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European Clean Industrial Deal between competitiveness and energy transition



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REFORM

European Clean Industrial Deal - Navigating the Twin Imperatives of Competitiveness and Climate Action

At the 2025 edition of the Think2030 conference on 28 March 2025, Reform Institute hosted high-level speakers to discuss "European Clean Industrial Deal between Competitiveness and Energy Transition". Moderated by Paweł Wiejski, Senior Analyst at Reform Institute, the session featured insightful interventions from the following speakers: Ludovic Voet – Confederal Secretary, ETUC, Suzana Carp – Co-Founder, Cleantech for CEE, Måns Nilsson – Executive Director, SEI, and Jakub Safjański – Head of Energy and Climate Change, Confederation Lewiatan

This policy brief presents the key takeaways from the discussion, highlighting the challenges and opportunities in aligning industrial competitiveness with the energy transition.

Key recommendations:

- **Establish a common EU investment facility for the green transition:** The EU must create a dedicated investment mechanism, backed by joint EU debt, to provide long-term financing for industrial decarbonisation, with particular attention to vulnerable regions and job creation. Fiscal rules need to be reformed to unlock public investment potential.
- **Align trade measures with social and environmental goals:** Strengthen the Carbon Border Adjustment Mechanism (CBAM) with social conditionality, ensuring it not only levels the playing field but also upholds labour standards and regional cohesion. Trade tools must defend against unfair practices while supporting sustainable reindustrialisation.
- **Modernise and integrate Europe's electricity grid:** Accelerate the overhaul of the EU's outdated electricity infrastructure to ensure it is flexible, interconnected, and fit for decentralised clean energy production.
- **Build strategic international cooperation on clean tech:** Foster global and regional alliances for industrial decarbonisation through joint ventures and technology sharing. The EU should lead by example, promoting clean industrial models that others can replicate.

- **Support industrial transition through digitalisation and workforce resilience:** Promote robotics and digital transformation to improve industrial efficiency, while simultaneously implementing transition plans to upskill workers and protect vulnerable regions. Ensuring coherence between decarbonisation and the European social model is critical.

Summary of policy session

The European Clean Industrial Deal: Towards a Resilient, Inclusive Transition

The Clean Industrial Deal (CID) marks a crucial step for the EU in reconciling climate ambitions with economic competitiveness and social cohesion. The panel discussion revealed a shared concern: without robust investment, clear policy alignment, and inclusive strategies, the CID risks falling short of its transformative potential.

Financing the Transition: Rethinking EU Fiscal Rules

EU fiscal constraints emerged as a major bottleneck. While the U.S. and China pursue aggressive green industrial policies with high public investment, EU member states remain restricted by outdated fiscal rules. A coordinated investment framework, funded by EU-level debt, is essential to address underfunded regions, accelerate clean tech scale-up, and create jobs. Private capital alone has proven insufficient. As Ludovic Voet emphasized, a new common EU investment facility is needed to enable the green transition and maintain jobs, particularly in regions most vulnerable to industrial decline. This shift in funding strategy is crucial not only for competitiveness but also to avoid a social backlash against climate policies.

Trade Policy as a Lever for Sustainable Industry

As emissions and jobs shift to countries like China and India, panelists called for smarter trade tools. The CBAM is a vital instrument, but it must include social dimensions to safeguard workers and regions. A balanced mix of incentives and protective measures will ensure that the EU's industrial base remains competitive without compromising on climate or labour standards. Ludovic Voet highlighted that trade measures must also address job security, calling for coherence between trade, climate, and employment policies. Jakub Safjański added that retaliatory tariffs could backfire, warning that an "eye-for-eye" approach risks economic harm.

A Modern Grid for a Clean Industrial Future

The current grid infrastructure is a weak link in the energy transition. Outdated, fragmented, and fossil-fuel reliant, it cannot support decentralised clean tech deployment or ensure affordable energy. Grid modernisation, including smart meters

and digitalisation, is critical. Especially in Central and Eastern Europe (CEE), improvements to the grid could deliver both environmental and economic dividends by 2030. Suzana Carp stressed that the current grid lacks interconnectivity and flexibility and must be radically updated if the CID is to succeed. A smarter, more integrated electricity system would reduce energy costs and foster clean tech growth across the EU.

CEE: A Catalyst for Green Reindustrialisation

Central and Eastern Europe countries stand out as promising grounds for clean tech expansion, thanks to, among others, a skilled labour force. However, their potential will remain untapped without structural investment and policy support. The Clean Industrial Deal offers a chance to embed resilience in the region, but implementation needs to be conditional, transparent, and aligned with local development goals. Carp noted that despite historical energy challenges, Poland now has its cheapest electricity on record, an early sign that the green transition can benefit the region. Ensuring CEE countries act collectively could accelerate clean tech adoption and reduce intra-EU disparities.

Ensuring Just and Fair Transition Through Jobs and Innovation

While the green transition is projected to create more jobs than it eliminates, the panel stressed the need for proactive measures to protect vulnerable communities and industries. Reindustrialisation efforts must integrate social protection, regional development, and digital upskilling. Jakub Safjański underscored the importance of creating high-quality jobs as a pathway to long-term prosperity. Meanwhile, Måns Nilsson warned against excessive reshoring, arguing for building strategic dependencies that ensure supply security while promoting cooperation. Policymakers must prepare now for the phasing out of legacy jobs with credible pathways into clean industries. Workforce transition plans should include targeted investments in training and education, especially in regions at risk of economic marginalization.

Conclusion

The EU's clean industrial transformation is not only a necessity for climate action, but also an opportunity to secure global leadership in sustainable innovation. Achieving this vision requires a policy framework that is forward-looking, inclusive, just, fair, and adequately resourced. From fiscal reform and trade alignment to grid modernisation and workforce resilience, the CID should become the cornerstone of a new, green European economic model.

About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan platform of leading policy experts from European think tanks, civil society, the private sector and local authorities.

By focusing on producing relevant, timely and concrete policy recommendations, Think2030's key objective is to identify science-policy solutions for a more sustainable Europe.

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