

The European Commission's Clean Industrial Deal

Teneo Insights | March 2025



The European Commission's new Clean Industrial Deal aims to revitalise the EU's industrial base and address the continent's slow economic growth in response to global competition.

As Europe grapples with high energy prices and deindustrialisation risks, the need for the new industrial strategy to unlock investments in clean energy and boost manufacturing capacity is evident. The initiative, together with the simultaneously published [Action Plan for Affordable Energy](#), reveals European Commission President Ursula von der Leyen's strategy to support European energy-intensive industries and the clean tech sector during the current mandate.

At stake is Europe's ability to maintain industrial competitiveness while decarbonising its economy. [The Clean Industrial Deal](#) sets out measures to support the supply and demand of clean technologies, accelerate the transition to a circular economy and strengthen supply chains. The Action Plan complements these efforts with proposals to lower energy prices and improve cross-border integration in the energy system. Together, they form a strategy designed to boost investment, modernise European industry and secure long-term energy affordability. However, their implementation will depend on the effectiveness of financial support mechanisms, streamlining efforts and political will.

A Roadmap for a Competitive and Resilient European Industry

The Commission envisions the Clean Industrial Deal as a roadmap for reindustrialisation through the green transition. The EU executive is keen to demonstrate that it means business – instead of “policy measures” and “targets,” the strategy emphasises “business drivers” and “KPIs.” Key policy measures set out in the document include the Industrial Decarbonisation Accelerator Act to support low-carbon industrial products, a Circular Economy Act to reduce single market barriers for secondary raw materials and Clean Trade and Investment Partnerships to secure supply chains for critical materials and clean technologies.

In addition to sustainable competitiveness, the Clean Industrial Deal aims to enhance the resilience of European industries by reducing dependencies on imported fossil fuels and external suppliers, particularly for clean transition technologies and critical raw materials.

The Affordable Energy Action Plan complements these efforts by promoting measures such as streamlined permitting for renewables, batteries and grid infrastructure; joint gas purchasing mechanisms for cost-competitive imports; and demand response initiatives to enhance market efficiency. In the short term, a major element of the Affordable Energy Action Plan is encouraging Member States to lower electricity taxes and revamp network tariffs to incentivise flexibility, though these measures rely on voluntary national implementation rather than binding EU-wide policies.

“Made in Europe” Makes a Comeback

Implementing the Clean Industrial Deal will require balancing the “buy European” provisions to support EU industries with open trade policies to ensure access to global markets for goods and capital. The EU must also find ways to reconcile its commitment to a cost-effective clean transition with the binding target to cover 40% of its clean technology needs with domestic manufacturing capacity by 2030.

To boost European manufacturing capacity, the Commission plans to revise the EU's [Public Procurement Framework](#) and propose a “European preference criteria” as a non-price metric for tendering in strategic sectors, including clean technologies. The Commission has thus far used “European” and “EU-made” interchangeably when referring to the planned measures, but the expectation is that these new initiatives would support European-manufactured goods rather than just those made by EU companies. To avoid excessive cost increases and delays in the clean transition, the Commission is likely to consider a disproportionality threshold on project costs to allow for exceptions to the preference criteria.

Show Me the Money: The Challenge of Financing the Deal

Achieving transformative change across complex value chains is costly. While the ambition of the Clean Industrial Deal is clear, securing sufficient financing remains a critical issue. To meet its objectives, the Commission will need sustained investment from both public and private sources—upwards of €480 billion per year, [according to the CID](#).

To bring in new funding for the EU's long-term budget, the Commission will need the unanimous approval of Member States. As such, there is a risk that the planned Competitiveness Fund may suffer the same fate as the Strategic Technologies for Europe Platform, which was [reduced from a proposed €10 billion investment in strategic clean transition technologies to a €1.5 billion funding tool](#) for defence capabilities in the Council. Even if the Commission successfully conveys the necessity

and urgency of joint funding mechanisms to national governments, the next EU budget will not take effect until 2028.

This makes the efficient use of existing EU funding tools—such as the Emissions Trading System (ETS) revenues, Horizon Europe research programme and reallocated cohesion funds—particularly important. Similarly, the Commission is banking on unlocking private investment through a revision of the InvestEU Regulation to increase the risk tolerance of the European Investment Bank's investment programmes and proposing a Savings and Investment Union to remove single market barriers to capital movement. The Commission is on the right track, but these provisions must succeed to prevent budget constraints from limiting the impact of the Clean Industrial Deal.






