Our position

A Clean Industrial Deal to boost competitiveness and sustainability

AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3.7 trillion in 2022, directly supports more than 4.9 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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Executive summary

The Clean Industrial Deal (CID) presents a crucial opportunity to strengthen Europe's industrial competitiveness while accelerating the clean transition. This requires a stable, predictable and business friendly regulatory framework that provides industry with the confidence to invest and scale clean technologies. Without regulatory clarity and adequate financial support, businesses face uncertainty, delaying much-needed investments, even when funding mechanisms exist. To succeed, the CID must focus on unlocking non-discriminatory financial incentives, ensuring regulatory simplification, securing energy affordability and enhancing transatlantic collaboration.

Introduction

Europe's industrial competitiveness is at a critical juncture. High energy costs, regulatory complexity, and investment uncertainty pose significant challenges to scaling clean technologies and maintaining Europe's global leadership. Both the Draghi and Letta reports assessed Europe's competitiveness in 2024 and found it wanting. Moving into 2025, the EU must take bold and decisive action to achieve competitive decarbonisation. The CID presents a key opportunity – if it can harness the full spectrum of policy tools to establish a compelling business case for a sustainable, competitive Europe.

The success of the CID hinges on its ability to send clear market signals to both emerging clean technology industries and traditional sectors seeking to integrate innovative solutions. The surging demand for industrial clean technologies requires a coordinated, EU-level approach that encompasses industrial competitiveness, regulatory streamlining, financial incentives, access to key materials and components, and energy security. These efforts must be underpinned by a strengthened Single Market to ensure scalability and efficiency. The EU must prioritise the implementation of existing legislation while simplifying regulatory complexities and addressing inconsistencies to provide businesses with the certainty and clarity needed to invest confidently in Europe.

The CID must focus on identifying and addressing market failures, fostering long-term industrial transformation and ensuring Europe remains an attractive hub for investment and innovation. By leveraging the full range of policy tools – regulatory stability, financial incentives, energy affordability and global partnerships – the EU can create a framework that both strengthens industrial competitiveness and drives the clean transition.

Strengthening industrial competitiveness

For the CID to succeed, it must not only drive the clean transition but also reinforce Europe's industrial competitiveness in the face of growing global competition. The Draghi report underscores the urgency of reclaiming Europe's economic and technological leadership. High energy costs, complex permitting processes, regulatory uncertainty and administrative burden deter investment and slow industrial progress.[1] Addressing these challenges requires proactive support for creating strategic value chains, such as batteries, carbon capture and storage, renewable and low-carbon technologies and hydrogen. Past initiatives, such as the European Battery Alliance, have shown that without swift action, Europe risks falling behind global competitors.

Europe's strategic industrial sectors need EU support through the CID for innovation and investment across critical sectors such as transportation, telecommunications, energy, food and beverages, agriculture, chemicals and more, as well as action to address horizontal risks like water scarcity.

Encouraging the adoption of cutting-edge, clean technologies to reduce consumption and cut emissions and fostering an environment where businesses can scale and compete globally are key to maintain the EU's global leadership while achieving sustainability goals. This includes leveraging digital twin technology to optimise industrial processes, reducing resource consumption and cutting emissions.

Developing resilient and diversified supply chains is essential for industrial competitiveness. The EU must reduce its dependency on critical raw materials from coercive third countries by investing in domestic production capabilities and forming strategic partnerships with like-minded economies. Streamlining customs procedures and ensuring efficient logistics networks can further enhance Europe's industrial agility and reduce operational risks for businesses.

Expanding transatlantic trade and investment relations is crucial to strengthening European industrial competitiveness. To that end, prioritising regulatory cooperation on energy, technology, healthcare, digital trade rules, cybersecurity and cross-border data flows would foster a predictable business environment. Furthermore, removing tariffs and non-tariff barriers on both sides of the Atlantic in key sectors such as automotive, chemicals and pharmaceuticals would facilitate smoother trade and create new growth opportunities for business.

By positioning the CID as a transatlantic industrial accelerator, the EU can help maximise opportunities for fostering regulatory alignment, strengthening supply chain resilience and keeping clean technology incentives globally competitive. A forward-looking approach that prioritises collaboration on clean energy infrastructure, digital trade and industrial standards would reinforce Europe's industrial base within an open and interconnected global economy.

