
Clean Industrial Deal: a Plan for EU Competitiveness and Decarbonization

-Overview & Assessment-

Irene Mihai
Policy Officer
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Romanian Photovoltaic Industry Association (RPIA)
Charles de Gaulle Square no. 15, 3rd floor, office 302
irene.mihai@rpia.ro

Key facts:

- ✦ The Clean Industrial Deal (CID) mobilizes over **100 billion EUR** to support EU-made clean manufacturing, **including 1 billion EUR** in guarantees under the current Multiannual Financial Framework
- ✦ Under CID, the European remanufacturing market is projected to grow to 100 billion EUR by 2030, creating **500.000** new jobs
- ✦ The focus is mainly on two sectors: **energy-intensive industries** (support for decarbonization, electrification & reduction of the high energy costs) and **the clean-tech sector**
- ✦ Circularity is a priority; the goal is to **maximize the EU's resources**, reduce dependencies and enhance resilience
- ✦ Emphasis on the need to implement the **Electricity Market Design** rules – CfDs + PPAs that may be EIB-backed for industrial decarbonization and hard-to-abate sectors
- ✦ Electrification is a priority, with a new KPI of 32% by 2030 economy-wide objective, an almost 11% increase from the current 21.3%
- ✦ Grid development is in focus, with a dedicated Grids Package aimed at streamlining the development works, complemented by counter-guarantees for grid components manufactures & more efficient network charges
- ✦ **Renewables** are the core enabler of the European competitiveness, with **Industrial Decarbonization Accelerator Act (IDAA)**, proposing measures to address the permitting bottlenecks on industrial access to energy and industrial decarbonization
- ✦ More flexibility is needed to be able to accommodate the decentralized development model

Clean Industrial Deal -overview-

The Clean Industrial Deal (CID) is a business plan that outlines the necessary actions to turn decarbonization into a growth driver for European industries. This includes lowering energy prices, creating quality jobs and the right conditions for companies to thrive by boosting investments and reducing the administrative burden.

CID comprises three elements, with direct implications for the photovoltaic (PV) industry:

1. Clean Industrial Deal Communication
2. An Affordable Energy Action Plan
3. The Omnibus Package

This paper presents an overview of the main provisions of CID, with direct implications for the renewable energy (RES) sector. The document contains a series of comments, written in *italics*.

I. Clean Industrial Deal & Affordable Energy Action Plan

As Europe is affected by rising geopolitical tensions, slow economic growth, and technological competition, decarbonization policies are a powerful growth driver when well-integrated with industrial, competition, financial, and trade actions. As such, CID aims to bring together climate action and competitiveness, presenting measures to enhance every production stage, focusing on:

- **Energy-intensive industries** such as steel, metals, and chemicals, that need support to decarbonize, switch to clean energy, and tackle high costs, unfair global competition, and complex regulations
- **The clean-tech sector**, the heart of future competitiveness and a fundamental component for industrial transformation, circularity, and decarbonization.

These efforts are supported by six horizontal enablers, as follows: (1) affordable energy, (2) lead markets, (3) public and private investments, (4) secure access to materials and resources, (5) global markets and international partnerships, and (6) skills.

1. Access to affordable energy

1.1 Pillar I: Lowering Energy Costs

✶ Fossil fuel imports dependence causes high and volatile energy prices

One of the key problems the European industry faces is that the average energy prices are higher than those of its trading partners, which affects competitiveness at the global market level. The root cause of this situation is the coupling of the gas and energy prices, which, in the context of the **dependence on imported fossil fuels** and the **weaponization of gas supply by Russia**, leads to increased volatility and high costs. Additionally, **the structural inefficiencies**, such as insufficient interconnections and grid infrastructure, and limited flexibility and system integration of renewable energy sources (RES) further impact the EU's resilience against threats.

To reduce energy costs, CID identifies four main solutions: (1) **electrification**, (2) **transition to clean**, domestically generated **energy**, (3) **internal market completion** with physical interconnections, (4) **energy efficiency**.

1.1.1. Lowering energy bills

✧ **De-coupling electricity bills from gas prices: EIB-backed counter-guarantees for PPAs**

When it comes to lowering the costs of electricity, the CID places a strong emphasis on the implementation of the **Electricity Market Design Rules**, including a fast increase of internal and cross-border Power-Purchase Agreements (PPAs) and Contracts for Difference (CfD), as a means to make clean energy more attractive for industrial users and reduce their dependence on the volatile fossil fuel markets.

To support the uptake of PPAs, the Commission launched, with the European Investment Bank (EIB) a pilot program for corporate PPAs, for an indicative amount of 500 million EUR. The objective is to de-risk cPPAs (long-term renewable energy contracts in particular) and make them more accessible to a broader range of companies, including:

- ✧ SMEs
- ✧ Mid-sized enterprises
- ✧ Large energy-intensive industries

Under this program, EIB would provide a counter-guarantee to financial intermediaries (such as commercial banks) covering a portion of the payment risk associated with corporate offtakers in PPAs. The support would apply to both onsite and offsite RES projects, across the EU Member States, covering up to a certain percentage of payment default, which enhances their bankability.

