

CLEAN INDUSTRIAL DEAL: THE CHALLENGES OF ALIGNING INDUSTRIAL AMBITION, ECONOMIC GROWTH AND CLIMATE POLICY

FEDERICA PRANDIN

FINNISH INSTITUTE OF INTERNATIONAL AFFAIRS

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With its pompous announcement on 26 February 2025, the Clean Industrial Deal (CID) has been presented as the current von der Leyen Commission's landmark initiative, reflecting evolving strategic considerations and a shift in emphasis compared to the initial thrust of the European Union (EU) Green Deal. The latter, launched in December 2019, represented a set of policies to advance the EU's ambitious climate targets, while the CID places a stronger focus on enhancing the EU's industrial competitiveness in a global context. The downgrading of the green agenda in terms of policy priorities is evident, and the adjustment reflects an effort to link green policy to the relaunch of the EU economy, which entails clear risks.

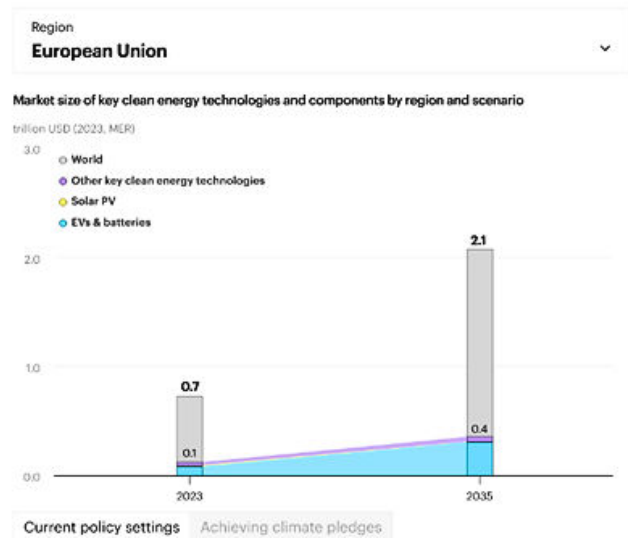
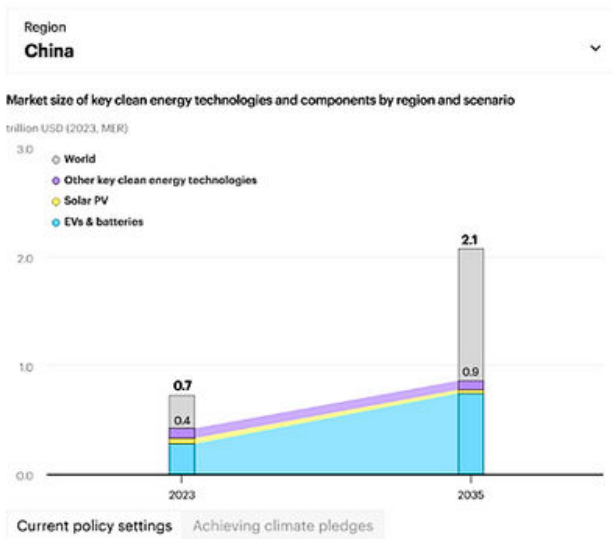
Stemming from this background, the CID is a monumental programmatic document striving to align three policy fields: climate, economic security, and competitiveness. The scope is massive, and roadmaps are a start. However, the CID risks remaining only a piece of bureaucratic work if concrete targets, accountability, and an appropriate timeline that considers the accelerated pace of climate change are not specified. Assessing the realistic potential of the CID requires balancing its ambitious goals and broad scope with the practical challenges of implementation.

On the one hand, the CID's main hopes stem from its strategic direction, which sends a strong signal encouraging companies and investors to fund clean technologies, and its commitment to simplification aimed at creating a more favourable environment for clean industries. These goals can accelerate the

deployment of crucial technologies and speed up the implementation of projects, if developed and implemented adequately.

On the other hand, there are multiple potential challenges. The risk of adding another layer to an already complex regulatory architecture has already been voiced by companies complaining about the Commission's [regulatory back-and-forth](#). Another challenge is linked to implementation timelines. First, the CID timeframes might be overly optimistic. All the listed initiatives are set to be launched in 2026 or 2027, with the Action Plan for Affordable Energy being the only document already prepared and presented in February 2025.