In addition, to boost the development and uptake of clean technologies, the EU must prioritise speed and scale in its industrial strategy. It should enable companies to bring new technologies and innovations to market quickly and scale them up efficiently. This requires a coordinated, EU-wide approach that avoids fragmented national policies and instead fosters one European market for clean technology investment and deployment. Without a streamlined and rapid scaling strategy, Europe risks losing its technological edge and investment to more agile global competitors.

Proposed actions:

- Prioritise legislation that supports innovation and investment such as the European Competitiveness Fund and the Industrial Decarbonisation Accelerator Act in strategic industrial sectors, accounting for their ability to enhance global competitiveness.

- Support innovation with an innovation friendly, science-based and predictable policy environment that unlocks business investment for sustainable products and foods.

- Address high energy costs, regulatory complexity and slow permitting to attract investment within the Affordable Energy Action Plan.

- Enhance regulatory cooperation with partners on energy, technology, healthcare, digital trade, sustainability, cybersecurity and cross-border data flows.

- Align EU and US efforts in the clean and digital transitions to avoid market fragmentation.

Unlocking financial incentives to drive industrial growth

A stable and predictable investment environment is essential to support Europe's industrial transformation and ensure long-term economic competitiveness. Many American companies invested in Europe have already begun transforming their operations to align with the Fit –for 55 climate and energy goals. However, they continue to face barriers such as high energy costs, regulatory complexity and inadequate infrastructure for large-scale emissions reductions. To overcome these challenges, the EU must use the CID to mobilise financial resources and expand investment incentives while ensuring a level playing field for all businesses operating in Europe.

Expanding financial incentives to accelerate clean industrial growth

The CID requires a significant increase in both public and private investment to succeed. Establishing the European Competitiveness Fund could help attract private investments and provide targeted financial support for projects aligned with the EU's industrial and sustainability goals. To maximise the impact of these financial instruments, the European Investment Bank (EIB) should play a central role in effectively allocating funds, particularly for large-scale clean energy infrastructure and industrial decarbonisation projects. Strengthening the EIB's involvement would help de-risk private sector investment and encourage the development of critical technologies needed for the transition.

Additionally, the CID should expand financial instruments such as contracts for difference (CfDs), which can provide long-term price signals and financial stability for clean energy projects. By guaranteeing a minimum price for carbon-reducing technologies, CfDs can create certainty for investors and accelerate the deployment of capital-intensive clean energy solutions, ensuring that Europe remains competitive in the global industrial transformation.

While financial incentives are necessary to attract investment, they must be complemented by a fair and open market environment. The EU should streamline access to state aid while ensuring it remains non-distortive, non-discriminatory and aligned with World Trade Organization (WTO) rules. Simplifying approval procedures and enhancing transparency would allow businesses to access funding more efficiently, while avoiding fragmentation across Member States.

Ensuring a strong and non-discriminatory investment environment

All CID initiatives should adhere to the principle of geographic non-discrimination, ensuring that third-country entities – particularly from like-minded allies such as the US – have equal opportunities to participate in clean energy and industrial transformation projects. American companies alone created 4.8 million European jobs in 2021 and invested $172 billion in the first three quarters of 2022. Their continued participation in Europe's clean transition is critical to achieving the EU's climate and industrial goals.

Additionally, public procurement policies must reflect Europe's economic realities. US-headquartered companies have been operating in Europe for decades, investing trillions and creating millions of jobs. Excluding these companies from public procurement would destabilise supply chains, undermine economic resilience and deter future investment. The EU must avoid discriminatory practices and ensure an open and competitive market that encourages transatlantic and international investment.

Investing in critical infrastructure and clean technologies

The CID must prioritise investment in critical infrastructure and clean technologies to enable industrial decarbonisation at scale while maintaining Europe's global competitiveness For Europe to decarbonise its industrial sector, it needs large-scale investment in key infrastructure, including hydrogen networks, carbon capture and storage, smart grids, industrial grid connections to ports and storage facilities, and expanded clean energy production. These networks must be developed at scale by 2030 and made accessible at competitive prices. To facilitate this, the EU must accelerate permitting processes, expand funding mechanisms and provide targeted incentives for electricity infrastructure upgrades and clean technology deployment. Substantial investment in grid infrastructure is crucial to accommodate clean energy generation and the growing electricity demand across all sectors of the economy.

