

POLICY FLASH

CLEAN INDUSTRIAL DEAL

AmCham France - March 2025

In the wake of the Omnibus package release, the European Commission unveiled its strategic plan to boost sustainable economic growth, the **Clean Industrial Deal**, on February 26, 2025. President Ursula von der Leyen emphasized that establishing the Clean Industry Pact within the first 100 days of her mandate was crucial to ensuring the EU's competitiveness and prosperity.

The agenda highlights three key priorities: **(i) accelerating decarbonization, (ii) reindustrializing Europe, and (iii) fostering innovation.**

During the European Commission meeting marking the launch of the Clean Industrial Deal, climate action was reaffirmed, with the goal of **reducing emissions by 90% by 2040.**



Clean Industrial Deal

The Clean Industrial Deal sets out a comprehensive agenda to stimulate every stage of production, focusing on:

- **Energy-intensive industries** (such as steel, metals, or chemicals),
- **Clean technology sector**,
- **Circular economy**.

Promoting Access to Affordable Energy:

- **Objective:** Accelerate clean energy deployment through the electrification of industries.
- **Technology Neutrality Principle:** Maintain an inclusive approach that does not solely prioritize renewable energy, leaving room for nuclear energy as part of the transition.
- **Support for Small Modular Reactors (SMRs):** Reinforce the Commission's commitment to developing SMRs.
- **€500 Million Pilot Program:** Launch a pilot initiative to provide counter-guarantees for selected power purchase agreements (PPAs), targeting SMEs, mid-sized companies, and energy-intensive industries to secure long-term electricity purchases and protect investments.

Planned Actions:

- **Energy Tax Reduction:** Lower energy taxation to create a favorable tax framework for electrification.
- **Electricity Grid Modernization:** Upgrade infrastructure and introduce new authorization procedures for renewable energy projects.
- **Efficient Energy Use:** Promote measures to reduce reliance on imported fossil fuels.
- **Affordable Energy Action Plan (by 2025):** Implement support measures for energy-intensive industries, conditional on their decarbonization efforts.

Stimulating Demand for Clean Products:

- To boost demand for clean, EU-manufactured products, a dedicated proposal on accelerating industrial decarbonization will be introduced. This proposal will integrate **sustainability, resilience, and "Made in Europe"** criteria into both public and private procurement processes.

Funding the Clean Transition:

- **Investment in Clean Technologies & Mobility:** Allocation of **€50 billion** to support the deployment of clean technologies, mobility solutions, and waste reduction initiatives.
- **Strengthening the Innovation Fund:** Enhanced funding to accelerate **industrial decarbonization**.
- **Support for Clean Tech Start-Ups:** Launch of **new initiatives by the European Investment Bank (EIB)** to foster innovation and growth within the clean tech sector.
- **Mobilizing Financial Resources:** Mobilization of **€100 billion** to finance industrial decarbonization and innovation.
- **State Aid Reform:** A comprehensive reform of state aid by June 2025 to boost support for strategic industries. This reform will provide member states with a five-year visibility window.
- **Tax Relief Recommendations:** Encourage member states to develop tax relief systems favoring clean businesses.
- **Phasing Out Fossil Fuel Subsidies:** Gradual elimination of subsidies for fossil fuels to align with decarbonization goals.

Circularity & Access to Materials:

- **Joint Raw Material Procurement:** Establish a mechanism allowing EU companies to **aggregate their demand for critical raw materials**, creating economies of scale and enhancing price negotiation capabilities.
- **Circular Economy Framework:** Adoption of a new circular economy policy to ensure **efficient use and reuse of rare materials**, with a target of **24% recycled materials by 2030**.
- **Economic and Employment Potential:** The **European circular market** is projected to reach **€100 billion** by 2030, creating **500,000 jobs**.
- **CBAM Review & Legislation:** The Commission will publish a **comprehensive report on the CBAM** in the second half of 2025, followed by a legislative proposal in the first half of 2026.

Skills & Quality Jobs:

- **Skills Union Initiative:** The Commission will introduce a **Skills Union** to enhance workers' competencies and adaptability.
- **Strengthening Education through Erasmus+:** The Erasmus+ program will expand education & training opportunities, addressing skill shortages in critical sectors with up to **€90 million** in funding.

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