

The Clean Industrial Deal, what are the implications for competitiveness and security?

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As Europe navigates an era of rapid technological advancements, geopolitical shifts, and economic transitions, the need for a robust and future-proof industrial strategy has never been greater.

From securing supply chains to fostering innovation and ensuring regulatory efficiency, policymakers and businesses alike face critical decisions that will shape the continent's competitiveness in the years to come.

Now more than one hundred days after the inauguration of the new European Commission — and following the publication of the Clean Industrial Deal and the comprehensive Omnibus Simplification Package — this special report takes a closer look at the key challenges and opportunities facing European businesses, in light of the Commission's ongoing efforts to enhance the EU's competitiveness.

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PROMOTED CONTENT

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Europe's Roadmap to Competitiveness and Security Needs a Reality Check

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Witold Strzelecki | Business & Science Poland

The Clean Industrial Deal must address the real needs of a transforming economy. The Competitiveness & Security Business Summit provided a platform to discuss the challenges and opportunities for European business, considering the Commission's proposed approach to competitiveness.

[Credit: ORLEN]



The European Commission's Clean Industrial Deal offers Europe a unique opportunity to reverse its decline in economic competitiveness relative to other global players. To achieve this goal, also in line with the Polish Presidency of the Council of the EU's focus on economic security, the proposed measures must address the real needs of a transforming economy. Equally important, the Deal's success depends on actively involving those who are directly affected by the proposals, including the business community. Held on 19 March under the patronage of the Polish EU Presidency, the Competitiveness & Security Business Summit served as a timely platform to discuss both the challenges and opportunities for European businesses, taking into account the Commission's newly proposed approach to EU competitiveness.

The decline in the European economy's competitiveness did not suddenly begin after the last European election or the formation of the new European Commission, nor was it solely triggered by Russia's invasion of Ukraine or the COVID-19 pandemic. Instead, it has been a long-term process that has only recently risen to the top of everyone's agenda, overshadowing the previous five-year focus on climate neutrality. Despite repeated efforts

- through policy work, various reports and discussions on how to accelerate EU growth - little tangible progress has been made. It would be trivial to argue that only now must the European Union take decisive action to address this challenge. Instead, a more pressing question should be explored: how can we ensure that this time we deliver on this objective and avoid finding ourselves back at square one in a few years?

Identifying the Real Problem

The Clean Industrial Deal is the most anticipated

Competitiveness Compass communication, during the last two decades "Europe has not kept pace with other major economies, due to a persistent gap in productivity growth". Multiple factors explain why we lag behind the United States and China - ranging from an innovation gap and unfair global competition to insufficient financing, high energy prices, and heavy regulatory burdens. Meanwhile, evolving geopolitical tensions only make these challenges more urgent.

The EU must address these issues both urgently and thoughtfully. We have run

[Credit: BSP]



policy document of early 2025, marking a new chapter in Europe's economic revival. As highlighted in the European Commission's

out of time and can no longer afford measures that lead nowhere. Otherwise, we risk becoming an irrelevant relic on the global stage. The

Clean Industrial Deal can guide the European Union toward a decarbonized economy that goes hand-in-hand with robust competitiveness, provided it addresses the real needs of a transitioning economy.

Realistic and Equitable Action Plan

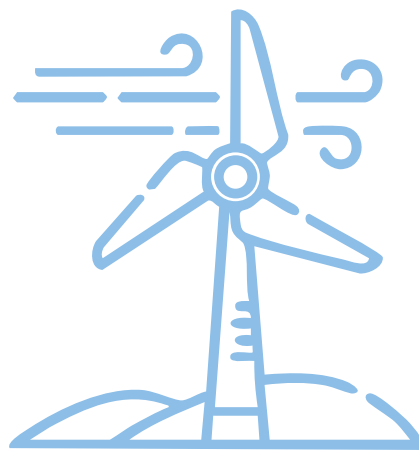
The first step towards achieving this ambitious goal is ensuring access to affordable and reliable energy. This can be accomplished through ensuring technology neutrality and strongly supporting local energy generation – using a maximum range of zero- and low-carbon technologies. For instance, despite its potential to offer stable, cost-effective, decarbonised energy - even for hard-to-abate sectors - nuclear energy has long been overlooked by the EU. Energy sovereignty and security are critical not only for the growth of traditional industries but also for fostering innovation and expanding the clean-tech sector. The next priority is strengthening supply chains.

