An industrial policy for every region

Key points

- Many regions have the industrial capabilities Europe needs to build clean-tech value chains at home, cut its dependence on imported components and make "Made in Europe" a reality – they shouldn't be undervalued or overlooked.
- Cohesion policy has been a success story, but there is still much work to be done. Major gaps in living standards and pay exist between Europe's core and periphery countries, and between capital regions and rural regions, while collective bargaining coverage remains far lower in many Central and Eastern European Member States.
- Place-based investment creates more than twice as many jobs as funding targeted solely at strategic sectors. Europe's industrial policy often pulls in the opposite direction. Crisis state aid and Important Projects of Common European Interest (IPCEIs) have favoured the regions that are already strongest, and the proposed Competitiveness Fund would do the same, while the proposed 2028–2034 budget would merge cohesion funding into national plans and cut cohesion spending by around 12% in real terms.
- Europe needs ring-fenced cohesion funding, an Industrial Accelerator Act that targets less developed and industrial transition regions, and binding social conditions on all public support.

As part of our Enough is Enough campaign, industriAll Europe has been demanding an end to a system of corporate welfare paid for by European workers. In the automotive, chemical and steel sectors, companies routinely pay billions to their shareholders, cut jobs and then turn to governments for more public support. We also know where these corporate choices ultimately land: in Europe's industrial regions, in communities that have staked their future on attracting new industries, and in towns that have experienced one factory closure after another. In Mioveni, Romania, carmaker Dacia announced its first production cut in 22 years, with around 1,200 dismissals. In Győr, Hungary, where hundreds of automotive jobs have been lost in recent months, **industriAll Europe will be rallying at the Audi plant alongside our trade union comrades from all sectors on 9 November to demand a European industrial policy that works for every region**.

European integration rests on the premise that membership of the Union brings good jobs and rising living standards to every region, not only to the richest cities. The coming months will decide whether Europe's new budget and industrial policy toolset close the gaps between regions or widen them. The Commission's budget proposal would fold cohesion funding into national plans, but Europe cannot become more competitive by writing off entire regions. It needs a strong, ring-fenced cohesion policy that complements industrial policy by building on the strengths of every region, with binding conditions that protect workers and deliver tangible community benefits.

Converging countries, diverging regions

Cohesion policy has been one of the EU's most successful initiatives. Since the 2004 enlargement, GDP per person in countries that have joined has risen from roughly half the EU average to almost 80%.[1] However, workers in these countries still face an uphill battle: even after adjusting for price levels, minimum wages

[1]Rodríguez-Pose, A. and Bartalucci, F., "The EU's new budget and the future of European integration", 2026

in Bulgaria, Romania and Croatia are between 46% and 62% of Germany's.[2] Collective bargaining is also weak: in 2023, only 11.6% of workers in Poland, 14.8% in Hungary, 16.2% in Bulgaria and 28.0% in Romania were covered by a collective agreement.[3]

Since 2008, manufacturing employment has fallen far more sharply in much of Europe's periphery than in the EU as a whole: by 27% in Latvia, 26% in Bulgaria, 23% in Romania, 20% in Estonia and Croatia, and 19% in Finland, against 8% across the EU.[4] Across many of these areas, industrial decline is structural, driven by demographic loss, underinvestment and weak institutional capacity. And when investment does arrive, it often comes without robust social conditionalities or respect for collective bargaining rights.

Within countries, capital regions are also pulling ahead while other regions – often where factories and heavy industry are located – fall behind. For instance, in Romania, the gap in GDP per person between the Bucharest capital region and the north-east grew by more than 40 percentage points between 2012 and 2024.[5] This divide runs directly through the industrial workforce. In Croatia, industry accounted for only 14% of hours worked in the capital region, against 30% in the country's most industrial region in 2022.[6]

Cohesion policy works

EU cohesion policy has been central to overcoming these divergences: regional and cohesion funds raised EU GDP by 0.56% and employment by 0.91% in 2023, created 370,000 direct jobs, and narrowed the gap between the richest and poorest regions.[7] Research also shows why the regional approach matters: place-based funding creates more than twice as many jobs as funding targeted at strategic sectors.[8] Industrial policy can match each industry to the regions best placed to host it, and cohesion policy can build the skills, infrastructure and institutions that make more regions a good fit. This in turn requires regional knowledge, programmes and administrative capacity, all of which cohesion policy supports. The territories that absorb funds most slowly are often those with higher unemployment and weaker institutions, the places most in need of sustained investment;[9] but the answer is to build administrative capacity in these regions, not to move the money elsewhere.

