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Policy brief: “Made in EU” in a Fractured World: is the EU Trade Policy shifting?

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“Made in EU” in a Fractured World: is the EU Trade Policy shifting?

The [Think2030 Conference Ireland](#), held on 16 September 2026 at the Long Room Hub, Trinity College Dublin, brought together representatives of the Irish government, European decision-makers, industry, civil society and thought leaders to explore how sustainability can strengthen Europe’s resilience and support a competitive and secure future. As part of the Think2030 Conference, Institute for European Environmental Policy (IEEP) organised a session titled ““Made in EU” in a Fractured World: is the EU Trade Policy shifting?”, and this session brief summarizes the key takeaways from this session.

Lead: Institute for European Environmental Policy (IEEP)

Moderator: Antoine Oger, Executive Director, IEEP

Speakers:

- Frances Ruane, IDA Ireland board member and former Director of the Economic and Social Research Institute (ESRI)
- Liam Morris, Director of Trade Policy, Department of Foreign Affairs and Trade, Ireland
- Ludovic Voet, Confederal Secretary, European Trade Union Confederation (ETUC)
- Viktor Jenčuš research fellow AMO klima
- Pierre Leturcq, Coordinator, Green Trade Network, IEEP

Key recommendations

- **Design European preferences to generate new clean industrial investment.**

Use public procurement and other demand-side measures where they can help make low-carbon production viable in Europe. Public procurement represents around 15% of EU GDP, making it a potentially significant source of demand for low-carbon products. Set requirements against expected capacity so they create additional demand rather than primarily support investments already planned.

Assess European content across the value chain, not only at final assembly, and define EU origin and eligibility for trusted partners clearly. Evaluate how Made in EU requirements interact across sectors to prevent an accumulation of rules that could fragment the Single Market.

- **Pair industrial support with affordable clean energy and a planned workforce transition.**

High energy costs put European industry under pressure and can make lower-carbon production commercially difficult. Industrial and trade measures should work alongside efforts to improve access to affordable clean energy. Where public funding supports production, it should deliver quality jobs, skills and regional benefits.

Anticipate reskilling needs within existing sectors, and support employee training and retraining for workers affected by restructuring. Clear policy direction can help employers and workers invest despite uncertainty. The EU's Clean Industrial Deal already identifies affordable energy, quality jobs and skills as enabling conditions for industrial decarbonisation.

- **Make climate performance and fair competition central to trade policy.**

Respond to unfair subsidies and overcapacity with targeted measures while maintaining constructive relationships with trading partners. Where the aim is to cut emissions, assess the carbon performance of products as well as their origin.

Reinforce mutually beneficial partnerships with third countries aimed at reducing investment risks and supporting demand for low-carbon production both abroad and in the EU. This can also help address emissions associated with Europe's imports and consumption. Recent analysis indicates that around 35% of the EU's carbon footprint was generated abroad in 2023, highlighting the limits of focusing exclusively on territorial emissions.

Summary of policy session

Why this matters now

EU trade and industrial policy is increasingly being shaped by the interaction between competitiveness, decarbonisation and economic resilience. The EU is moving beyond a predominantly regulatory approach towards using public procurement, industrial support and trade instruments to create markets for cleaner European production.

The Commission's **Industrial Accelerator Act**, proposed in March 2026, introduces targeted "Made in EU" and/or low-carbon requirements for public procurement and public support schemes in selected strategic sectors, including steel, cement, aluminium, vehicles and net-zero technologies. At the same time, the EU is reviewing its wider public procurement framework, which covers spending equivalent to around 15% of EU GDP.

This creates a new policy question: how can European preferences strengthen industrial capacity and accelerate decarbonisation without simply protecting existing production, fragmenting the Single Market or closing Europe off from international value chains?

The panel discussion explored this question through the lens of "Made in EU" in a changing global trading environment.

From European preference to European value chains

A central question in the discussion was what "Made in Europe" should measure. Final assembly is visible and comparatively easy to identify, but it does not necessarily show where investment, jobs, innovation and industrial capabilities are located. **European assembly does not, by itself, establish European industrial capacity.**

Electric vehicles illustrated this distinction. An EV assembled in Europe was discussed as having approximately **70% European content**, compared with around **85% for a combustion vehicle**. This difference reflects, in part, the international nature of battery and other supply chains.

A preference based only on final assembly could therefore miss important parts of the value chain. European preferences should consider European content more broadly while recognising that supply chains are international and that complete localisation is neither necessary nor always consistent with an open trading economy.

This distinction is increasingly relevant as EU policy begins to define Union-origin requirements for selected products and sectors. The Commission's 2026 proposal establishes a framework for applying Union-origin and low-carbon requirements in

public procurement and public support schemes, with specific rules for different sectors.

Can procurement create new clean markets?

Public procurement can provide a significant source of demand for emerging low-carbon products. But its impact depends on whether requirements create demand that would otherwise not exist.

The discussion used low-carbon steel to illustrate this point. Around **29.7 million tonnes of low-carbon steel capacity is reportedly committed for 2030**, equivalent to about **22% of projected EU steel production**. The Commission's impact assessment therefore proposes a **25% low-carbon requirement for steel** in relevant public procurement and support schemes from 2030.

