

Clean Industrial Deal

European roadmap for decarbonisation

On 26 February 2025, the European Commission issued a communication entitled: "[The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation](#)" (CID). This is a package of proposals aimed at advancing decarbonisation and improving the competitiveness of the European Union while upholding ambitious climate targets.

The full text of the CID can be accessed on our website. We also encourage you to review the following summary, prepared by SSW's experts.

CLEAN AND AFFORDABLE ENERGY

Access to affordable energy is definitely a cornerstone of the Clean Industrial Deal. In fact, this goal was deemed so essential that it received a dedicated communication: the [Action Plan for Affordable Energy](#). This covers actions such as lowering energy costs, building a genuine Energy Union, and preparing for potential energy crises.

Europe's dependence on imported fossil fuels and structural inefficiencies within the electricity system

(including grid infrastructure) have been identified as causes of high and volatile energy prices. The CID envisages improving the [integration of energy markets, electrification, digitalisation](#), and the utilisation of AI-driven smart grids. It also anticipates a [major role for Power-Purchase Agreements \(PPAs\)](#), including cross-border PPAs, and [Contracts for Difference \(CfDs\)](#) in increasing the attractiveness of clean energy. To support the uptake of PPAs, the Commission has created a pilot programme for corporate PPAs (EUR 500 million), whereas renewables, grids, and energy storage are set to benefit from a streamlined permitting process and simplified state aid rules by 2025.

The Commission also plans, by Q4 2025, to adopt the [Industrial Decarbonisation Accelerator Act](#), containing concrete measures to address permitting bottlenecks. Its solutions will be modelled primarily on the Emergency Permitting Regulation and the Net Zero Industry Act.

The key performance indicators of these flagship actions include the annual installation of [100 GW](#) of renewable electricity capacity up to 2030.

LEADING MARKETS TO DECARBONISE

The CID is expected to establish the conditions required to increase demand for decarbonised products. This is intended to incentivise businesses to invest in clean technologies (reaping the “green premium”) and to improve the EU’s position as a leader in clean transition.

The proposed solutions include:

- creating a market for **captured carbon**, including by implementing the Industrial Carbon Management Strategy and reviewing the ETS Directive 2023/959 (scheduled for 2026); **waste incineration** may be included in the emission trading system;
- supporting the development and deployment of **small modular reactors** (SMRs);
- promoting the uptake of renewable and low-carbon **hydrogen** and providing regulatory certainty in this regard, in particular by adopting the Commission’s delegated act on low-carbon hydrogen, the Hydrogen Bank calls and by launching the Hydrogen Mechanism;
- simplifying and harmonising carbon accounting methodologies;
- adopting **non-price criteria** to the EU’s budget (such as cleanliness, resiliency, circularity), promoting national support programmes as well as public and private procurement which benefit energy-intensive industries.

ROLLING OUT THE CIRCULAR ECONOMY

As circularity is believed to be a driver for innovation, the CID proposes that the EU be more strategic about procuring raw and secondary materials, to reduce exposure to unreliable suppliers and prevent supply disruptions.

To this end, the need to prioritise the implementation of the **Critical Raw Materials Act (CRMA)** and to recognise first Strategic Projects was emphasised, alongside creating a dedicated EU Critical Raw Material Centre, a joint purchase platform for raw

materials. We discussed details of the CRMA on our website.

The Commission further intends to adopt a **Circular Economy Act** in 2026. This aims to accelerate the circular transition, foster a higher supply of high-quality recyclates, and stimulate demand for secondary materials and circular products. Importantly, the Act plans to harmonise the “end-of-waste” criteria, and to revise and expand the **extended producer responsibility (EPR)**. We discussed the current rules of the EPR on our website.

Furthermore, the Commission will adopt a work plan as part of the Ecodesign for Sustainable Product Regulation in April 2025 and undertake a Green VAT initiative in Q4 2026.

PUBLIC AND PRIVATE INVESTMENTS

The European Union realises that the clean transition will require major investments. It plans to increase the funds allocated annually to energy, industrial innovation, and transportation projects by EUR 480 billion in comparison with the previous decade.

The CID itself stands to mobilise over **EUR 100 billion immediately** to improve EU-made clean manufacturing before long-term legislative solutions are drawn up and passed. The objective is to introduce several initiatives for both EU-level and private funding, such as the Competitiveness Fund, the Innovation Fund, the Horizon Europe calls, the revision of the InvestEU, or the new Clean Industrial Deal State Aid Framework.

INTERNATIONAL PARTNERSHIPS, OR THE FAR REACH

The CID contends that clean industrialisation can only be realised with proper **global relationships**. Therefore, it considers it crucial for the EU to continue to sign, conclude, and fully implement pending Free Trade Agreements (FTAs) and to negotiate new FTAs, which will be complemented by **Clean Trade and Investment Partnerships** (CTIPs) starting

as early as March 2025.

Further plans in this area include reviewing, simplifying and potentially extending the Carbon Border Adjustment Mechanism (CBAM), formulating key concepts underpinning the Foreign Subsidies Regulation (FSR) and utilising Trade Defence Instruments (TDIs).

SKILLS AND JOBS, OR THE GRASSROOTS

At the other end of the spectrum, the CID recognises the impact of the clean transition on individuals and vice versa. The Commission will thus lay out a [Union of Skills](#) as a strategy to equip people with skills which, pursuant to the Skills Portability Initiative, will be honoured internationally.

Furthermore, the Quality Jobs Roadmap scheduled for Q4 2025 will aim to provide decent working conditions, high standards for health and safety, and fair job transitions for workers and the self-employed. Financial assistance such as [social leasing](#) is also projected to ensure citizens' access to zero-emission vehicles, heat pumps, and other clean products.

WHAT'S NEXT?

The CID, as a communication of the European Commission, [is not currently binding](#) on the Member States or the EU's bodies. At best, it represents a form of soft law. Nonetheless, experience shows that such communications wield a high degree of influence in the European Union and often set objectives that are subsequently addressed in legislative acts. Therefore, within the foreseeable future, we can expect to see actions taken by the European Commission which will seek to implement the proposed solutions in binding instruments.

Until specific legislation is adopted, it remains difficult to assess how the CID will affect businesses. [It may be both a major opportunity and a major challenge.](#)

CONTACT

We invite all those interested in support with preparations for the abovementioned changes to contact us.



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