[2]Eurostat, "Monthly minimum wages – bi-annual data" 2026.
https://ec.europa.eu/eurostat/databrowser/view/earn_mw_cur/default/table
[3]European Commission, Report on the Adequate Minimum Wages Directive under Article 10(3), COM(2026) 388, July 2026.
[4]Eurostat, "Employment by A*10 industry breakdowns" (nama_10_a10_e), manufacturing (NACE C), 2008–2025
[5]Eurostat, "GDP at current market prices by NUTS 2 region" (nama_10r_2gdp), PPS per inhabitant as % of EU average,
[6]Eurostat, "Employment (hours worked) by NUTS 2 region and NACE Rev. 2"
https://ec.europa.eu/eurostat/databrowser/view/nama_10r_2emhrw/default/table
[7]European Commission, "Ex post evaluation of the ERDF and Cohesion Fund 2014–2020", 2025
[8]Casas et al., "Mission-Led and Place-Based Policy Outcomes in European Regions",
2026.https://onlinelibrary.wiley.com/doi/full/10.1111/jcms.70149
[9] Santos et al., "Financial absorption of cohesion policy funds", Journal of Common Market Studies, 2025.

Podkarpackie, Poland: building on what a region already has

Podkarpackie is one of Poland's less developed regions, yet it hosts 95% of the country's aerospace industry and over 34,000 jobs in the sector.[10] EU regional funds co-financed the skills base, including an aviation training centre at Rzeszów University of Technology.[11] Industrial policy and cohesion funding, working together and building on existing strengths, can create high-skilled industry outside capital regions. But without stronger innovation support, regions like Podkarpackie risk being confined to lower-value subcontracting.[12]

Industrial policy must support social cohesion

While cohesion policy works to close gaps, Europe's industrial policy has largely been the tool of Europe's leading economies. Support under Important Projects of Common European Interest (IPCEIs) is heavily concentrated in Europe's core economies, and Germany, France and Italy have taken part in all but one of them.[13] The same goes for fiscal firepower: Germany paid out crisis state aid worth 1.23% of GDP between Russia's invasion of Ukraine and June 2023, more than twice the EU average (0.58%) and five times as much as Bulgaria (0.24%).[14]

The proposed 2028–2034 budget would reinforce this pattern, as its main priorities – competitiveness, defence and strategic autonomy – are likely to skew towards the same top-performing regions. In one mapping of where this spending is likely to land, the Balkans and large parts of Romania, Bulgaria and Greece do not appear at all, and regions such as Romania's Sud-Est face the risk of remaining as lower-value supply hubs.[15] Meanwhile, €11.9bn of cohesion funding has already been reprogrammed towards defence under the EU's mid-term review. IndustriAll Europe has warned before against cutting cohesion funds to pay for defence.

The EU's Industrial Accelerator Act (IAA) is also a test of whether Europe's new industrial policy will reach every region. While the Commission's proposal contains no requirement to target less developed or transition regions and attaches no labour conditions – roles for trade unions or collective bargaining requirements – to investment,[16] the potential gains for regions are huge. In the most ambitious "Made in Europe" scenario modelled in a European Parliament study, the five Member States with the largest increases in GDP and employment are Czechia, Slovenia, Slovakia, Hungary and Bulgaria. Their GDP would rise by roughly 0.5% to 0.75%, compared with about 0.3% for the EU as a whole and around 0.15% for France.[17]