This entails providing financial support, expanding domestic industrial bases, and increasing the involvement of local companies in EU supply chains - especially in sectors essential to decarbonization. These measures will help create thousands of highly specialized jobs. Additionally, the innovation gap that has rendered European products uncompetitive at home and

abroad must be addressed. Finally, the plan should support high-carbon regions and energy-intensive sectors, given their importance to the European economy.

Better Regulation, Better Implementation and Simplification

EU regulations must be tailored to the specific conditions of each Member State. When designing and imple-



menting policies, it is essential to consider geopolitical, economic, and technological factors, as well as social costs. New policies and laws should be evidence-based and capable of achieving their objectives efficiently - particularly in areas such as investment processes, regulatory requirements, innovation, and financing.

Experience has shown that complex administrative procedures and regulatory barriers slow down investment processes, ultimately undermining the competitiveness

of European businesses. Another crucial aspect is ensuring investment predictability. To address this, the Clean Industrial Deal should support industry by creating stable market conditions and simplifying procedures, thereby fostering a more conducive environment for growth and innovation.

Open Dialogue with Industry

No one is better positioned to evaluate policies than the stakeholders who are directly affected by them. In light of dynamic geopolitical shifts and mounting challenges, open dialogue between EU institutions and business is vital for safeguarding Europe's long-term competitiveness and economic security. Such dialogue can take the form of bilateral meetings as well as broader discussions.

The latter was exemplified by the **Competitiveness & Security Business Summit**, organized by **Business & Science Poland** and held on 19 March at Rue Belliard 40 in Brussels under the patronage of the Polish Presidency of the Council of the EU. The summit served as a timely platform for examining the challenges and opportunities facing European businesses. The event focused on five key dimensions: innovation, industry, financing, strategic value chains, and defence.

European competitiveness and security challenges are neither new nor short-term, yet the shifting geopolitical and economic landscape has made them more pressing than ever. The EU can't allow another ambitious strategy to fade into obscurity. Building a decarbonized, competitive European economy requires affordable, locally sourced energy, resilient supply chains, smart regulation and financing for innovation, and ongoing dialogue with businesses. Only through a comprehensive and proactive approach can Europe avoid revisiting the same unresolved challenges in the future.

Witold Strzelecki is Managing Director of Business & Science Poland.

The Competitiveness & Security Business Summit

organised in strategic partnership with ORLEN S.A., Polska Grupa Zbrojeniowa S.A., KGHM Polska Miedź S.A., Bank Gospodarstwa Krajowego, Digital Poland Association and Allegro.

Business & Science Poland

is the largest Brussels-based organization representing Polish companies in discussions with EU institutions. We represent the expertise and interests of leading entities that collectively employ over 180,000 workers in Poland, the EU, and worldwide.

[Credit: BSP]



INTERVIEW

Clean Industrial Deal is a mixed bag

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Euractiv's Advocacy Lab | euractiv.com

Euractiv spoke with Bartek Czyczerski, CEO of Business & Science Poland, about the European Commission's new guiding strategy – the Clean Industrial Deal – which will have different implications for different countries.

[Credit: BSP]



EV : There's been much attention paid to the issue of Europe's economic competitiveness, since the delivery of the Draghi Report in September. Where do you think Europe stands in terms of its competitiveness? And what are the main problems?

BC : The diagnosis has been out there for some time, produced by many smart minds - Draghi, Letta, Niinistö, the Antwerp Declaration. The single most impactful factor remains high energy prices. It affects everyone - from heavy industry to households, to data centres, which are on track to consume as much energy as industry itself.

However, in my view, competitiveness starts with a mindset: one of risk-taking, ambition, and a willingness to innovate. This entrepreneurial spirit should be nurtured rather than suppressed by the misguided belief that producing 19,000 pages of regulations will automatically make the world a better place.