The question raised in the discussion is not simply whether 25% is ambitious, but whether the requirement is calibrated to generate additional investment and production beyond capacity that is already planned.

This is the broader test of **additionality**. Public procurement can help create lead markets, but requirements need to be set against expected supply and investment so that public demand accelerates the transition rather than merely purchasing products that would already have been produced.

The cost implications also matter. For a passenger vehicle, the Commission's impact assessment estimates that a 25% low-carbon steel requirement could increase the final price by approximately **0.075–0.175%**, or around **€28–65 per vehicle**, depending on the decarbonisation pathway.

Such figures illustrate why the design of demand-side measures matters: relatively small increases in the cost of downstream products can potentially support demand for cleaner industrial inputs, but the relationship between cost, demand and additional investment needs to be assessed carefully.

Energy, investment and the workforce transition

European industrial competitiveness cannot be separated from the cost and availability of clean energy.

High energy prices put European industry under pressure and can make lower-carbon production commercially difficult, particularly in energy-intensive sectors. The Clean Industrial Deal therefore places affordable energy alongside industrial

decarbonisation, clean manufacturing and quality jobs as central elements of the EU's competitiveness strategy.

The transition also changes the skills required within industries, including where production remains in Europe. Employers may hesitate to invest in training when the future of a plant or production line is uncertain, while workers can face substantial costs in changing roles.

Industrial policy therefore needs to anticipate changing skills requirements rather than address them only once restructuring has begun. Publicly supported demand and investment can also be linked to quality employment, training and regional development.

The question is consequently broader than whether production remains in Europe. It is also whether the transition creates the conditions for workers, companies and regions to benefit from the investment it generates.

Climate performance and fair competition

European preferences are only one piece of a wider trade policy puzzle. The discussion recognised the need to respond to unfair subsidies, excess capacity and strategic dependencies while maintaining constructive relationships with trading partners. Targeted trade measures can address specific competitive distortions, but an accumulation of sector-specific preferences could also create barriers and increase fragmentation.

Climate performance presents a related challenge. If the objective is to reduce emissions, geographical origin does not necessarily provide the most direct measure of environmental performance.

Europe's environmental footprint extends beyond its borders through the emissions embedded in imported goods and services. Recent analysis estimates that **35% of the EU's carbon footprint in 2023 was generated abroad**, reinforcing the importance of considering consumption-based emissions alongside territorial emissions. This suggests that origin-based measures should be complemented by approaches that recognise the carbon performance of products and production processes.

Clean Trade and Investment Partnerships could form part of this approach, alongside existing frameworks such as Free Trade Agreements, Strategic Partnerships on Critical Raw Materials and Sustainable Investment Facilitation Agreements. Together, these partnerships can support the EU's industrial and clean transition objectives, including by diversifying supply chains and supporting mutually beneficial investment in clean production.

Rather than treating European industrial capacity and international cooperation as mutually exclusive, **continued dialogue and cooperation with third countries on these issues remain essential to building common understandings and shared objectives for achieving net-zero.** Such cooperation can help support low-carbon production and demand across international value chains while strengthening the resilience of Europe's clean industrial transition.

Questions for implementation

The impact of European preferences will depend on their detailed design.

A key issue is **additionality**: requirements should be calibrated to generate new investment and production rather than primarily support capacity that is already planned. The low-carbon steel example shows why thresholds need to be assessed against expected capacity.

Further questions concern how **European content** should be calculated across increasingly complex supply chains, and whether final assembly alone provides a meaningful measure of European industrial capacity. Clear definitions will also be needed for **EU origin and trusted partners**, particularly where supply chains extend beyond the EU.

The design of individual measures will also need to account for their cumulative effect. Preferences introduced across different sectors could create an increasingly fragmented set of requirements if they are not considered as part of a wider framework. Measures should therefore be assessed together to avoid creating an inconsistent set of rules across the Single Market.

At the same time, where the objective is to reduce emissions, **carbon performance** may need to complement or, in some cases, carry greater weight than geographical origin.

Finally, the discussion raised questions about how public support can deliver wider benefits, including **quality jobs, skills and regional development**, and how European industrial policy can work alongside **clean trade and investment partnerships** to support low-carbon production and investment both within Europe and with international partners.

Conclusion

The discussion pointed to a European trade policy in transition.

The question is increasingly less whether Europe will use public procurement, industrial policy and trade instruments to strengthen its productive capacity, and more how these instruments should be designed and implemented.

European preferences can support investment in clean production, but their impact will depend on additionality, the definition of European content, the treatment of trusted partners and the interaction between measures across sectors. Industrial policy also needs to address the underlying conditions for investment, including access to affordable clean energy and the skills required for the transition.

At the same time, climate objectives cannot be addressed through origin-based measures alone. Europe's environmental footprint extends beyond its borders through the emissions embedded in imports. Clean Trade and Investment Partnerships could therefore complement European industrial measures by supporting low-carbon production, investment and demand across international value chains.

The central challenge is to ensure that a more strategic European trade policy remains open and voids protectionism while delivering **measurable additional investment, emissions reductions and benefits for workers and regions.**



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About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan initiative 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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