

Policy Conference 2025

A clean, just and competitive European Industry

Background notes for the plenary sessions

1. Combining decarbonisation, justice and competitiveness – What policy priorities and challenges for a win-win-win?

24 September 2025, 10:00 – 11:00, JDE 62

Context

Industrial policy is back at the centre of European politics and needs to rise to the challenge of the just transition towards climate neutrality. While industrial policies have always been torn between different objectives, new European industrial policies now also must address the urgent need to reduce greenhouse gas emissions by supporting industrial transformation and protecting workers. Markets alone will not be able to deliver the profound and long-term changes necessary to reach net zero by 2050; **determined and coordinated political action** is essential to accelerate transformation, allocate resources and ensure a fair distribution of costs and benefitsⁱ.

Building on the European Green Deal, the **Clean Industrial Deal** (CID) announces the EU's "commitment to **accelerate decarbonisation, reindustrialisation and innovation**"ⁱⁱ. While the CID attempts to link decarbonisation and industrial renewal, it also claims to address various interconnected issues, such as competitiveness, quality jobs, strategic autonomy, energy costs, global competition and regulatory complexity. The CID proposes **promising actions** related to the deployment of clean technologies, industrial electrification, circularity, and public and private procurements. However, it has also been **criticised** for its lack of a transformative vision, with a risk of continuing to invest in polluting industries without a long-term strategy for effective decarbonisation and an answer for what to do when markets fail. Other critics have highlighted its weak European approach, with limited EU-level actions proposed and hardly any consideration for territorial cohesion, as well as its insufficient measures to reduce energy and resource consumption and respect planetary boundaries. The nature of the CID – a wide-ranging programmatic document that remains vague on targets and calls for a series of legislative and non-legislative measures – means that its value will be highly dependent on its **actual implementation**.

However, the current EU and national political contexts, as well as international geopolitical tensions, are not conducive to high climate ambition and strong social protection, with many CID initiatives risking becoming empty shells. In such context, the EU must produce coherent and coordinated policies that grounds competitiveness in decarbonisation and fairness, and does not shy away from discussing difficult issues related to trade-offs and impacts on regions.

Key points for the discussion:

1. Given the difficult current political context and the tools at our disposal, what are the priorities for political actions and policies that effectively and efficiently decarbonise European industries through a fair process that supports successful competitive companies and quality jobs?
2. What is needed for an ambitious implementation of the CID? Where are the risks and where are the opportunities?
3. Speaking of industrial decarbonisation, how can we ensure more coherence between European policies to maximise impact and resource efficiency? How can we improve the coordination of industrial policy across member states along common and precise strategic priorities? Are trade-offs between decarbonisation, justice and competitiveness unavoidable? How can we better reconcile these issues both in policies and in our communication?
4. How can we ensure that workers affected by decarbonisation policies are protected and reskilled?

References and background material

Bertram, L., et al., 2024. [A unified industrial strategy for the EU](#). Industrial policy recommendations to promote decarbonisation, competitiveness and cohesion in Europe. FEPS – Friedrich-Ebert-Stiftung Policy Brief

Petit, M., et al., 2024, 2025. [Expected labour market effects of the Green Deal Industrial Plan](#). FEPS – Friedrich-Ebert-Stiftung Policy Studies

European Alliance for a Just Transition Statement, 2025. [Will the Clean Industrial Deal work for us all?](#)

2. European competitiveness – meaning and goals

24 September 2025, 13:30 – 15:00, JDE 62

Context

EU's competitiveness is high on the European Commission agenda. After the Draghi Report, the Competitiveness Compass makes competitiveness the north star of the EU economic policy agenda. Now also the new MFF proposal includes a Competitiveness Fund.

Despite the dense flow of initiatives, the concept of competitiveness itself and what it means for policy is not quite clear. Experts agree that competitiveness as an ability to compete on costs vis-à-vis external players is not a suitable goal to pursue. Draghi in his report sets competitiveness equal to productivity. The previous Commission was talking about competitive sustainability as the main goal, focusing on the long-term determinants of productivity and resilience.

This vagueness of the definition of competitiveness seems to suggest that politicians bring it up whenever they want to advance some policy agenda that they would have difficulty selling otherwise. The current version seems to go back to some notion of cost-driven efficiency, in order to push for deregulation and to water down green standards. This vagueness of goals is detrimental to policy efficiency and may even be detrimental to the economy, wellbeing and sustainability. For example, deregulation may damage long-term attractiveness of green investments and undermine European leadership in green technologies.

At this point, it is important to clearly remind ourselves what the goals of the European industrial and broader economic policy are and put the “competitiveness” drive in perspective. Competitiveness, in whatever definition, should be an instrument to advance human wellbeing and sustainability, not the other way round.

