

Position paper 2025/171

Clean Industrial Deal – nice words but workers expect a game changer now

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In early 2025, the European Commission unveiled its Clean Industrial Deal (CID) as a new chapter of efforts to build a European Industrial Strategy. This initiative comes at a time when Europe's industrial sector faces serious challenges such as declining demand, exacerbated by the cost-of-living crisis and austerity policies, global geopolitical volatility, trade tensions, high energy prices, rising CO2 costs, and rapid technological change due to the twin digital and green transitions. In some sectors, particularly energy intensive industries and the automotive supply chain, workers are hit hard by the consequences of this context: strategic investments are postponed or withdrawn, and widespread restructuring plans and site closures lead to massive job losses. The current situation, which threatens jobs and working conditions, requires a coherent and ambitious response from Europe, now.

The CID, with its 40 announced measures, might help to build the kind of holistic and socially just industrial strategy that industriAll Europe has been advocating for over many years. But there are a series of major steps to be taken to reach this objective. And the deregulation push epitomised by the Omnibus proposals, or the 28th regime, undermines the credibility of the EU efforts to roll out a socially fair and sustainable industrial strategy. Strategies to promote the competitiveness of European industry must not become a gateway to the dismantling of citizens' social rights.

This short position paper reiterates industriAll Europe's key messages when it comes to industrial policy, and serves as a general introduction to the assessment of the sectoral plans accompanying the CID, i.e. the Industrial Action Plans for the Automotive sector, Steel and Metals, and for Affordable Energy. The specific positions and assessments of these sectoral plans are annexed. The Chemicals Industry Action Plan will be dealt with separately on the basis of the existing iAE position¹.

A too shy social chapter: genuine social conditionalities require binding instruments

Despite the emphasis on quality jobs and interesting proposals, including the proposed amendments to the European Globalisation Fund (EGF) and the creation of a Fair Transition Observatory, the CID lacks a concrete EU-level job safeguard mechanism.

A major advance in the proposals is the recognition of the role of social conditionalities on public funding. This has been at the centre of industriAll Europe's campaign for Good Industrial Jobs. For the scale of public

¹ [https://industriall-europe.eu/documents/upload/2025/7/638870661643143825_Position_paper_2025-168. A plan to save the workers of the chemical industry pdf](https://industriall-europe.eu/documents/upload/2025/7/638870661643143825_Position_paper_2025-168_A_plan_to_save_the_workers_of_the_chemical_industry_pdf)

investment and support that must be put on the table to deliver the objective of halting deindustrialisation and reindustrialising Europe, there should be a return for the taxpayer and worker-citizens. EU funds and de-risking instruments, as well as public procurement, should support companies committed to Just Transition, keeping and creating quality jobs in Europe through mandatory social conditionalities - companies covered by collective agreements for all their sites in the world, that respect sustainable development goals and human rights throughout their entire value chain and companies paying a fair share of tax in Europe, that don't practise profit shifting or tax evasion. There should be clawback mechanisms in the case of relocations or in the event of a breach of the social conditions underlying the provision of public support.

However, we regret that social conditionalities are only referred to in this chapter, and not explicitly mentioned in the chapters on public procurement, EU-level funding, or State Aid. Furthermore, as we shall see in the case of the document on State Aid, the European Commission has refrained from making social conditions mandatory, limiting itself to encouraging Member States to adopt them. The only concrete action on social conditionalities that is proposed in the entire communication is in the context of the GBER (General Block Exemption Regulation): "The Commission will assess if the use of training and skills conditionalities for public funding supporting the anticipation and management of change and the industrial transition can be increased." It will be crucial to ensure that genuine social conditionalities are included in the list of non-price criteria proposed by the Commission for the revision of the Public Procurement Directive.

IndustriAll Europe also observes a lack of clarity on continued dedicated funding for Just Transition. There is one reference to the Just Transition Fund: the Commission will "explore ways to improve its delivery" and provide information about the design of future instruments under the next MFF.

