic output is spent each year on public procurement.

- Creating new lead markets should boost demand for clean products and provide labelling for clean low-carbon EU products. Clearer non-financial criteria for public procurement should provide better inform EU preferences for public tenders and can also be used for private sector procurement.
- The **Industrial Decarbonisation Accelerator Act** will increase demand for EU-made clean products by establishing a voluntary 'made in Europe' low-carbon product label for steel (in 2025) and later cement (in 2026). These labels will inform consumers and allow manufacturers to reap a premium on their decarbonisation efforts.
- It will also speed up permitting for renewable energy installations for industrial use and decarbonisation, for example for green steel production sites.
- A review of the **Public Procurement Framework** in 2026 will introduce sustainability, resilience and minimum EU content requirement in public and private procurement in strategic sectors to support the development of lead markets for low-carbon products.
- The Commission reaffirms the goal of producing 40% of EU key clean tech components within the EU by 2030 as specified in the [Net Zero Industry Act](#) and wants to set European quotas to ensure that governments and other public authorities purchase these goods.

3. PUBLIC AND PRIVATE FINANCING

The clean industrial transition needs significant investments and leveraging private capital. The Commission aims to tackle this challenge at three levels: by strengthening short-term EU-level funding; leveraging private investment; and simplifying State aid and other national support schemes.

- The CID proposes an **Industrial Decarbonisation Bank** to mobilise over €100 billion in funding for EU-made clean manufacturing, based on the Innovation Fund, additional revenues from parts of the ETS, and a revision of InvestEU. This includes €1 billion of guarantees made available under the current Multiannual Financial Framework (MFF).
- The [proposed amendment](#) to the **InvestEU Regulation** increases its risk-bearing capacity to mobilise up to €50 billion for additional public and private investment in clean tech, clean mobility and waste reduction. It does this by increasing the size of the EU guarantee by €2.5 billion and use synergies by combining it with other existing financing tools.
- The **EIB** will have a central role to play in financing, by providing counter-guarantees and other de-risking mechanisms to support grid manufacturers, for PPAs with SMEs and energy intensive industries, and a cleantech guarantee facility as part of InvestEU.
- A new Clean Industrial Deal State Aid Framework will be introduced for simplified and quicker approval for the roll-out of renewable energy installations, deploy industrial decarbonisation and ensure sufficient manufacturing capacity of clean tech.

4. CIRCULARITY AND ACCESS TO MATERIALS

The circular economy is considered by the EU as a key driver for innovation, decarbonisation, and competitiveness. Enhancing circular business approaches reduce material needs, strengthens local value chains, and improves resource efficiency while lowering dependencies on imports.

- A **Circular Economy Act** will be introduced in the second half of 2026, to support the goal (KPI) of increasing the circular material use rate from 11.8% today to 24% by 2030.
- Secure access to materials and resources also requires the quick implementation of the [Critical Raw Materials Act](#).
- The CID reaffirms the commitment to develop an EU single market for waste and reusable material, while dedicated EU critical raw material centres should be set up to jointly purchase raw materials for groups of companies.
- The Commission will also propose a **new bioeconomy strategy** to improve resource efficiency, tap the growth potential of bio-based materials to substitute fossil-based materials, and reduce dependencies on imported raw materials.

5. GLOBAL MARKETS AND INTERNATIONAL PARTNERSHIPS

By setting high standards for clean industry globally, the EU aims to position itself as a green technology leader, secure trusted partnerships with trading partners, and secure resilient value chains while creating new markets for industrial decarbonisation and cleantech.

- The Commission aims to strengthen international cooperation with new **Clean Trade and Investment Partnerships (CTIPs)**, to support existing, pending and future trade agreements. These CTIPs will aim to develop strategic clean value chains with partners via regulatory cooperation and financial support. They should help secure supply of raw materials, clean energy, sustainable transport fuels, and clean tech from across the world.
- A [proposed reform](#) of the **Carbon Border Adjustment Mechanism** could reduce the scope of companies by 90% while keeping around 99% of greenhouse gases embedded in imported goods. The proposed changes simplify processes for businesses and cut red tape.
 - The proposal simplifies occasional small imports of CBAM goods, below the maximum threshold of 50 tonnes per year. This threshold corresponds to approximately 80 tonnes of CO₂ equivalent on average per importer. These importers will no longer be subject to any CBAM obligation.
 - These changes exempt small importers from CBAM obligations, mostly SMEs and individuals. These are importers who import small quantities of CBAM goods, representing very small quantities of embedded emissions entering the EU from third countries.
 - For those importers that remain in the CBAM scope, the proposed changes will facilitate compliance with the reporting requirements and aim at simplifying the authorisation of declarants, the calculation of emissions, reporting requirements and compliance with the financial liability.
 - A comprehensive CBAM review in the second half of 2025 will assess the scope of the CBAM extension to additional EU ETS sectors and downstream products, how to tackle possible circumvention risks and issues of carbon leakage, to be followed by a legislative proposal in 2026.
- For projects that involve foreign investments, especially when involving public funds, Member States may collectively consider conditions that contribute to the long-term competitiveness of EU industry. This may involve requirements for ownership of the equipment, EU-sourced inputs, EU-based staff