To be noted is that as of May 2025, the pilot program is under appraisal, meaning that it has not yet been launched for applications. The details, such as the eligibility, application routes, intermediaries), may change until the approved or signed status. Nonetheless, when implemented, it is expected that the counter-guarantee mechanism would boost investment in RES infrastructure and create a bridge between the producers and the industry.

By **Q4 2025**, the Commission will publish a guidance for Member States on the design of Contracts-for-Difference, including their combination with PPAs.

✧ **Network charges, taxes and levies**

It is undoubtable that significant capital is required for investments in grid modernization and expansion, with network charges financing the necessary physical upgrades. At the same time, the costs to operate the power system are constantly growing. To ensure more efficient network charges that reduce energy system costs, by **Q2 2025**, the Commission will publish:

- ✧ **a design of tariff methodologies for network charges** that enables grid users to adjust their energy use or shift it towards times and places where the cheapest energy sources are available and when it is the most cost efficient for the overall system, to incentivize flexibility and investments in electrification

- ✴ **a guidance** explaining how, in targeted cases, Member States could use their public budget to lower network charges to cover the additional costs that result from the accelerated market integration, such as interconnectors, major grid upgrades or offshore grid connection infrastructure (in compliance with state aid rules and competition law)
- ✴ **a guidance on anticipatory investments for electricity grids**

High taxes on electricity increase bills and the current structure of taxation does not disincentivize the use of fossil fuels over electricity, slowing down electrification and demand for cheap homegrown electricity. Lowering taxation is a very effective measure for containing energy bills. As such, the Council is urged to complete the **revision of the Energy Taxation Directive (ETD)**, that allows decreasing taxes down to zero for energy consumed by households and energy intensive industries, which would (1) align the taxation of energy products with energy and climate policies, (2) promote clean technologies, (3) remove outdated exemptions and reduced rates that encourage fossil fuels use.

By **Q4 2025**, the Commission will publish a recommendation on how to effectively lower taxation levels in a cost-effective manner.

✴ **Retail competition increase**

To increase citizen participation in the energy transition and strengthen the social dimension of the EU, the Commission will propose, by **Q3 2025** a **Citizens' Energy package**, which would:

- ✴ provide guidance to Member states to remove the existing barriers to consumers switching supplier and changing their contracts.
- ✴ set out measures to reduce energy poverty and allowing consumers and communities to produce, use and sell RES energy on their own terms, including via energy communities.

Did you know?

- ✴ Switching to the electricity supplier that offers the lowest prices can save households 150-200 EUR/year
- ✴ Households can save 500-1,100 EUR/year by participating in energy communities

1.1.2. Accelerating the roll-out of clean energy & manufacturing

✴ **Retail competition increase**

Undoubtedly, renewables – solar and wind, in particular, are the source of least-cost power generation. However, the development of RES projects is severely hampered by the lengthy permitting process. Therefore, under the CID framework, Member States are urged to:

- ✴ **Accelerate permitting & regulatory procedures** through the transposition and implementation of the existing European legislation (such as RED III)

- ✦ **Strengthen national permitting authorities**, including through public funds, human capital and digitalization

In this process, the Commission will support the Member States through:

- ✦ Guidance on innovative forms of RES deployment & storage areas
- ✦ The Technical Support Instrument
- ✦ Legislative proposals to accelerate grids permitting, storage and RES, including a more streamlined environmental assessment
- ✦ Assess the streamlining of licensing practices for new nuclear energy technologies and publish a SMR Communication.

*It is important to note that by **Q4 2025**, the Commission will present the **Industrial Decarbonization Accelerator Act (IDAA)**, proposing measures to address the permitting bottlenecks on industrial access to energy and industrial decarbonization. The IDAA will build on the experience acquired through:*

- *The Emergency regulation on permitting (the so-called “RES Booster”)*
- *The Renewable Energy Directive (RED)*
- *TEN-E Regulation*
- *Critical Raw Materials Act (CRMA)*
- *The Net-Zero Industry Act (NZIA)*

While not much information is yet available, as IDAA is – for the moment – at the proposal for a regulation stage, it is evident that the goal is to help energy-intensive industries to decarbonize while maintaining their competitiveness internationally. Extrapolating from the referenced documents, it is likely that IDAA will:

- *Create a harmonized permitting regime through the removal of the bureaucratic hurdles (including tacit approval for pre-defined acceleration areas and in case of overriding public interest)*
- *Prioritize key decarbonization initiatives, that would enable key cross-border cooperation*
- *Prioritize hard-to-abate sectors, bridging clean energy access and industrial transformation*
- *Complement the existing pieces of legislation, such as RED, NZIA and CRMA, strengthening the broader industrial and climate policy.*

As digitalization plays an important role in the permitting process, the Commission will further incentivize the use of data spaces, EU space-based data and services, and AI to ensure that different data sets, including geological, spatial, natural ecosystem mapping, or emissions data is easily accessible by the national authorities facilitating the decision-making. *Considering the emphasis placed on digitalization, it is expected that it would be one of the enablers of IDAA, as it would allow for a much faster and scalable permitting process. However, for that to happen, all Member States must have comparable levels of digital tools usage.*