We welcome that the Commission, in the context of the Quality Jobs Roadmap, will discuss with social partners a framework to support restructuring processes at EU and Member State level, which will focus on Just Transition, anticipation of change, quicker intervention when there is a threat of restructuring, and an improved information and consultation framework. However, overall we would like to see more commitment to legal instruments, including on Just Transition and a strengthening/stronger implementation of existing rights. In the same way, active labour market policies and social dialogue should be seen and promoted as instrumental to manage structural change in a socially fair way.

IndustriAll Europe misses the activation of a SURE 2.0 to address the social emergency. The urgency of the situation is not taken into account. The measures aiming at protecting jobs (Just Transition, restructuring....) will only come at the end of the year with the Quality Job Roadmap. These measures need to be frontloaded. The social dimension needs to be treated with the same level of urgency as the rest of the Deal.

We would have also liked to see the Right to Training, cost-free, during working time, and recognised in all Member States, while respecting national labour market specificities. We regret the emphasis on the EU Talent Pool. Third-Country Nationals (TCNs) should not be seen as a quick fix for labour shortages.

In an electrified industry, electricity price and supply is critical

High energy prices are a root of our problems. We welcome the intended focus on affordable energy. Decisive action to lower high energy prices for European consumers is urgently needed, while remaining fully committed to Europe's energy transition and decarbonisation goals - a transition which is essential for economic security and increased sovereignty. To achieve this, it is therefore essential to have sufficient

decarbonised production capacity available, including for baseload, and grid stability at all times to respond to demand in real time.

In this regard, building more decarbonised energy capacity across Europe is imperative to meet the expected increase in demand following electrification. All clean energy technologies should be encouraged, including CCUS, respecting national specificities and preferences. However, the increasing local resistance to energy infrastructure projects is a major hurdle. The EU should therefore consider how national authorities can include criteria for positive ripple effects², including local job creation, when supporting the development of energy infrastructure projects. We need massive investment in energy generation and grids, as well as storage infrastructure to respond to the growing demand for the stable supply of decarbonised energy at affordable prices, as the Commission recognises, with a “Made in Europe” approach, and social conditionalities to maximise co-benefits for related European industrial supply chains. The substantial pillar on energy is tackling a wide range of instruments (including taxation, PPAs and CfDs, State Aid, market oversight, joint purchasing, the Electrification Action Plan, and hydrogen). However, the key gamechanger is missing, notably the lack of specific measures to reform the electricity sector regulation and decouple gas and electricity prices to secure an affordable electricity price for industrial consumers.

Additionally, industriAll Europe strongly opposes industrial flexibility mechanisms that would use energy-intensive plants to mitigate price hikes on the electricity market. Production curtailment creates incentives for deindustrialisation and speculation, and many industrial facilities cannot stop and start at will, for technical reasons. Furthermore, there are substantial impacts on the workforce that have received no attention, from health and safety to short-time arrangements.

Energy-intensive industries in the EU, in particular, depend on internationally competitive electricity prices: in the medium term, the establishment of an EU-wide industrial electricity price mechanism that ensures industrial electricity price parities in the EU as well as long term predictability, including for the compensation for the indirect cost of the EU Emissions Trading System (ETS), would be a logical step to ensure equivalent transformation conditions across Europe.

High ambition requires strategic planning and ambitious public investment

The CID falls short of the investment needs assessment made in the Draghi Report. The CID promotes the use of State Aid but without really addressing the impact it will have on Europe’s fragmentation, as laid out by the Letta report. In the same way, the finance chapter focuses on leveraging private capital with public funds, including with de-risking, State Aid and tax breaks, but without proposing effective social conditionalities. In the context of austerity and fiscal consolidation, leveraging private finance in this way is likely to have a corrosive impact on social protection systems, pensions and public services. This is not considered at all. Furthermore, public funding is presented as completely subordinate to - and at the service of - private funding, thus confirming that public intervention should be understood exclusively as serving private companies and correcting market failures.