recruitments, joint ventures or intellectual property transfers, starting with strategic sectors like the automotive or renewable manufacturing.

- Finally, the Commission continues to make use of Trade Defence Instruments (TDI) where necessary, such as anti-dumping or anti-subsidy duties, to ensure a level playing field.

6. SKILLS AND QUALITY JOBS

Skills and a trained workforce are essential for new competitive net zero economy. The CID introduces more resilient training and reskilling schemes to ensure the reinforcement of sectoral skills in strategic industries, and support for workers in the transition.

- A new **Union of Skills strategy** planned for the first half of 2025 should provide support to workers, help them develop capacities and skills needed for the clean industrial transition, and create quality jobs. The CID also promotes social conditionalities, including guidance on social cleantech leasing schemes for disadvantaged households. A Skills Portability Initiative in 2026 will facilitate that a skill acquired in one country is recognised in another.
- A **Quality Jobs Roadmap**, to be published in the second half of 2025 in collaboration with social partners, will aim to detail support mechanisms for workers in transition.
- The Commission will create a **European Fair Transition Observatory** in 2026 to strengthen the evidence base on fairness aspects on the green transition, develop standardised indicators, collect best practices, facilitate data sharing and measure impact and outcomes for employment, quality job creation and job-to-job transition, workforce reskilling, investment needs, social protection and access to essential services. It will also ensure a transparent dialogue with social partners, regional and local authorities, civil society and other stakeholders on just transition aspects.
- However, these initiatives are not linked to any new funding initiatives.

7. ENABLING CONDITIONS: INDUSTRY DIALOGUES FOR IMPLEMENTATION ACROSS SECTORS

- The CID will serve as a framework for engaging in a dialogue with industry and SMEs to develop **sectoral transition pathways**, including action plans for the automotive sector, steel and metals, chemicals, sustainable transport investment, and a new bioeconomy strategy.
- For all sectors, the EU aims to strengthen circularity and circular business models as an enabler for innovation, decarbonisation, and resource security, to foster a globally competitive and resilient European economy.