✦ **Grids and interconnectors**

The large-scale adoption of renewables is not possible without the acceleration of the expansion, modernization and digitalization of grids. Therefore, building on the Grid Action Plan of 2023, the Commission will put forward a **European Grid Package** by **Q1 2026**, aimed at:

- ✱ simplifying the TEN-E Regulation; *it is likely that the streamlining would entail faster permitting, in conjunction with the objectives of IDAA, clearer criteria for Projects of Common Interest, and reduced administrative complexity for cross-border energy infrastructure*
- ✱ ensuring cross-border integrated planning and projects delivery
- ✱ boosting digitalization & innovation; *the incentivization of smart grids and real-time data analytics is expectable*
- ✱ increasing the visibility on manufacturing supplies needs; *a necessary step to align industrial capacity with the acceleration of grid expansion*

While the European Grid Package is a necessary step in ensuring the adequacy of the system for the large-scale adoption of renewables, from the available information it appears that flexibility is not considered as part of this plan, but rather treated as a separate matter. This disjointed approach can undermine the efficiency of the proposed measures, as decentralized and intermittent resources, like solar and wind, need infrastructure that accommodates the bi-directional flows of local generation (be it parks or prosumers). As the Grid Package is in public consultation until August 5th, 2025, it is to be seen how it will look in the end.

✱ **Counter-guarantees for grid components manufactures**

As the structural inefficiencies pertaining, on the one hand, to insufficient interconnections and grid infrastructure, and on the other to the limited system integration, are a major bottleneck that leads to an increase in the energy prices, the EIB is poised to introduce a **“Grids manufacturing package”**. As in the case of the PPAs, the objective is to provide a counter-guarantee mechanism, this time to manufacturers of grid components, with an indicative amount of at least 1.5 billion EUR that would create the necessary certainty conditions to ramp up production. The core objective is to de-risk investments to:

- ✱ strengthen the EU’s energy infrastructure
- ✱ enhance the network’s resilience
- ✱ facilitate the expansion of grid
- ✱ support industrial competitiveness

As in the case of the PPA mechanism, EIB will collaborate with financial intermediaries to provide counter-guarantees to manufacturers that would cover advance payment and performance bonds associated with supply contracts for grid equipment. Details may, however, change, until the approved or signed status.

✱ **Boosting flexibility**

While investments are a necessary element for the development of the cross-European network, flexibility – in particular storage and demand response – are necessary for managing demand and supply imbalances, reducing thus price spikes, volatility and the intervals of negative prices. Therefore, the Member States are encouraged to:

- ✱ Remove national barriers for storage and demand & implement the EU rules

In parallel, the Commission will:

- ✱ Clarify the state aid requirements for non-fossil flexibility schemes by **Q2 2025**
- ✱ Adopt new rules on demand response by **Q1 2026**

- ✱ Support the signing of industrial PPAs
- ✱ Develop, by **Q4 2025**, guidance on fair payment for flexibility in retail contracts
- ✱ Create, by **Q4 2025**, standardized market-based systems, built on existing European models

It is undoubtable that flexibility is necessary for the new configuration of the European energy mix. In this context, rather notable is the increasingly marginal role of fossil fuel, as underpinned by state aid support for alternatives – such as BESS. It appears thus far that the European energy model is being redesigned to rely exclusively on clean, distributed and digitally enabled flexibility.

Did you know?

- ✱ A better integrated energy market could bring benefits up to 40-43 billion EUR/year by 2030
- ✱ A fully integrated market that relies on RES and includes flexibility measures can reduce the wholesale electricity prices by 40% on average
- ✱ Wider use of grid enhancing technologies, and flexible use of the system could save up to 35% in conventional grid expansion costs
- ✱ Anticipatory investments, asset performance excellence and grid-friendly flexibility could reduce investment needs related to distribution grids by EUR 12 bn annually, representing 18% of the total investment needs
- ✱ More flexibility can lead to savings of at least 2.7 billion EUR/year as a result of avoided peak generation capacity by 2030
- ✱ Fair payment of flexibility in retail contracts by consumers can reduce their electricity costs by up to 12-42%, bringing flexibility and system integration benefits of 10-29 billion EUR

1.1.3. Ensuring well-functioning gas markets

*While the role of imported gas is becoming increasingly more marginal, its price has a direct impact on EU gas and electricity prices. In this respect, the Commission set up a **Gas Market Task Force** (GMTF) to assess the state of the European gas market and take action to prevent unfair prices. The GMTF will report its findings by **Q4 2025**. It is necessary to note that alternatives to imports are prioritized when possible, especially via electrification and biogas and biomethane production, in line with the REPowerEU. Two KPIs must be underlined in this context: an increased economy-wide electrification – from the current 21.3% to 32% by 2030 and an annual installation target of 100 GW of RES electricity capacity up to 2030.*

1.1.4. Energy Efficiency: Delivering Energy Savings

✱ Energy efficiency – guarantee scheme

Through the **European Energy Efficiency Financing Coalition**, the Commission will provide financial incentives to support the market actors that offer energy efficiency solutions to businesses. In this respect, a partnership with EIB will be launched by Q3 2025, with the goal of exploring the potential of setting up an EU guarantee scheme that would double the energy efficiency services. The first blueprint is envisaged to be presented by Q4 2025. In parallel, the

Commission will update the EU energy labelling and ecodesign rules to give consumers access to more efficient appliances and products with longer lifetimes.

