EU Green Industrial Plan

Key summary

- On 1 February the EU published its Green Industrial Plan, aiming to bolster the competitiveness of its net zero industry.
- The plan builds on previous initiatives and relies on the strengths of the EU Single Market, complementing ongoing efforts under the European Green Deal and REPowerEU. It is based on four pillars: a predictable and simplified regulatory environment, speeding up access to finance, enhancing skills, and open trade for resilient supply chains.
- Mostly focused on channelling public capital towards the green industry, references to private capital currently focuses on reforming the InvestEU initiative. IIGCC will publish further analysis on what this means for investors in the coming weeks.

Background

On 1 February 2023 the EU published its Green Deal Industrial Plan, which aims to enhance the competitiveness of Europe’s net zero industry and support the transition to climate neutrality. Personally backed by President Von der Leyen, the plan was announced following pressure from member state leaders, such as French Trade Minister Olivier Becht, to ensure the EU maximises its strengths as a single market and responds to key ongoing geopolitical challenges, including:

- The on-going energy security crisis
- US Inflation Reduction Act (IRA)
- Impending European deindustrialisation

The plan is designed to complement ongoing implementation of the Green Deal and REPowerEU (the EU’s strategy to become independent from Russian oil and gas).

Content

The plan comprises four primary elements:

1. **A predictable and simplified regulatory environment**
   Made up of a mostly technical set of proposals, this pillar will include a Net Zero Industry Act relating to industrial capacity, permitting, strategic projects and standards. It will also see the proposal of a Critical Raw Materials Act, and reform to the European electricity market.

2. **Funding support**
Likely to take up the most political and negotiating capital, the second pillar seeks to speed up investment and financing for clean technology production. The major focus is on public finance flows, with proposed reforms to state aid rules and a new European Sovereignty Fund. In terms of channelling private capital, the plan currently proposes a focus on reforming the InvestEU initiative. We will do further analysis on what this means for investors in due course.

3. **Skills**
Developing the skills needed for green jobs will be a priority for the European Year of Skills 2023, alongside the establishment of net zero industry academies and a ‘skills-first’ approach to existing labour policies.

4. **International trade and supply chains**
The global angle will be covered under the fourth pillar, which seeks to support the green transition via free trade agreements and other forms of international cooperation, including net zero industrial partnerships and a critical raw materials club.

**Coming next from IIGCC**

Given the short timeframe for the plan’s adoption, we will focus on the elements of highest priority to our members, producing a high-level narrative and policy positions on prominent cross-cutting issues, as well as diving into detail on the role that private finance can play.

We plan to integrate our engagements into existing advocacy activities, including forthcoming trips to Brussels and ad hoc collaboration with industry groups.

Given the relevance of the plan to a number of high-emitting sectors, we will collaborate between policy and corporate teams to ensure positions take account of the latest feedback from companies.

We anticipate that negotiations will spill into the next Commission’s mandate and will also consider how best to consolidate this work with wider engagements as part of the EU’s 2024 institutional changes.

**Contact us**

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