The next EU budget puts cohesion at risk

The Commission's proposal for the 2028–2034 budget is perhaps the most dramatic rearrangement of the EU budget in its history. It would merge 14 funds, including the regional and cohesion funds, the European Social Fund+ and farm funding, into 27 National and Regional Partnership Plans (NRPPs), replacing more

[10]European Committee of the Regions, The State of Regions and Cities EU Annual Report, 2026
[11]European Commission, "Aviation training centre expands at Rzeszów University of Technology", 2015.
[12]Rodríguez-Pose, A. and Bartalucci, F., "The EU's new budget and the future of European integration", 2026
[13] Manica, L., Damásio, B. and Mendonça, S., "Strategic industrial policy in the European Union: the uneven geography of Important Projects of Common European Interest (IPCEIs) participation", *New Political Economy*, 2026.
[14]European Commission (DG COMP), "The use of crisis State aid measures",2024
[15]Rodríguez-Pose, A. and Bartalucci, F., "The EU's new budget and the future of European integration", 2026
[16]European Parliamentary Research Service, "Industrial Accelerator Act", briefing, May 2026.
[17]Guadagno, F. et al., "Developing lead markets through "Made in Europe"", European Parliament, PE 795.719, 2026.

than 500 regional programmes. According to the European Policies Research Centre, it would cut cohesion spending by around 12% in real terms.[18] New allocation guidelines would also weaken the link between regional disadvantage and funding. The risk is that the money stops reaching the regions. National governments would have greater scope to exclude local and regional authorities,[19] and the European Court of Auditors has found that the proposal lacks sufficient safeguards to ensure national plans meet regional development needs.[20]

The Irish Council Presidency's negotiating box, circulated on 10 October, proposes a budget of €1.62 trillion, 8% below the Commission's proposal. It keeps national allocations for cohesion within the partnership plans, without increasing them compared with the current budget.[21] Protecting the size of the cohesion budget is necessary, but not enough: the money must stay targeted at the regions, through regional programmes and a binding role for regions and trade unions.

The financial pressures are dire. Europe's cities and regions already carry out 51% of public investment in the EU, but face a fiscal gap of more than €78bn, while payments from NextGenerationEU end on 31 December 2026.[22] The political stakes are just as high. Regions caught in long-term decline vote disproportionately for parties hostile to the EU,[23] and cohesion policy has often been the most tangible sign that Europe works for them. Industrial policy can act as cohesion policy when it attaches clear and binding social conditionalities to public support, steering investment to where it is most needed and setting standards for the jobs it creates. Social conditions are themselves a cohesion tool: without them, regions compete for investment in a race to the bottom on wages and health and safety standards.

Cohesion and industrial policy are two sides of the same project: Europe's industrial future will be decided in its regions, and it will keep workers' support only if good jobs reach all of them. Since the budget negotiations began, industriAll Europe has called on the EU to support transforming industries across all regions, with strong social conditionalities on public money.[24] We have also warned against cutting social and cohesion funds to pay for defence. Europe's goal of social cohesion requires adequate and predictable funding, not neo-liberal conditionalities and political blackmail.[25] With leaders due to meet at an extraordinary summit in late November, the coming weeks will decide whether Europe's next budget keeps its promise to every region. Enough is Enough.

[18]European Policy Research Centre, "What future for EU Cohesion Policy?", 2025.
[19]European Committee of the Regions, "The state of regions and cities – EU annual report 2026", 2026.
[20]European Court of Auditors, "Opinion 09/2026 on the European Fund regulation", 2026.
[21]Irish Presidency of the Council of the EU, "Irish Presidency publishes its Proposal for the EU's Long-term Budget", Oct 2026.
[22]European Committee of the Regions, The State of Regions and Cities EU Annual Report, 2026
[23]Dijkstra, Poelman & Rodríguez-Pose, "The geography of EU discontent", Regional Studies, 2020.
[24]industriAll Europe, "MFF Hearing: industriAll Europe demands socially responsible investments in future EU budget", 20 June 2025.
[25]industriAll Europe, "European Commission sets out EU budget proposal: steps in the right direction but missed opportunities for workers", 17 July 2025.