The full implementation of existing legislation, such as the Net Zero Industry Act (NZIA) is key, especially streamlined permitting processes for grid infrastructure and best practices for evaluating and planning for demand growth. A modernised, efficient grid could support this transition and unlock clean energy's full potential.

A technology-neutral approach across all EU legislation would enable scalability, foster competition, drive innovation and align funding opportunities with business needs. To further accelerate the adoption of clean technologies, the EU should encourage public-private partnerships (PPPs) through the CID to bridge financing gaps and drive investments in critical infrastructure, research and scale up industrial decarbonisation projects.

A strong and well-funded transport network is crucial for Europe's industrial transformation and clean energy transition. To this end, the EU should prioritise the Sustainable Transport Investment Plan under the CID to make available across the EU alternative fuel infrastructure, including for dedicated aviation and maritime fuelling networks. This includes scaling up sustainable aviation fuel (SAF) production to meet and exceed the EU's SAF mandate while ensuring its availability at all airports. In addition to supporting the development of alternative fuel infrastructure, the EU must strengthen its grid to ensure reliable and safe in-depot electric charging for transport companies and accelerate the transition to sustainable road transport.

By integrating transport infrastructure investment into the CID's funding priorities, the EU can accelerate the decarbonisation of transport, secure industrial competitiveness and enhance cross-border energy resilience.

Proposed actions:

- Create the European Competitiveness Fund that: supports PPPs and de-risks private sector investments; is non-discriminatory; is technology-neutral; is aligned with WTO rules; funds critical infrastructure; and leverages the EIB for effective allocation.
- Encourage mechanisms for public and private funding for capital- and operationally intensive projects to boost clean technology development.
- Use the Sustainable Transport Investment Plan to scale up SAF production, ensuring its availability across EU airports and meeting SAF mandates.

- Streamline and expedite permitting processes for grid infrastructure across EU jurisdictions, including mobilising the Trans-European Networks for Energy framework to issue EU guidelines and establish priority 'electrification acceleration zones' for early deployment of grid infrastructure projects.

- Maintain an open, competitive market for public procurement that allows US-headquartered companies to contribute to Europe's decarbonisation.

- Streamline access to state aid and EU funding tools in all new legislation under the CID, ensuring they remain non-distortive and aligned with WTO rules.

- Expand funding mechanisms to support the deployment of all clean energy technologies within the Affordable Energy Action Plan.

Creating a predictable regulatory and investment framework

Regulatory simplification at the heart of the CID

Regulatory burdens remain one of the most significant challenges for businesses operating in the EU, directly impacting investment decisions, industrial growth and the clean transition. In a recent survey, 84% of AmCham EU member companies identified reducing regulatory complexity as a top priority for policymakers to support transatlantic business operations. Excessive administrative requirements and regulatory unpredictability deter investment, slow innovation and risk the loss of jobs, ultimately jeopardising the EU's economic resilience and sustainability goals. For these reasons, policymakers must ensure regulatory simplification is a key component of the CID.

In crafting the legislationCID, the EU must prioritise a stable, business friendly regulatory landscape that supports industrial competitiveness without compromising sustainability goals. A bottom-up approach would ensure that businesses and societal stakeholders are actively involved in identifying and addressing regulatory challenges. Meaningful consultations and engagement with industry players would help achieve simplification and ensure the regulatory framework is practical and effective.

In addition, the CID can enhance Europe's investment climate if it streamlines sustainability reporting obligations, simplifies compliance procedures and ensures regulatory consistency across Member States. Failing to deliver meaningful simplification could cause businesses to reconsider their investment and expansion plans within the EU.

Similarly, streamlining environmental legislation through the CID is critical to meeting Europe's clean transition ambitions while maintaining a high degree of safety and long-term investment security. For instance, the upcoming simplification of Registration, Evaluation and Authorisation of Chemicals (REACH) under the CID provides an opportunity to increase regulatory predictability.

Regulatory simplification and consistency must also extend across Member States. Harmonising EU rules with global standards would help create a level playing field for businesses, reduce compliance costs and strengthen Europe's industrial competitiveness. Regulations must be proportionate, balancing safety, environmental and climate objectives with economic realities.