The creation of a “Competitiveness Fund ” is announced for the next MFF, but without explaining what the scale of the Fund will be and what new and additional own resources could endow it. Europe now needs to scale up the investment plan and propose a dedicated investment facility for industry funded by common debt. Trade unions have long called for a joint financing facility for transformation investments. The NextGenerationEU programme could serve as a model for this. Europe also needs this public financing

² See also [The Norwegian Confederation of Trade Unions \(LO\) and the Confederation of Norwegian Enterprise \(NHO\) joint response to the public consultation on design elements of renewable energy auctions](#) (March 2024)

fund to work in concert with national development banks to acquire equity stakes in companies or to set up new industrial companies, in order to make the investments necessary for the ecological transition and the creation of high-quality jobs.

The CID does not propose an ambitious public funding agenda based on a significant reform of the EU macro-economic governance, whereas Member States are implementing austerity budgets that will clearly undermine the EU ambition on strategic policy objectives, such as tackling high energy prices, which is incompatible with the fiscal restraints that the EU rules impose. The general escape clause must be activated for all the CID-related investments paired with a reform of the EU fiscal rules. Public authorities, including through public companies or public equity, have a long-term strategic capacity that short-term, market-driven decisions alone cannot provide. In key sectors, such as energy, infrastructure and critical technologies, they must play a leading role in the CID's key projects.

Supporting demand and 'Made in Europe'

It is welcomed that the Commission is building on existing proposals and avoiding reinventing the wheel – for instance, the need to speed up the implementation of the already existing instruments, such as the Net-Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA), is explicitly mentioned. We welcome the strong endorsement of the circular economy approach and the need for concrete measures to create secondary markets and to 'close the loop': this is essential for job creation and Just Transition. IAE welcomes the continued commitment to ambitious climate goals in the Clean Industrial Deal, and the recognition that decarbonisation and competitiveness go hand in hand.

The Plan provides a framework for all industrial sectors, but it is clear that more detailed action plans are needed to address the sectoral challenges. These should be dovetailed and coherent. While we know the timelines for automotive, basic metals and chemicals, we are concerned that other strategic sectors are currently not mentioned (such as maritime equipment and shipbuilding, or the rail supply industry).

The CID has introduced some kind of local content in the EU industrial strategy, with the commitment to have a "sustainability, resilience and European preference criteria" in the legislative proposal dealing with public procurement expected in 2026. Fostering value-added and quality jobs in European industrial supply chains must be a mainstream principle for industrial policy instruments in all sectoral initiatives and beyond strategic sectors. It would not make sense to build European supply chains for clean technologies, but rather to create new dependencies by losing existing industrial capacities in traditional sectors. On the one hand, the EU still appears to be far from achieving its goal of industrial autonomy. The NZIA states that the Commission and Member States will commit to developing sufficient production capacity to cover at least 40% of the Union's annual needs in terms of the deployment of relevant technologies necessary to achieve the Union's climate and energy targets for 2030. On the other hand, despite the mention of local content in the CID, it is not defined in percentage terms, which is a very serious omission. In this case too, all other areas of the world have long applied local content policies, even establishing work content, except for the EU. It is time for the EU to establish precise and effective local content policies with significant percentage targets.

Eco-design and circularity requirements must be part of this agenda and enhance the EU strategic autonomy on raw materials and energy. Nevertheless, efforts to build domestic industrial supply chains should not materialise at the expense of sustainable development objectives and human rights such as access to clean water.

The "Made in Europe" agenda must be translated into binding obligations when public money is involved. For technologies where the EU must rely in the short and medium term on foreign companies, the related

investments must be accompanied by obligations to transfer technologies, to work with local suppliers and to create joint ventures with European companies in order to (re-)build European supply chains, make Europe more resilient, and avoid a business model where foreign companies create “screwdriver plants” that only perform the final assembly of imported components, leaving most of the value added and the job potential to other regions.

The “Made in Europe” agenda should not penalise workers in non-EU countries or undermine the efforts of the EU to build a strong and fair relationship with neighbouring countries. Setting a “European preference” needs a geographical scope that fits European supply chains. Keeping in mind the transnational nature of industrial supply chains and their role in fostering a peaceful economic integration across the continent, we believe that it is important to avoid a too restrictive geographical definition of European content. In addition to the countries that are part of the Internal Market (EU and EFTA Member States), candidate countries should be seen as part of the “Buy European” area, provided that strict rules prevent social and environmental dumping. In the same way, products in line with the EU-UK TCA rules of origin provisions should be considered as European. Nevertheless, the expansion of the scope of eligibility for 'buy European' must be accompanied by conditions of social and environmental reciprocity.