EV : What difference can the Clean Industrial Deal put forward by the Commission at the end of February make to Europe's competitiveness?

BC : The Clean Industrial Deal is a mixed bag. Firstly, at this stage, it remains a list of ideas rather than a fully fleshed-out strategy.

Secondly, the shift in narrative around industry is important – it allows for more forward-thinking policymaking. A positive example is the growing openness to soft measures that support EU-based value chains.

While economic autarky is impossible, there is room within the existing global trade system to strengthen European value chains, particularly in clean technologies.

Public procurement and EU Projects of Common Interest offer clear opportunities for this approach.

It is great to see the European Commission's support for the cleantech sector. Poland has many companies that are key players in clean technology supply chains. With the right incentives and backing, they can play a big role in making the Clean Industrial Deal and decarbonisation a success.

I hope this new pro-industry mindset takes root among policymakers, so we avoid contradictions like acknowledging the urgent need for raw materials while simultaneously imposing regulations that make mining in the EU virtually impossible.

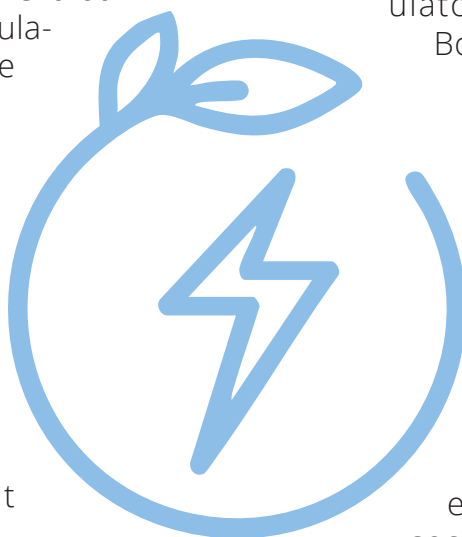
That being said, many of the key challenges for industry stem from policies of the previous political cycle, including Fit for 55, where little has changed.

Mandatory hydrogen targets for industry remain unrealistic under the current regulatory framework. The Carbon Border Adjustment Mechanism still requires real-world testing - especially for exports - before free allocations are removed and it is expanded to additional products.

ETS 2 is not yet ready for implementation; introducing it prematurely without the necessary infrastructure adjustments will not reduce emissions but will only burden society and slow an already moderate economic recovery.

One area where EU institutions have recognized the need for correction is various reporting requirements. Companies started to hire more lawyers to comply than engineers to innovate. There is now a willingness to bring some rationality to the system through simplification efforts.

EV : What are the particular challenges for Poland when it comes to economic competitiveness?





[Credit: BSP]

BC : Poles are exceptionally entrepreneurial, and Poland's economic success story is a testament to that. EU membership has unleashed Poland's full potential. Over the last 35 years of economic transformation and 20 years in the EU, Polish businesses have thrived.

The country successfully transitioned to a market economy, leveraged the benefits of the single market, and expanded beyond the EU's borders. Between 2004 and 2022, Poland's GDP doubled, making it the biggest beneficiary of the 2004 EU enlargement.

Between 2003 and 2022, GDP per capita grew by 158%, and exports exceeded €200 billion annually. Even during the global financial crisis, Poland was the only EU country to avoid recession. We have been experiencing the best period in our history, and we bring this positive spirit to the EU.

That said, Poland faces structural challenges, particularly in phasing out a fossil-fuel-based energy system. This transition requires additional time and investment.

Poland has made significant strides especially in solar energy, achieving one of the fastest growth rates in Europe. We expect EU institutions to recognize this and provide greater support for technology-neutral solutions, including gas with CCS and nuclear energy.

EV : How have the EU's long-term climate targets and other climate policies impacted the energy sector, and how has that in turn impacted competitiveness?

BC : The core challenge is that the decarbonization of both the power sector and industry is happening simultaneously.

We have been experiencing the best period in our history, and we bring this positive spirit to the EU.

Energy-intensive industries face a double burden: they must make capital investments to decarbonize their own production while also dealing with the high energy prices which creates structural disadvantages for European industry.