The Road Ahead


The effectiveness of the Clean Industrial Deal also hinges on buy-in from the Member States. Many measures, particularly those in the Action Plan for Affordable Energy, rely on national implementation rather than legally binding EU-wide policies. This raises the possibility of uneven adoption, which could undermine the Commission's goal of creating a unified, more affordable energy market. On EU-level policies, the Commission will need to navigate conflicting political interests in the European Parliament and Council.





Despite these challenges, the Clean Industrial Deal and Affordable Energy Action Plan could be important steps in positioning Europe as a global leader in clean industry. If effectively implemented, they could help stabilise energy prices in the long term, drive industrial competitiveness and create a more sustainable economic foundation. However, ensuring success will require overcoming major structural and financial obstacles over the next four years.





Clean Industrial Deal: Timeline of Initiatives

Business Driver	Legislative Proposals	Timeline
 Affordable Energy	<p>Legislative proposal on the extension of the Gas Storage Regulation</p> <p>Industrial Decarbonisation Accelerator Act:</p> <ul style="list-style-type: none"> Speed up permitting for industrial access to energy <p>European Grids Package</p>	<p>Q1 2025</p> <p>Q4 2025</p> <p>Q1 2026</p>
 Lead Markets	<p>Delegated act on low carbon hydrogen, providing regulatory certainty to producers of low carbon hydrogen</p> <p>Industrial Decarbonisation Accelerator Act:</p> <ul style="list-style-type: none"> 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 <p>Revision of Public Procurement Directives to mainstream the use of non-price criteria</p>	<p>Q1 2025</p> <p>Q4 2025</p> <p>Q4 2026</p>
 Financing	<p>Increase InvestEU's risk bearing capacity</p>	<p>Q1 2025</p>
 Circularity	<p>Circular Economy Act</p> <p>Green VAT Initiative</p> <p>Trans-Regional Circularity Hubs</p>	<p>Q4 2026</p> <p>Q4 2026</p> <p>Q4 2026</p>
 Global Markets	<p>Simplification of the Carbon Border Adjustment Mechanism (CBAM)</p> <p>Comprehensive CBAM review assessing the feasibility of extending the CBAM scope which includes:</p> <ul style="list-style-type: none"> Evaluating its application to additional sectors under the EU ETS that are at risk of carbon leakage Extending coverage to downstream industrials and indirect emissions Exploring measures to support exporters while closing existing loopholes <p>Legislative proposal on an extension of CBAM</p>	<p>Q1 2025</p> <p>Q3 2025</p> <p>Q1 2026</p>

 Skills	Review of State aid General Bleck Exemption Regulation rules for social enterprises and recruitment of disadvantaged workers	Q4 2027
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Business Driver	Non-Legislative Proposals	Timeline
 Affordable Energy	EIB pilot offering financial guarantees for PPA off-takers, with a focus on SMEs and energy-intensive industry Recommendation on network charges Recommendation on energy taxation Guidance on CfD design, including on combining CfDs and PPAs Guidance on promoting remuneration of flexibility in retail contracts	Q2 2025 Q2 2025 Q4 2025 Q4 2025
 Lead Markets	Communication and legislative proposal on greening corporate fleets	2025/2026
 Financing	IPCEI Design Support Hub Clean Industrial Deal State aid framework Recommendation to Member States to adopt tax incentives to support the Clean Industrial Deal Flagship call under Horizon Europe Pilot auction under the Innovation Fund Industrial Decarbonisation Bank TechEU investment programme on scale-ups with the EIB Group and private sector	2025 Q2 2025 Q2 2025 Q4 2025 2025 Q2 2026 2026
 Circularity	First list of Strategic Projects under the Critical Raw Materials Act Ecodesign Work Plan adoption EU Critical Raw Materials Centre for joint purchases and management of strategic stockpiles	Q1 2025 Q2 2025 Q4 2026

 Global Markets	Launch negotiations for the first Clean Trade and Investment Partnership	Q1 2025
	Trans-Mediterranean energy and clean tech cooperation initiative	Q4 2025
	Guidelines on Foreign Subsidies Regulation	Q1 2026
 Skills	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



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