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One Size Fits All? Priorities for the EU's Green Industrial Policy



One Size Fits All? Priorities for the EU's Green Industrial Policy

The [Think2030 Dialogue Denmark](#), held on 29 September 2025, gathered decision-makers and analysts from policy, business and research communities across Europe to debate the key sustainability issues at stake for EU policy. The Think2030 Dialogue Denmark is one of several activities within the Think2030 platform, created by [the Institute for European Environmental Policy](#) in 2018 to provide science-policy solutions for a more sustainable Europe.

At the Think2030 conference in Copenhagen on September 29, 2025, Think Tank EUROPA (TTE) moderated a high-level panel debate on “One Size Fits All? Priorities for the EU's Green Industrial Policy”.

This policy brief presents the key takeaways from the discussion, highlighting the necessity, the challenges and the opportunities in aligning industrial competitiveness with the green transition.

Lead: Think Tank EUROPA

Moderator:

- Ditte Maria Brasso Sørensen, Deputy-Director, Think Tank EUROPA

Speakers:

- Tine Nielsen Hertz, Deputy Permanent Secretary of State, Ministry for Industry, Business, and Financial Affairs, Denmark
- Neil Makaroff, Director, Strategic Perspectives
- Fleming Voetmann, Vice President of External Relations and Sustainability, VELUX
- Andreas Rasche, Professor of Business in Society at the CBS Centre for Sustainability and Associate Dean for the CBS Full-Time MBA Program, Copenhagen Business School
- Ben Lennon, Climate, Energy and Industry Advisor, European Trade Union Confederation (ETUC)

Key recommendations

A high-level of climate ambition is a necessary for a successful green industrial policy

Maintaining a high-level of ambition for the EU's green industrial policy. One way of doing so, involves playing to existing European strengths such as energy efficiency, where the EU has a comparative advantage.

As the EU pushes on with its ambition to reduce regulatory complexity, it must ensure it does not neglect a key strength of its existing model: regulatory predictability

The Commission has made simplification a priority for the EU, to maintain the EU's relative competitiveness vis-à-vis the USA and China. While this is an important political priority, the Commission should ensure that this does not cause it to lose sight of an important strength of the EU's existing model: regulatory predictability.

The EU needs a credible competitiveness coordination tool to make the most of state aid for green industries

National state aid is set to play an important role in financing the EU's green industrial policy. However, this approach comes with risks – to reduce these the EU needs a credible competitiveness coordination tool.

The EU should do more to stimulate demand for European clean technologies

Creating demand for clean technologies is necessary for a strong green industrial policy framework. To boost demand for clean technologies the EU should make greater use of public procurement.

A green industrial policy for Europe must support a just transition

The EU must do more to ensure that that regional and sector-specific challenges are taken height of as it pursues an active green industrial policy. This can be done by encouraging functional job-to-job plans and reskilling programmes.

A high-level of climate ambition is a necessary for a successful green industrial policy

Decarbonisation is part of EU's long-term industrial competitiveness and backtracking on an ambitious climate policy would be harmful for the EU's competitiveness. Panellists highlighted that Europe isn't doing as poorly as many would assume. For example, the EU currently outperforms competitors when it comes to industrial energy efficiency. For example, the energy required per unit of added value in the EU is almost half of what is needed in the US. A decarbonised energy supply is also a strong safeguard against energy price chocks and geopolitical instability. While the short-term costs of decarbonisation and further strengthening energy efficiency may be high, in the medium- to long-term they are pre-requisites for building industrial resilience and competitiveness. Moreover, as the USA rolls back its commitment to decarbonisation and many nations waiver in their commitment decarbonisation, as seen during the COP30 negotiations, it's increasingly important that the EU sends a strong signal to the private sector, investors, and international partners, that the EU is planning to stay the course with the green transition.