Backpedalling on the EU’s value-based trade policy is the wrong approach

External trade and a level playing field are key to Europe’s industrial resilience. The CID proposals place a major focus on market access through new trade agreements, but without any reference to EU sustainable development priorities or human rights, which represents a major step back from the EU’s stated trade policy objectives. At the same time, agreements with countries supplying commodities and raw materials must not be allowed to become further opportunities for production relocation: while it is true that the EU cannot carry out extraction activities as it lacks such materials on its own territory, it is equally true that these materials must be refined and processed industrially, and these activities can and must be carried out in Europe in order to reduce foreign dependencies.

In the same way, the Omnibus Simplification Package and recent policy developments are threatening the EU “due diligence” legislations (CS3D and CSRD). This is not a route to ensuring a level playing field or quality jobs. EU trade policy must promote a fair and regulated trade which ensures human rights, including workers’ rights, as well as the UN Sustainable Development Goals.

Unilateral trade tariffs, the weaponisation of trade instruments and the many hurdles to trade have had disruptive impacts on global supply chains vital for industry. Workers and consumers too often pay the price of these tensions. In the current global trade context, the EU must intensify its efforts to re-build the multilateral trade regime based on agreed rules and institutions that allow for negotiated solutions in case of trade disputes.

In the meantime, the EU is right to strengthen its economic protection toolbox with the Foreign Direct Investment (FDI) Screening Regulation, the Foreign Subsidies Regulation, the International Procurement Initiative, and Trade Defence Instruments, in order to react to unfair economic competition.

EU Climate policy for industry must be in line with the CID objectives

The revised EU Emissions Trading System (ETS) and the transition from free allowances to the Carbon Border Adjustment Mechanism (CBAM) entail a higher CO2 price that is impacting many industrial sectors and will soon represent an existential threat for plants where massive investment in low-carbon solutions does not materialise. The ETS is a cap and trade mechanism intended to drive investments towards cleaner technologies through a price-signal on greenhouse gas emissions. But it is not an industrial policy

instrument. When the ETS was introduced, it was expected that the transformation would take place more quickly and that Europe's economic competitors would also introduce carbon-pricing mechanisms. This has not occurred at the expected scale. Moreover, the linear reduction factor set by the latest ETS reform to date will tighten the cap on emissions and will entail further price increases of the emission allowances that industry has to buy to cover emissions. Given the global asymmetric carbon price, these expected developments on the European carbon market can lead to the decommissioning and closure of plants and thus ultimately to job losses and losses of industrial sovereignty to the benefit of third countries with less stringent emission reduction legislation for industry. At least, if nothing is done to level the playing field on the CO₂ cost.

The risk of "carbon leakage" has been mitigated by the free allocation of emission allowances, but this system will be progressively phased out and replaced by the Carbon Border Adjustment Mechanism (CBAM). Therefore, the EU must carefully re-assess the risk of carbon and investment leakage and, in the context of the review of the ETS and CBAM, propose measures securing the competitiveness of the European energy-intensive industry in a global context, without undermining the EU climate objectives. In the same way, the EU must urgently improve the initial design of the CBAM and find solutions for exports and manufacturing sectors downstream the value chain, while tackling the issue of "resource shuffling"³. IAE will closely follow ETS and CBAM policy developments.

However, a significant carbon price is one of the necessary conditions to ensure the economic viability of low-carbon investments. A series of companies have invested in industrial facilities, or are about to confirm heavy investments, that are in line with the EU 2050 carbon neutrality objective, with 2050 being at an investment cycle for heavy industries. Measures to adapt the ETS or reduce the risk of carbon leakage should not penalise first mover companies nor undermine the policy stability that is needed to plan investment and anticipate structural change through social dialogue and collective bargaining.

³ A practice whereby the EU's trading partners only export to the EU the portion of their production with the lowest carbon footprint.