1.2. Pillar II: Completing the Energy Union

To achieve its targets, the EU must advance towards a singular and fully integrated energy market, achieving the interconnection goals to leverage the complementarity among Member States.

1.2.1. Completing the Energy Union

To complete the Energy Union, the Commission will:

- ✱ Publish a new **Electrification Action Plan** and a **Heating and Cooling Strategy** by **Q1 2026** that would increase the energy efficiency of the entire energy sector, decarbonize industrial, mobility and heating and cooling sectors & support the uptake of clean and domestic energy production, with the aim of reducing the reliance on fossil fuels.
- ✱ Adopt, by **2026**, a **Strategic Roadmap for Digitalization and Artificial Intelligence for the Energy Sector** to accelerate the rollout of European AI solutions in grid optimization, energy efficiency and demand-side flexibility. *To be noted here is the role data centers, which, on the one hand, significantly increase the energy consumption, while, on the other, can strain on the energy system as it is now.*
- ✱ Launch an Energy Union Task force, consisting of high-level representatives from the Commission, relevant EU bodies, Member States and stakeholders that will identify technical or regulatory adjustments
- ✱ Publish, in **Q1 2026**, a White Paper on deeper electricity market integration
- ✱ Revise the Governance Regulation of the Energy Union
- ✱ Present a Clean Energy Investment Strategy, tackling the investment gap, an updated Nuclear Illustrative Program (PNIC) and a Fusion Strategy

1.3. Pillar III: Attracting investment and ensuring delivery

1.3.1. Establishing a tripartite contract for affordable energy for Europe's industry

Market uncertainty is a challenge that RES investments face. To counteract this, governments, energy producers, and energy consuming industries can create together a favorable investment climate. Therefore, the Commission proposes a tripartite contract to be presented in **2025** between these actors that would **bring predictability** for energy generators, and energy purchasers, as well as **support for the business model of the sector** through the Commission, the EIB and Member States. *To be noted here is that the proposed contract will be inspired by the Solar Charter and Wind Charter, so what can be expected is a high level approach that focuses on areas of common interest.*

1.4. Pillar IV: Being ready for potential energy crises

1.4.1. Ensuring security of supply for price stability

The energy crisis of the early 2020s has demonstrated the vulnerabilities of the European energy market and the need for coordination to manage potential price spikes. As stable energy supplies are critical for economic resilience and continuous access to affordable energy, the

Commission will put forward a legislative proposal for a revision of the current EU energy security regulatory framework in the **early 2026**.

1.4.2. Price crises preparedness

The Electricity Directive and the Gas Directive contain provisions allowing the Council to declare a price crisis following a proposal by the Commission when certain exceptional crisis conditions are met. To ensure price crises preparedness, the EC will:

- ☀ Publish a guidance to Member States on the development and implementation of schemes to lower peak demand by introducing remuneration incentives for consumers. TSOs to introduce and activate measures to lower energy demand at peak demand hours and shift demand to a later point.
- ☀ Work with TSOs and NRAs to ensure temporary increases of available cross border capacities in certain situations and proper coordination and planning of maintenance outages across borders to avoid restrictions in the flow of electricity.
- ☀ As natural gas is overall expected to remain the main price-setter for electricity in the next years in the EU, the EC stands ready to support Member States when designing State aid measures. These would allow Member States to address extreme price spikes and exceptional price environments and to decouple the translation of high gas prices into electricity prices, based on proven models in emergency situations.

2. Lead markets: boosting clean supply and demand

2.1 Non-price criteria in public procurement and incentives for private purchases

Public procurement policies are a powerful instrument to help overcome barriers to market entry and to support sustainable and resilient industrial ecosystems, jobs and value creation in the EU. As such, **IDAA** will introduce resilience and sustainability criteria (such as clean, resilient, circular, cybersecure) to strengthen the demand for EU-made products.

Additionally, the Commission will propose to revise the Public Procurement Framework in **2026** that would allow for sustainability, resilience and European preference criteria in EU public procurement for strategic sectors. When it comes to labelling:

- ☀ IDAA will develop a voluntary label on the carbon intensity of industrial products, based on a simple methodology with ETS data and building on the CBAM methodology, starting with steel in 2025, and later cement.
- ☀ In parallel, the EC will continue working on developing comprehensive life-cycle assessments, building on the IDAA's voluntary label where relevant.
- ☀ The EC will simplify and harmonize carbon accounting methodologies and identify by Q4 2025 priority areas and possible avenues for simplification, harmonization and robust verification.