The fraught, but important negotiations over the EU's 2040 target illustrate the difficulties of maintaining climate ambitions in the context of a rapidly changing political consensus.¹ While the final compromise has been watered down, the ongoing commitment of both the Danish EU Presidency and the EU Commission to finding an agreement, demonstrates that both the Commission and EU member states are prepared to expend some political capital to maintain climate ambition. Looking ahead, keep this ambition will be key to making the most of synergies between the EU's security, competitiveness, and decarbonisation.

As the EU embarks on an important drive toward regulatory simplification, it must ensure it does not neglect a key strength of its regulatory model: regulatory predictability

While the simplification agenda remains an overriding priority across EU institutions and enjoys broad political backing, the EU must be careful not to undermine a core strength of the EU's model: regulatory predictability. Businesses' long-term investment decisions require predictability and the regulatory changes brought by aspects of the Omnibus initiatives, risks failing to reward early movers and undermining the ability of the EU to close a green financing gap that is estimated at €477 billion a year, according to the ECB.²

¹ Strategic Perspectives 2025, 'EU leaders pave the way toward 2040 climate target', 23 October 2025, *Strategic Perspectives*, accessed 5 December 2025 <https://strategicperspectives.eu/eu-leaders-pave-the-way-toward-2040-climate-target/>

² Andersson, M., Köhler-Ulbrich, P. & Nerlich, C. 2025, 'Green investment needs in the EU and their funding', *ECB Economic Bulletin*, Issue 1/2025, pp. 116-129

Many panellists underlined that some degree simplification and streamlining of existing sustainability reporting is welcome. For example, sustainability rules should be simple enough to enable their quick implementation across all member states and avoid distortions to competitiveness between member states. However, the Commission's current attempts to reform sustainability and reporting requirements risk punishing first movers and undercutting regulatory predictability. As the Commission continues its simplification drive, it should also take care to ensure the quality to its proposed legislative changes, to avoid additional uncertainty and future omnibus-like initiatives. In this regard, panellists underlined the difference between simplification and deregulation, with widespread support for the former, but concern over the latter, in so far as it risks undermining regulatory predictability. Indeed, recent charges of poor administration by the European Ombudsman in relation to Omnibus I underlines the importance of the Commission doing its due diligence.³

The panellists also discussed how a horizontal approach to simplification, that cuts across economic sectors, risks misalignment between the simplification agenda, and climate and environmental objectives. For example, in the case of the Corporate Sustainability Reporting Directive (CSRD), part of the Omnibus I package, setting the cut-off point at corporations that have 1,000, or more employees creates a risk of underreporting in important sectors like construction, real estate, and agriculture, that have a considerable climate impact, but tend to have lower head counts. Meanwhile, other industries, such as social service providers, that are likely to have a lower climate impact, would be more likely to remain within scope of the revised legislation.⁴ Panellists therefore underlined the importance of future simplification initiatives being more targeted and take height of these sectoral differences, to ensure alignment between policy measures and their impact on sustainability.

The EU needs a credible coordination tool to make the most of state aid for green industries

To promote decarbonisation and green investment, while avoiding the off shoring of strategic sectors, state aid is set to play an important role. Indeed, the EU's budget is insufficient to cover the full range of the EU's industrial policy needs, let alone the needs of the EU's green industrial policy. In this context, state aid is set to play an increasingly important role, as also signalled in the Clean Industrial Deal and the Clean Industrial State Aid Framework (CISAF).