Second, delays in funding, regulatory approvals, and industrial scaling are not to be ruled out, hindering progress. The so-called 'Valley of Death', the gap between technological demonstration and commercial viability, is a looming, long-standing reality in the heavy industry and energy sectors. Numerous clean technologies and innovations, despite achieving high Technology Readiness Levels (TRLs), fail to bridge this gap, floating in a limbo between research and market commercialisation. This is not merely a bureaucratic obstacle, but a systemic failure to turn scientific breakthroughs into practical climate solutions at the scale and speed required. Would the CID overturn this reality overnight? To partially invert the course, industrial policy for clean technology manufacturing should specifically target more mature, technologically advanced technologies that are (almost) ready for mass market adoption. In the CID, concrete solutions are either left open for later decisions or addressed with partial measures. Simplification consists so far of delaying reporting requirements, which would result in savings - probably funding the [announced EUR 6 billion in "administrative relief"](#) - but do not tackle the core issues of burdensome bureaucratic processes and the need for a rethinking of reporting mechanisms.



Source: [International Energy Agency](#)

Compounding these internal challenges are geopolitical instability and global competition in clean technology, especially from China, which already has a substantial upper hand in the global clean technology market. The graphs above offer an illustrative visualisation of the abyss between China and the EU's clean technology trade. By 2035, despite the ongoing implementation of industrial strategies in other countries, the value of China's clean technology exports is set to exceed USD 340 billion, making up for almost 50% of the clean energy technologies market.

The CID-only external pillar introduces 'Clean and Trade Investment Partnerships'; this dimension is strategically crucial, considering that [clean technology supply chains are highly dependent on trade, and will continue to be in the future](#), as stated by the International Energy Agency. However, this external pillar remains vague, lacking the required explicitness to effectively foster competitiveness. The absence of concrete details about the nature, scope, and mechanisms of these partnerships raises concerns about their efficacy. Key questions demanding answers include whether these are mere free trade agreements with green clauses, or if they would underpin over-encompassing types of collaboration, involving technology transfer and research. Without specific targets

and clear mechanisms, these partnerships risk remaining rhetorical devices, failing to address the multifaceted geopolitical dynamics of the energy transition.

The CID, while ambitious and signalling a promising direction, must reconcile its pronouncements with the realities of an already fierce advantage in global clean technology by actors like China and the imperative of immediate climate action if we are to avoid crossing key climate tipping points. The confused mantra arising from the CID - more money, less regulation, guaranteed success - lacks the necessary depth and nuance. The success of any net-zero plans hinges on the EU's ability to navigate a temporal tightrope, balancing long-term industrial ambition with the urgent demands of the climate crisis.

The outlined challenges are to be considered against the background of a climate crisis that demands immediate and decisive actions. According to the 2023 [Sixth Assessment Report](#) by the Intergovernmental Panel on Climate Change, it is only possible to avoid warming of 1.5°C or 2.0°C if massive and immediate cuts in greenhouse gas emissions are made. This was before 2024 became the [first year to exceed 1.5°C above pre-industrial levels](#).

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Federica Prandin is a Research Fellow at FIIA, where she analyses the geopolitics and global politics shaping the energy transition. She is also a Researcher at the University of Helsinki and Columbia University, and an Associate Research Fellow at GLOBSEC. As a member of the Network on European Green Energy Diplomacy, she advises the EU Commission on its climate diplomacy strategy. Additionally, she contributes to the Environmental Peacebuilding Association.

Prandin's research focuses on the intersection of climate and energy policy, particularly within the EU and Russia. Her expertise encompasses the geopolitics of the energy transition, climate diplomacy, and the interplay between identity politics and climate change narratives. She bridges the gap between research and policy through initiatives like the Energy Hub, a platform fostering dialogue among key stakeholders.

Prandin's professional experience includes roles at the EU Institute for Security Studies (EUISS), the Italian Consulate in Moscow, and other think tanks and international organisations. She holds degrees with highest honours from MGIMO University (MA in Political Science) and the Catholic University of Milan (BA in Foreign Languages and International Relations).



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