2.2. Promote the uptake of renewable and low-carbon hydrogen

From the Commission's perspective, hydrogen plays a central role in decarbonizing the hard to abate sectors, where electrification is not – for the moment – a viable option.

To clarify the rules for producing low carbon hydrogen, the Commission will:

- Adopt, in **Q1, 2025**, the **delegated act on low carbon hydrogen**
- Launch a **Hydrogen Mechanism under the European Hydrogen Bank** in Q2 2025
- Launch a third call under the **Hydrogen Bank in Q3 2025**
- Conduct a study on the effectiveness of the current hydrogen framework and identify possible barriers to the upscaling of renewable hydrogen to prepare for the review of the RFNBO Delegated Act.

Two KPIs are associated with the clean supply and demand horizontal enabler, namely to **(1) reach 40% of domestically produced key components of clean tech products on the EU market and (2) decrease external vulnerabilities for Clean Industrial Deal products**. *In order to achieve this, it is expected that the recycling and reuse of the existing equipment will become more and more relevant, especially since the European continent does not have a comparable resource of critical raw materials and similar necessary components.*

3. Public and private investments

To go forward with the clean energy transition, the EU needs to increase its annual investments by 480 billion EUR compared to the previous decade. For this, the planned **Competitiveness Fund** will support the innovative industry for sustainable investment projects, such as heavy and clean tech. To provide short-term relief the Clean Industrial Deal will mobilize over 100 billion EUR to improve the business case for EU-made clean manufacturing, including an additional 1 billion EUR in guarantees under the current MFF.

3.1. Strengthening EU level funding

To increase the impact of the Innovation Fund, which is a reliable tool for EU industries to finance industrial decarbonization and Clean Tech Manufacturing projects, the Commission will:

- Align funding criteria for the Innovation Fund and national financing which will accelerate State aid approval for Member States wanting to support projects with a STEP seal.
- Propose an Industrial Decarbonization Bank aiming for 100 billion EUR in funding based the Innovation Fund, additional revenues resulting from parts of the ETS as well as the revision of InvestEU
- Launch, in 2025, a pilot with a 1 billion EUR auction on the decarbonization of key industrial processes that supports industrial decarbonization and electrification, using Innovation Fund money and auctions-as-a-service
- Cover CAPEX and OPEX through mechanisms such as Carbon Contracts-for-Difference (CCfD)
- Focus funding calls on industrial decarbonization and using the resilience criteria as part of the Innovation fund
- Launch a dedicated Horizon Europe pilot call for projects within the scope of CID, with a budget of 600 million EUR under the 2026-2027 work program to support fit-for-deployment projects

3.2. Leveraging private investment

At the moment, InvestEU, operated in cooperation with EIB, is the main EU tool to leverage private funding, having mobilized over 280 billion EUR into the EU economy. For this reason, the

Commission is putting forward an amendment of the InvestEU Regulation to increase the risk bearing capacity. This proposal will:

- Simplify and provide for the reuse of surpluses from the European Fund for Strategic Investments + reflows from legacy financial instruments and facilitate equity support
- Mobilize ~50 billion EUR additional financing and investment in key EU policy priorities, such as modernization of industrial processes, manufacturing and deployment of clean tech, financing for energy infrastructure projects, clean mobility solutions or waste reduction and recycling, until the end of the current MFF.
- Provide a Clean Tech Guarantee Facility for long-term investment loans

In parallel, the Commission will work with the EIB and private investors to deploy a TechEU investment program to bridge the financing gap for disruptive innovation.

3.3 Clean Industrial Deal State Aid Framework and other support and facilitation

National level support, including State aid support and tax incentives, plays a crucial role in decarbonization and circularity efforts by providing financial backing and reducing barriers to investment. As such, under CID, a series of measures are envisioned, including:

- ✱ **Clean Industrial Deal State Aid Framework** (Q2 2025): will allow for a 5-year planning horizon, putting forward **simplified** and **flexible** rules for quick approval for cleantech manufacturing, RES deployment (including non-fossil flexibility) and heavy industry decarbonization.
- ✱ **Review of the General Block Exemption Regulation (GBER)** to reduce the bureaucratic burden and facilitate support for industry
- ✱ **Evaluation of the Guarantee Notice** to assess if there is still a sufficiently clear and predictable framework for granting state guarantees, which are an effective support instrument that leverages private financing
- ✱ **Design speed-up of the new IPCEIs** through the development of a one-stop shop to provide grant application and financial structuring advice
- ✱ Informal guidance on the compatibility of cooperation projects contributing to the achievement of EU priorities
- ✱ **Recommendation on the corporate tax systems for the Member States to support a clean business case**, including shorter depreciation periods for clean tech assets, tax credits for the strategic sectors
- ✱ **Actions to scale down and phase out fossil fuel subsidies**

Associated to this horizontal enabler is the KPI of increasing the total investment volume supporting the industrial transition from 52.7 billion EUR.