³ European Ombudsman 2025, *Ombudsman finds maladministration in how Commission prepared urgent legislative proposals*, press release no. 215989 27 November, accessed 1 December 2025 <https://www.ombudsman.europa.eu/en/press-release/en/215989>

⁴ Rasche, A. 2025, *New study showing the effects of the proposed 80% scope reduction of #CSRD*, accessed 5 December 2025 https://www.linkedin.com/posts/andreasrasche_omnibus-csrd-sector-effects-activity-7315257592883167235-Bhnf/?utm_source=share&utm_medium=member_desktop&rcm=ACoAABtth74Bf7P5sXwTKXYhtlR63caqillkKol

However, relying on state aid also comes with the risk that investments are insufficiently coordinated. The Commission's decision to give member states significant state aid leeway decreases the likelihood that investments will support common European objectives. Indeed, this could result in limited funds being spread too thinly to achieve the required scale. In the absence of strong coordination by the Commission, there is also a risk the member states consistently support national priorities and established industries, at the expense of common European strongholds and new innovative industries.⁵ The use of state aid at this scale therefore requires coordination to ensure that state aid is meaningfully aligned with EU-wide objectives. One way of ensuring this would be through a strong and credible competitiveness coordination tool.

The EU should do more to stimulate demand for *European* clean technologies

The EU needs to do more to stimulate internal demand for clean technologies in both the short- and long-term. This is key if the EU is to avoid additional off shoring of strategic industries, since the demand for European green technologies currently isn't sufficient to promote adequate investment in and production of clean technologies. At the same time, Chinese producers are supplying global markets with large quantities of cost-competitive zero-carbon technologies, that are outcompeting EU manufacturers.⁶

One important tool for overcoming this challenge would be the further reform of the European public procurement framework to align non-price related conditionality with industrial resilience and sustainability objectives. However, the reform of the EU's public procurement directives is not expected until late 2026.⁷ In the meantime, the Commission should make full use of the Industrial Accelerator Act (IAA), expected in the beginning of 2026, to introduce sustainability and resilience criteria in procurement processes for targeted sectors and technologies. 'Made in Europe' content requirements are another, albeit controversial method for stimulating internal demand, which will also be dealt with in the upcoming IAA.

A green industrial policy for Europe must support a just transition

An active industrial policy also requires a more active involvement of the state. This more active involvement also implies a greater degree of political responsibility for ensuring that workers are not left behind. It also requires a greater degree of attention the regional disparities that can result from such policy initiatives. The farmers' protests of 2023/24 are a warning of potential backlash that can result if such a perception is

⁵ Sørensen, D. B. 2025, 'Towards a New State Aid Regime', 21 August 2025, *Think Tank Europa*, accessed 5 December 2025 <https://thinkeuropa.dk/brief/2025-08-towards-a-new-state-aid-regime>

⁶ Beucler, T., Makaroff, N. 2025, *Lead markets: driving net-zero industries made in Europe*

⁷ Nicoli, F. 2025, 'Mapping the road ahead for EU public procurement reform', 31 March, *Bruegel*, accessed 5 December 2025 <https://www.bruegel.org/first-glance/mapping-road-ahead-eu-public-procurement-reform>

allowed to take hold. When it comes to regional disparities, policy instruments should therefore take height of the challenges of different energy-intensive industries, as well as the challenges faced by different member states in decarbonising their economies. Sector-based dialogues – as we are already seeing the case of the automotive sector – are an important step along this path but should be complimented by plans to ensure comprehensive job-to-job plans as well as ensuring access to qualification programmes that are aligned with the European Pillar of Social Rights. This could create jobs that are likelier to be 'future-proof' – both from an employer and an employee perspective, while avoiding the pitfalls of political backlash.⁸

A focus on the just transition also extends beyond the 'traditional' industrial policy domain and could encompass energy efficiency initiatives such as prioritising the renovation of public housing, to decrease energy costs for inhabitants that are usually less well-off economically, rather than prioritising consumer subsidies for, for example, electric vehicles which primarily offer direct more affluent consumers.

⁸ ETUC 2025, 'ETUC views on "Skills first approach"', 22 January, *ETUC*, accessed 5 December 2025 <https://www.etuc.org/en/document/etuc-views-skills-first-approach>

About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan platform of leading policy experts from European think tanks, civil society, the private sector and local authorities.

By focusing on producing relevant, timely and concrete policy recommendations, Think2030's key objective is to identify science-policy solutions for a more sustainable Europe.

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