The Affordable Energy Action Plan proposes measures aimed at deepening the Energy Union, reducing disparities between different EU regions. However, while its impact will be felt years down the line, businesses and households need relief now.

The most promising solutions in the package focus on lowering energy taxation and distribution fees, which would have the most immediate and direct effect on energy prices. Though, such cuts would burden Member States budgets.

However, as we navigate a new geopolitical reality, the link between competitiveness and security - whether energy, economic, or military - has never been more important.

A strong, competitive economy is not just about prosperity; it is essential for safeguarding against existential threats, as any military confrontation ultimately depends on economic strength. The stakes are high, and it appears that policymakers and legislators recognize this. Rest assured, we will continue to remind them.



ARTICLE

European competitiveness depends on shape of our energy markets

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Wojciech Wrochna, Poland's Secretary of State of Energy Infrastructure, warned at a Brussels competitiveness and security summit that energy cannot take a back seat as the EU focus shifts to new priorities.



On Thursday 20 March, EU prime ministers and presidents gathered in Brussels for a summit to discuss the two chief concerns in Europe: competitiveness and security. They met amidst concern that energy was falling by the wayside, despite it having dominated much of Ursula von der Leyen's first legislative agenda.



Though the conference was dedicated to competitiveness and security and hosted by the association Business & Science Poland in Brussels, the day before, politicians and industry representatives had stressed that energy is a crucial component for both topics.

"The future of European competitiveness depends on how we shape our energy markets," **Wojciech Wrochna**, Poland's Secretary of State

of Energy Infrastructure, told the attendees. "We need to guarantee clean energy, we need to guarantee affordable energy prices, and we need to deliver electricity without major disruptions."

"In order to build European markets where electricity can flow in times when there is enough generation, but also in situations when we have problems with generation adequacy, we need to have instruments and certain trust between the member states," he added.

Energy and security

Ditte Juul Jørgensen, Director-General of the European Commission's Energy Department, echoed the sentiment. "Energy and energy pricing isn't the only problem we have for our security, but it is a central challenge – which was reflected in the fact that, together with the clean industrial deal, affordable energy had its own action plan," she said.

The Commission unveiled its Clean Industrial Deal at the end of February, and President von der Leyen said it is an opportunity to transition to the next phase of the Green Deal of her first term. It was accompanied by an action plan on reducing and stabilising energy prices, which the Commission has identified as essential to boosting Europe's competitiveness.

"This is about, how we stay the course, but do it in a way that is smarter and better for our competitiveness?" Jørgensen said. "The challenge in doing that is that on one hand, we need results quickly. The high energy prices in Europe compared to our main competitors really is a significant challenge. We need to do something. But at the same time, we know that to really bring down energy prices in Europe we need structural change. We need things that take a bit of time."

Increase renewables, quickly

"What we can do with supply is increase the share of renewables as quickly as possible. It is the fastest source and the lowest-cost source," she added. "So the faster we can do that the better, and permitting times matter... No one can do it alone, it requires us to work together."

Jørgensen suggested that the EU should set up an "energy union task force" where various governments, industries and other stakeholders come together to look at what can be done to solve Europe's energy problems. "It has to be done at a fairly high political level because there are decisions that are difficult," she said. "The uncertainty is an absolutely killer for investment. We need to make sure there's better visibility for what will the projects be."

Predictability in Europe's regulatory environment even as the world is changing rapidly, was a theme echoing throughout the day.

Andrzej Szydło, CEO of the leading copper and silver producer KGHM, told attendees: "In the current world the situation is completely different from the situation that we were accustomed to six months ago, or even one month ago."

Rapidly reducing Europe's dependencies in this new world will be critical, he said. "To a certain extent, we can accept the situation that some of our raw materials we don't fulfil our needs 100% ourselves. But we cannot allow a situation where we are dependent 100%," he warned.