4. Powering the circular economy: a secure access to materials and resources

As previously highlighted, raw and secondary materials are fundamental for the EU decarbonization strategy and the scaling-up of the European manufacturing capacity. Therefore, securing access to these critical elements is essential for attaining the 2030, 2040 and 2050 objectives.

4.1. Fast implementation of the CRMA

As the EU is nearly completely dependent on a limited number of third country suppliers for critical raw materials, the Commission's priority is the implementation of the Critical Raw Materials Act. For this

- ☀ a platform for demand aggregation and a matchmaking mechanism for strategic raw materials will be created
- ☀ a dedicated EU Critical Raw Material Center to jointly purchase raw materials on behalf of interested companies and in cooperation with the Member State will be set-up

4.2. Circular Economy

To address the absence of scale and a single market for waste, secondary raw materials, reusable materials and lead markets, the Commission will adopt a **Circular Economy Act in 2026 that would:**

- enable the free movement of circular products, secondary raw materials and waste
- foster a higher supply of high quality recycled materials
- stimulate demand for secondary materials and circular products while bringing down feedstock costs.
- update e-waste regulations and extended producer responsibility rules
- consider additional measures to make recycling of critical raw materials waste within the Union more attractive than their export to achieve the 25% recycling target set out in the CRM

Furthermore, the Commission will review the rules on the second-hand scheme contained in the VAT Directive, as part of a green VAT initiative to address the issue of embedded VAT in second-hand products.

The Commission will launch a Clean Industrial Dialogue on Circularity to support the preparation of the Circular Economy Act and identify areas where further efforts are needed.

Associated to this horizontal enabler, the KPI is to increase the material use rate from 11,8% today to 24% by 2030.

5. Global markets and international partnerships

Achieving the objectives of CID is closely interlinked with Europe's international power projection capacity. As underscored previously, due to the reliance on imports of critical raw materials, it is necessary for the EU to collaborate on the global stage, as the economic success of the green energy transition is dependent on open, rules-based and access to third markets for goods and capitals. As the industry faces unfair competition resulting from the export of domestic overcapacities at highly discounted prices, Europe needs to rethink its international strategy.

5.1. Clean Trade and Investment Partnerships (CTIPs)

The focus of the CTIP is to ensure that CRMs can be sourced from outside the EU in a sustainable, diversified and resilient manner that reflects the needs of supply chain diversification. The EU's goal is to continue to sign and implement Free Trade Agreements (FTAs), complemented by CTIPs that will:

- ✱ Align the EU's external actions with its industrial policy objectives and businesses' opportunities and needs
- ✱ Ensure a better management of strategic dependencies and securing the EU's position in the global value chains
- ✱ Help secure better access to CRMs, clean energy and clean tech
- ✱ Support partnerships with different countries, bringing together rules, regulatory cooperation and investments to develop joint strategic clean value chains

Investments will be mobilized by identifying concrete projects combining private and public finance, through Global Gateway, the European strategy to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world, delivered in a Team Europe approach.

As part of the CTIPs, the new Pact for the Mediterranean, a Trans-Mediterranean Energy and Clean Tech Cooperation Initiative, large scale public and private investments in RES energy will be stimulated.

5.2. Improving the Carbon Border Adjustment Mechanism (CBAM)

CBAM is a tool to put a fair price on the carbon emitted during the production of carbon-intensive goods that are entering the Union and to encourage cleaner industrial production in non-EU countries. By confirming that a price has been paid for the embedded carbon emissions generated in the production of certain goods imported into the EU, the CBAM will ensure the carbon price of imports is equivalent to the carbon price of the domestic output and that the EU's climate objectives are not undermined.

By the second half of 2025, the Commission will present:

- ✱ A comprehensive CBAM review report, assessing the scope of the CBAM extension to additional EU ETS sectors and downstream products, as well as the inclusion of indirect emissions across all CBAM sectors
- ✱ A strategy to tackle possible circumvention risks
- ✱ A review of how to address the problem of carbon leakage of goods exported to third countries, followed by a legislative proposal by Q1 2026.

5.3. Promoting and protecting: Ensuring a level-playing field for the EU industry

In order for the EU to remain an attractive place to do business, ensuring that foreign investments, especially in strategic sectors, contribute to economic growth while not impairing Europe's economic security, the Commission will propose, following a consultation with the industry stakeholders and Member States:

- ☀ Measures to ensure that foreign investments in the EU better contribute to the long-term competitiveness of EU industry.
- ☀ Guidelines on the Foreign Subsidies Regulation (FSR) in **Q1 2026**, clarifying in what circumstances the Commission may decide to review mergers under foreign subsidy rules that do not meet thresholds but pose a risk to the level playing field in the single market
- ☀ Proposals to adjust tariffs within bound levels, including to the maximum levels as necessary, relying on exceptions e.g. for environmental protection.