OVERVIEW OF CID LEGISLATIVE PROPOSALS

Action	Legislative proposal	Commission KPIs	PRI's existing analysis and recommendations - EU 2040 climate target - EU 2030 Policy Roadmap
1. Affordable energy	<p>Q1 2025</p> <ul style="list-style-type: none"> Affordable Energy Action Plan Legislative proposal on the extension of the Gas Storage Regulation <p>Q2 2025</p> <ul style="list-style-type: none"> EIB pilot offering financial guarantees for PPA off takers, with a focus on SMEs and energy-intensive industry Recommendation on network charges <p>Q4 2025</p> <ul style="list-style-type: none"> Industrial Decarbonisation Accelerator Act to Speed-up permitting for industrial access to energy and industrial decarbonisation Recommendation on energy taxation Guidance on CfD design, including on combining CfDs and PPAs Guidance on promoting remuneration of flexibility in retail contracts <p>Q1 2026</p> <ul style="list-style-type: none"> European Grids Package 	<p>1. Increase economy-wide electrification rate from 21.3% today to 32% in 2030</p> <p>2. Annually install 100 GW of renewable electricity capacity up to 2030</p>	<ul style="list-style-type: none"> Accelerate electrification by increasing renewable energies and expanding transmission infrastructure. Avoid new carbon lock-in. Phase out fossil fuel subsidies.
2. Lead markets	<p>Q1 2025</p> <p>Delegated act on low carbon hydrogen</p> <p>Q4 2025</p> <p>Industrial Decarbonisation Accelerator Act to establish a low-carbon product label and apply sustainability, resilience and minimum EU content requirement in public and private procurement in strategic sectors</p> <p>2025/2026</p> <p>Communication and legislative proposal on greening corporate fleets</p> <p>Q4 2026</p> <p>Revision of Public Procurement Directive to mainstream the use of non-price criteria</p>	<p>1. Reach 40% of domestically produced key components of clean tech products on the EU market</p> <p>2. Decrease external vulnerabilities for Clean Industrial Deal products as measured by the External Vulnerability Index from 0.19 today</p>	<ul style="list-style-type: none"> Leverage Green Public Procurement (GPP). Strengthen carbon pricing to boost innovation and a just transition.
3. Public and private investments	<p>Q1 2025</p> <p>Increase InvestEU's risk bearing capacity</p> <p>Q2 2025</p> <ul style="list-style-type: none"> Clean Industrial Deal State aid framework Recommendation to Member States to adopt tax incentives to support the Clean Industrial Deal <p>2025</p> <p>IPCEI Design Support Hub and Pilot auction under the Innovation Fund</p> <p>Q4 2025</p> <p>Flagship call under Horizon Europe</p>	<p>Increase the total volume of investment supporting industrial transition from €52.7 billion</p>	<p>Public finance</p> <ul style="list-style-type: none"> Provide transparency for post-2026 climate-related EU funding. Align the new MFF 2028-2034 with Taxonomy criteria. Bolster public funding programmes and EIB Group leverage. <p>Private finance</p> <ul style="list-style-type: none"> Align EU Taxonomy with 2040 climate target. Make funding more accessible for investors.

	<p>Q2 2026 Industrial Decarbonisation Bank</p> <p>2026 TechEU investment programme on scale-ups with the EIB Group and private sector</p>		- Increase supply of bankable climate mitigation projects.
4. Circular economy	<p>Q1 2025 First list of Strategic Projects under the Critical Raw Materials Act</p> <p>Q2 2025 Ecodesign Work Plan adoption</p> <p>Q4 2026</p> <ul style="list-style-type: none"> • EU Critical Raw Materials Centre for joint purchases and management of strategic stockpiles • Circular Economy Act • Green VAT initiative 	Double circular material use rate from 11.8% today to 24% by 2030	<p>- Bolster the Green Deal Industrial Plan (GDIP).</p> <p>- Prioritise the high-value, low-quantity use of biomass for the circular bioeconomy.</p>
5. Global markets and international partnerships	<p>Q1 2025 Launch negotiations for the first Clean Trade and Investment Partnership</p> <p>Q3 2025 Comprehensive CBAM review assessing the feasibility of extending the CBAM scope to other EU ETS sectors at risk of carbon leakage, to downstream sectors and to indirect emissions and support to exporters, closing loopholes</p> <p>Q4 2025 Trans-mediterranean Energy and Clean tech cooperation initiative</p> <p>Q1 2026</p> <ul style="list-style-type: none"> • Legislative proposal on an extension of CBAM • Guidelines Foreign Subsidies Regulation 	N/A	- Engage in CBAM diplomacy with the EU's major trading partners.
6. Skills and quality jobs	<p>Q4 2025 Quality jobs roadmap</p> <p>2025 Guidance on social leasing for clean products</p> <p>Q1 2026 European Fair Transition Observatory</p> <p>2026 Skills Portability Initiative</p> <p>Q4 2027 Review of State aid GBER rules for social enterprises and recruitment of disadvantaged workers</p>	1. Reducing the number of occupations requiring specific skills or knowledge for the green transition where at least five Member States reported a shortage. (In 2024, there were 27 such occupations.)	<p>- Support capacity building and technical skills for the transition as part of a whole-of-society approach.</p> <p>- Ensure well-designed, effective, and adequately funded transition support policies.</p> <p>- Assess how to better integrate social implications and local needs into climate policy.</p>
7. Strategic enablers	<ul style="list-style-type: none"> • 2040 climate target of -90% emission reductions – part of EU Climate Law amendment • Industry Dialogues on sectoral transition and decarbonisation pathways – for automotive sector, chemicals, sustainable transport investments, and new bioeconomy strategy 		<p>- Set a legally binding climate target of at least - 90% GHG emissions reductions by 2040.</p> <p>- Provide EU-wide sectoral roadmaps to clarify transition priorities.</p> <p>- Include investment needs, plans and data in NECPs and strengthen public participation.</p>