Mining business returns

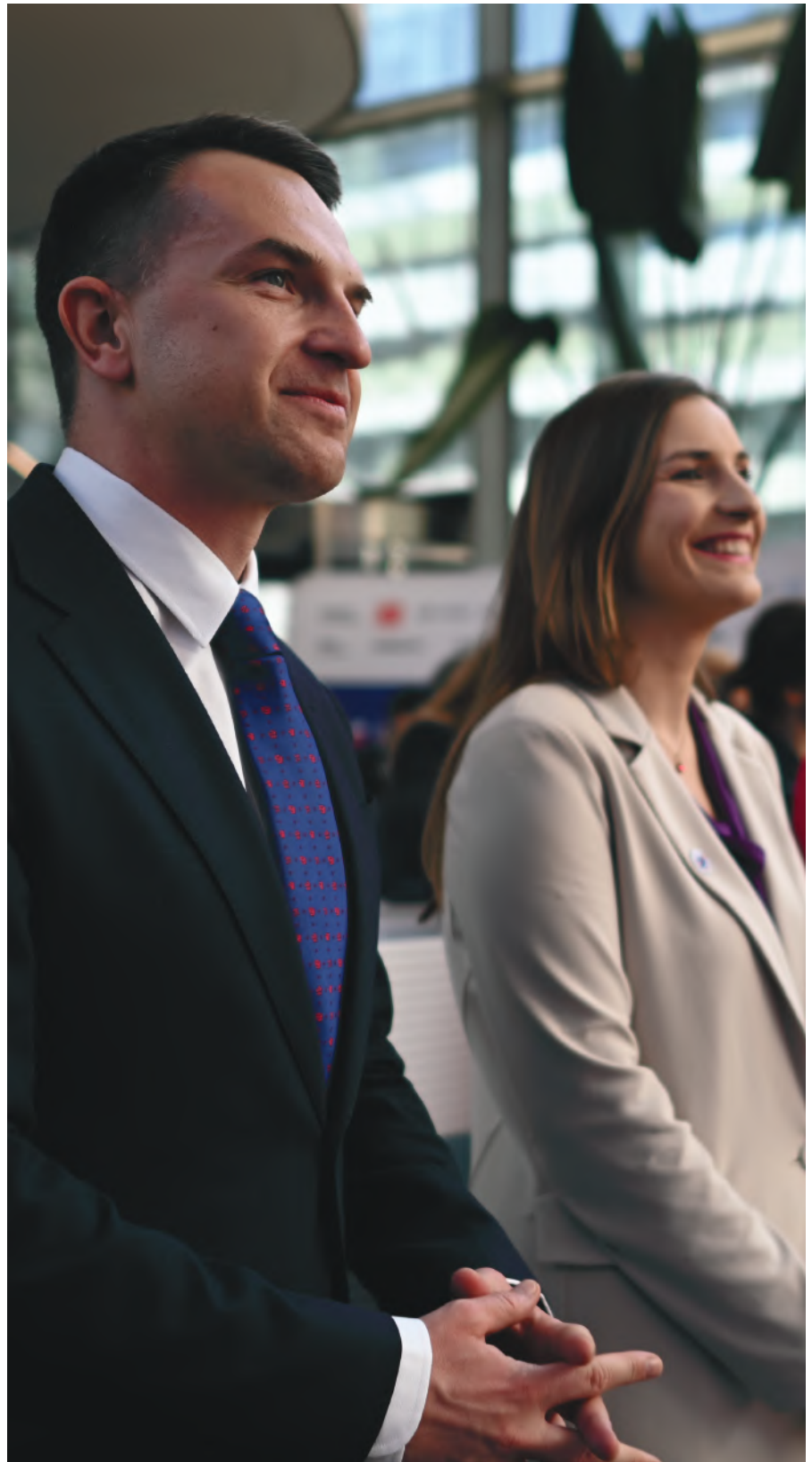
"And the mining business is very specific, it's a long-term investment. From the first euro you put into mining to the first metal, whatever it is, is more than 15 years. To start a new business in Europe, to be less dependent on the resources from the outside, we have to remember the decisions that we take today will give fruits for 15 to 20 years."

But there was also a note of optimism at the event, as attendees spoke of the new possibilities and energy that are being generated in a time of crisis.

"This is a time of tectonic shifts, a time of danger," **Adam Szłapka**, the Polish Minister for the European

Union, told the conference in his opening speech. "But it's a time of opportunities as well."

[Credit: BSP]



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