To protect the European industry from unfair competition, Trade Defense Instruments (TDIs), such as anti-dumping or anti-subsidy would be implemented where necessary, including:

- ☀ Shorter investigation timelines
- ☀ Greater use of ex officio procedures
- ☀ Assessment of whether further instruments are necessary to complete and reform the TDI toolbox
- ☀ Intensified international and multilateral cooperation, focused on detecting and addressing the root cause of non-market-oriented measures, such as subsidies, that cause distortions in key industries

6. Skills and quality jobs for social fairness and a just transition

The shift to clean energy is fundamentally transforming industries, rendering certain fossil fuel-related jobs obsolete while simultaneously creating new opportunities in renewable and sustainable sectors. The key factor in making this transition successful is a skilled workforce. As traditional energy roles decline, workers will need to adapt, acquiring new expertise suited to emerging green industries, ensuring a smooth and sustainable progression toward a cleaner future.

6.1. Support for Skills

Key challenges:

- ☀ A persistent shortage of qualified professionals (including technicians, engineers, and installers) restricts the growth of the renewable energy sector.
- ☀ Inconsistent training standards and fragmented certification systems across the EU hinder workforce mobility and competitiveness.
- ☀ Rapid technological changes and evolving industry requirements have outpaced existing educational frameworks.

Proposed solutions:

- ☀ A Union of Skills, which will give people the skills they need to make the most of their potential that will consolidate existing sectoral initiatives and facilitate a common set of standards, supported by EU funding (e.g., up to EUR 90 million from Erasmus+)
- ☀ Enhance the skills intelligence and focus on lifelong learning, vocational education and training, higher education, skills recognition, integration of the qualified talents from third countries including through the EU Talent Pool
- ☀ A Skills Portability Initiative that facilitates the cross-border skills recognition

6.1. Support for workers in the transition

For the industry to remain an attractive workplace, the Commission will:

- ✱ Prepare the **Quality Jobs Roadmap** by **Q4 2025** to support Member States and the industry in providing decent working conditions, high standards for health and safety, access to training and ensuring fair job transitions for workers and self-employed, and collective bargaining
- ✱ Create in **Q1 2026 a European Fair Transition Observatory** that will develop standardized indicators, collect best practices, facilitate data sharing to measure impacts and outcomes on employment, quality job creation and job-to-job transition, workforce reskilling, investment needs, social protection & access to essential services.
- ✱ Assess how and if State aid rules can be updated to provide better incentives for industry to invest in upskilling, reskilling, quality jobs & workers recruitment
- ✱ Develop a **Guidance to Member States on social leasing for zero-emission vehicles, heat pumps & other clean products**

KPI: Reducing the number of occupations requiring specific skills or knowledge for the green transition where at least five Member States reported a shortage.

Clean Industrial Deal Implementation Timeline

Action	Date
IPCEI Design Support Hub	2025
Pilot auction under the Innovation Fund	2025
Guidance on social leasing for clean products	2025
Industrial Action Plan for an Automotive Sector	Q1 2025
A steel and metals action plan	Q1 2025
Launch negotiations for the first Clean Trade and Investment Partnership	Q1 2025
Union of Skills	Q1 2025
Simplification of the Carbon Border Adjustment Mechanism (CBAM)	Q1 2025
Action Plan on Affordable Energy	Q1 2025
Legislative proposal on the extension of the Gas Storage Regulation	Q1 2025
First list of Strategic Projects under the Critical Raw Materials Act	Q1 2025
Delegated act on low carbon hydrogen, providing regulatory certainty to producers of low carbon hydrogen	Q1 2025
Increase InvestEU's risk bearing capacity	Q1 2025
EIB pilot offering financial guarantees for PPA offtakers, with a focus on SMEs and energy-intensive industry	Q2 2025
Ecodesign Work Plan adoption	Q2 2025
Clean Industrial Deal State aid framework	Q2 2025
Recommendation on network charges Industrial Decarbonization Accelerator Act	Q2 2025
Recommendation to Member States to adopt tax incentives to support the Clean Industrial Deal	Q2 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	Q3 2025
Quality Jobs Roadmap	Q4 2025
Trans-mediterranean Energy and Clean tech cooperation initiative	Q4 2025
Flagship call under Horizon Europe	Q4 2025
Industrial Decarbonization Accelerator Act: Q2 2025 • Speed-up permitting for industrial access to energy and industrial decarbonization	Q4 2025
Recommendation on energy taxation	Q4 2025
Guidance on CfD design, including on combining CfDs and PPAs	Q4 2025
Guidance on promoting remuneration of flexibility in retail contracts	Q4 2025
Industrial Decarbonization Accelerator Act: • Establish a low-carbon product label • Apply sustainability, resilience and minimum EU content requirement in public and private procurement in strategic sectors to ensure lead markets for low-carbon products	Q4 2025
A Chemicals Industry Package	Q4 2025
Communication and legislative proposal on greening corporate fleets	2025/2026
TechEU investment program on scale-ups with the EIB Group and private sector	2026