Key points for the discussion:

1. If productivity is the goal, what should be done to improve it? Is productivity lagging in the EU and why? What are the key ingredients to better productivity and how the Commission initiatives this year are helpful for advancing it?
2. Going broader, what should be the overarching goal of the European policies? Is it productivity? What has happened to “competitive sustainability” framework of the first VDL Commission? Why don't we keep it as the “north star”?
3. Assessment of current “competitiveness” policies of the Commission. In particular, is promoting European “champions” and relaxing competition rules a good strategy? What does it mean for workers and from a distributional perspective? Does it fit together with long-term strategic goals of the EU?
4. How to reconcile long-term goals and immediate challenges (aggressive policies of external partners)?

References and background material

[FES Policy Brief 'Rebalancing EU regulation: Progressive responses to the deregulation push', Brigitte Pircher](#)

[FES Policy Briefing 'Boosting Social Europe in challenging times', Amandine Crespy](#)

Upcoming: FES Policy Brief 'Competitiveness – a growth concept put to the test', Patrick Kaczmarczyk

3. Going beyond a neoliberal trade paradigm

24 September 2025, 15:50 – 17:20, JDE 62

Context

The current world order is undergoing profound change, characterised by intensified geopolitical rivalries, climate-related catastrophes and mounting economic and social inequalities, not to mention growing populism and a crisis of democracy. **Globalisation itself is being reshaped:** while industrial policy faces a revival worldwide, supply chains are becoming more vulnerable and unilateral dependencies and protectionist tendencies are on the rise. Meanwhile, major economic powers are exacerbating the distortion of world trade through their trade policies using them as political leverage.

The EU is under pressure in the face of these challenges, which not only undermine its economic security, but also its (leadership) role in global trade. However, this pivotal moment could provide an opportunity to **redefine EU trade policy**, protecting both its interests and contributing to global public goods and a rules-based trading order.

At present, competitiveness has become the guiding principle of current EU policy-making focusing primarily on its own economic needs. But a concept of competitiveness that ignores the development needs of the Global South or exacerbates inequalities would undermine the credibility and long-term economic resilience of the EU. Instead, the EU should take the opportunity to design a trade policy that is genuinely **win-win for people and the planet**. The EU's need for raw materials to facilitate its green and digital transitions must not result in extractive or one-sided agreements. Rather, it should lead to equitable partnerships that respect development trajectories of partner countries. This requires moving beyond traditional free trade agreements towards a balanced framework that aligns with the Union's climate neutrality goal by 2050 and supports just transition and sustainable growth models domestically and abroad.

Furthermore, it is important that the EU remains an **advocate of a rules-based multilateral trading regime**. While the existing regime needs to be reformed, it should not mean abandonment of a rules-based order that offers many countries a reliable framework for their trade relations.

Key points for the discussion:

1. How should the EU respond to the urgent issues arising from its hostile external environment, particularly the current trade and industrial policies of the US and China? How can we shape a proactive response that demonstrates European agency? What should be the guiding principle in defining the European position?
2. The EU has started to negotiate so called Clean Trade and Investment Partnerships (CTIPs), e.g. with South Africa. Could CTIPs represent a viable alternative for standard EU trade agreements? Could they reconcile EU's new emphasis on competitiveness and industrial decarbonisation while proposing a credible offer in terms of sustainable development for partner countries?
3. How to reconcile different challenges (green transition, digital agenda, climate change, geopolitical tension, fair and sustainable relations with partners) in a comprehensive trade strategy?

4. How to ensure EU's competitiveness is not pursued at the detriment of partner countries?
5. How to reinforce the EU's role as a global actor committed to fair, sustainable, and rules-based trade? Which reforms are needed to maintain a rules-based multilateral trade regime? Which role could the EU play?

References and background material

[FES – DGB Study 'Competitive International Partnerships' \(May 2025\)](#)

European Alliance for a Just Transition Statement, [Will the CLEAN INDUSTRIAL DEAL work for us all?](#) (2025)

SOLIDAR Briefing Paper “[THE EU'S CLEAN INDUSTRIAL DEAL: A STRATEGY FOR SOME OR FOR ALL?](#)”, (2025°)

[FEPS work on trade](#)



*This conference is organised with the financial support of the European Parliament.
It does not represent the view of the European Parliament.*

ⁱ W. Raza, 2024. [Towards a progressive industrial policy for the Twin Transformation in the European Union. Synthesis Report](#). Austrian Foundation for Development Research – ÖFSE.

ⁱⁱ European Commission, 2025. The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation. COM(2025) 85 final, 26 February 2025.