Skills Portability Initiative	2026
European Fair Transition Observatory	Q1 2026
European Grids Package	Q1 2026
Legislative proposal on an extension of CBAM	Q1 2026
Guidelines on Foreign Subsidies Regulation	Q1 2026
Industrial Decarbonization Bank	Q2 2026
Revision of Public Procurement Directives to mainstream the use of non-price criteria	Q4 2026
EU Critical Raw Materials Centre for joint purchases and management of strategic stockpiles	Q4 2026
Circular Economy Act	Q4 2026
Green VAT initiative	Q4 2026
Trans-Regional Circularity Hubs	Q4 2026
Review of State aid GBER rules for social enterprises and recruitment of disadvantaged workers	Q4 2027

**with green: the actions/initiatives that have been launched as of May 2025*

The Omnibus Simplification Package -overview-

The Omnibus is a legislative package introduced by the European Commission to simplify and consolidate various EU rules, particularly in areas like sustainable finance, corporate sustainability reporting, and investment regulations

Currently, businesses must comply with multiple overlapping directives, each with distinct but interconnected objectives. These include:

- The Corporate Sustainability Reporting Directive ([CSRD](#)): Framework that outlines how businesses should create sustainability reports, requiring detailed disclosures on their environmental, social, and governance impact.
- The EU Taxonomy Regulation: Defines and identifies real environmentally sustainable activities, requiring businesses to report the share of their revenue, CAPEX, and OPEX linked to these activities, aiming to guide investments and prevent greenwashing.
- The Corporate Sustainability Due Diligence Directive ([CSDDD](#)): While not yet implemented, it will require businesses to disclose how they manage and address human rights and environmental risks in their value chains, promoting accountability and ethical practices.

I. CSDDD

Changes	Details
Simplified Due Diligence	Focus shifted to <i>direct</i> business partners only. Monitoring frequency reduced from annually to <i>once every five years</i> .
SME Protections	Limits the obligations large companies can impose on SMEs in their value chains
EU-Wide Harmonization	Aligns due diligence requirements across member states to avoid fragmentation.
Civil Liability Revisions	EU-level civil liability conditions removed, but national-level rights to compensation maintained.
Extended Compliance Timeline	Largest companies get an <i>extra year</i> (until 2028) to comply; official guidelines to be published by 2026

II. CSRD and EU Taxonomy

Changes	Details
Scope reduction	About 80% of companies removed from CSRD scope. Focus now on largest companies with significant sustainability impact.
SME Burden Reduction	Measures to ensure sustainability reporting by large firms does not overly burden SMEs in their supply chains.
Delayed Reporting Deadlines	Reporting for companies initially due in 2026–2027 is postponed by <i>two years</i> , to 2028
Simplified EU Taxonomy Reporting	Allows for <i>partial alignment</i> with taxonomy criteria to support progressive adoption.
Gradual Transition	Largest companies get an <i>extra year</i> (until 2028) to comply; official guidelines to be published by 2026
Financial Materiality Threshold	Taxonomy templates and data requirements cut by 70% .
Simplified DNSH Rules	"Do No Significant Harm" criteria relaxed, especially around pollution and chemical use.
Adjusted Green Asset Ratio (GAR)	Banks can exclude exposures to companies outside CSRD scope from GAR calculations.

In addition to the adjustments in CSRD, CSDD and the EU Taxonomy, there are proposals aimed at simplifying the CBAM as a part of the Omnibus Simplification Package.

III. CBAM

Changes	Details
De Minimis Threshold for Small Importers	A new de minimis threshold is being considered to exempt small importers from CBAM obligations. This includes an exemption of importers handling fewer than 50 tons of imports annually in key sectors (aluminum, cement, fertilizers, iron and steel), thus eliminating CBAM obligations for approximately 182,000 or 90% of importers, mostly SMEs, while still covering over 99% emissions in scope.
Simplifications for Large CBAM Importers	Several adjustments are being proposed to ease the process for large CBAM importers including: • Making the consultation step in the authorization optional. • Allowing authorized declarants to delegate CBAM declarations to third

	parties, such as consultants or environmental experts. • Excluding non-calcined kaolinic clays from the scope of CBAM. • Adjusting data collection methods to simplify compliance. • Considering only direct emissions from electricity use in CBAM calculations. • Aligning annual deadlines for various CBAM activities to simplify the process
Anti-Circumvention Measures	Stronger rules introduced to prevent evasion and regulatory abuse.
Road to Extension	Lays the groundwork for early 2026 legislation to extend CBAM to <i>other ETS sectors, downstream products, etc.</i>

While the EU has positioned itself as the global leader of climate action, the Omnibus Package goes toward narrowing the scope of sustainability reporting and due diligence obligations, which dilutes the efforts on corporate accountability. While cutting the Red Tape may put European companies in a better competitive position at the global level, it appears that a rebate from the human rights and the environmental standard is observable though more lax requests, especially when it comes to the indirect suppliers.

Despite the European Commission's broad Omnibus simplifications aimed at scaling back sustainability regulations, they have sparked significant opposition. A diverse coalition, comprising political parties, trade unions, environmental and human rights organizations, and transparency advocates has strongly criticized the proposal. The debate in the European Parliament has been deeply polarized, highlighting ideological divides over deregulation, sustainability, and the speed of legislative reforms.

It remains to be seen how much better the EU companies will be in terms of competitiveness following this simplification.