Proposed actions:

- Use the CID to reduce unnecessary administrative burdens.
- Ensure regulatory coherence across EU legislation to avoid duplication and unnecessary complexity, such as in the REACH simplification.
- Simplify environmental and climate legislation under the CID to eliminate redundancies and strengthen enforcement, such as in the REACH simplification.
- Enhance regulatory consistency across Member States to reduce fragmentation and compliance costs.
- Engage businesses and stakeholders in identifying and resolving regulatory challenges to ensure policies are practical, proportionate and achievable.

Strengthening better regulation and building upon existing frameworks

Delivering on the regulatory measures introduced in the last mandate should remain a priority for this European Commission to ensure Europe decarbonises while strengthening its competitiveness. The EU should better integrate the Net-Zero Industry Act (NZIA), Horizon Europe and the Fit for 55 package under the CID, avoiding regulatory overlaps and ensuring that policies are mutually reinforcing rather than creating unnecessary complexity and regulatory duplication. Harmonisation across the EU and national frameworks is also essential to ensure consistency and avoid fragmentation. New regulatory measures within the CID should only be introduced gradually between 2030 and 2050, always adhering to better regulation principles and undergoing thorough impact assessments.

Furthermore, the Commission must release clear guidelines on the type of stakeholder input needed to enhance regulatory quality for any new CID initiatives. This checkpoint should provide a structured opportunity for stakeholders to assess whether their concerns have been adequately addressed. Stakeholders should be asked to provide feedback based on specific categories of input, ensuring that the Commission receives relevant, high-quality information to refine regulatory proposals. The American Chamber of Commerce to the EU's (AmCham EU) Competitiveness Scorecard could serve as a useful metric within this validation process.

To further enhance regulatory predictability, the EU should introduce a cost-benefit analysis requirement at this stage. For comparison, the US' federal executive agencies are required to assess both the costs and benefits of proposed regulations, ensuring that new measures are adopted only if their benefits justify their costs. A similar cost-benefit analysis framework in the EU would ensure that regulations remain justified, proportionate and effective.

Proposed actions:

- Strengthen alignment between new and existing regulations under the CID, including NZIA, Horizon Europe and Fit for 55, and align new EU regulations with global standards to create a level playing field for businesses.
- Prioritise for all new legislation under the CID:

- A transparency checkpoint requiring a second consultation and public impact assessment review.
- Structured stakeholder engagement with clear categories for feedback to improve regulatory quality.
- A cost-benefit analysis framework to assess the economic impact of regulations.

Securing clean, affordable and reliable energy through technological neutrality

The CID must prioritise the development of a fully interconnected and resilient energy market that ensures affordable and sustainable energy for Europe's industrial competitiveness. This requires a diverse, technology-neutral approach that enables innovation and long-term energy security.

Reducing dependency on single-supplier energy imports and diversifying energy sources is crucial to improving supply security and protecting businesses from price volatility. To achieve this, the EU must accelerate the deployment of low-carbon energy infrastructure, invest in smart grid technologies and promote energy storage solutions to ensure a reliable and flexible energy system.

For the CID to foster this investment in clean energy, policymakers must collaborate with industry stakeholders to identify and remove regulatory barriers that hinder energy projects. Simplifying permitting processes and providing clear, long-term policy signals would incentivise private-sector investment in low-carbon energy solutions. Furthermore, ensuring fair market conditions and removing barriers to power purchase agreements would allow industries to access affordable clean energy and support their decarbonisation efforts.

Given the varying rates of renewable deployment among Member States, differences in legacy energy systems and unique economic, social and resource conditions, a one-size-fits-all approach is not viable. Achieving climate neutrality by 2050 and energy security while improving resilience, supply reliability and affordability requires_deploying a diverse mix of low-carbon technologies. While renewable energy and energy efficiency are crucial for emissions reductions, they must be complemented by other solutions. Because different regions and sectors require tailored solutions, the EU must recognise the role of lower-carbon technologies, evaluate them on their emissions reduction potential, scalability and cost-effectiveness, and support them with the necessary infrastructure.

The Affordable Energy Plan is a vital component of the CID that can guarantee a stable, predictable and business friendly energy market to help Europe maintain its industrial competitiveness while transitioning to clean and affordable energy sources. Similarly, while the Industrial Decarbonisation Accelerator Act is a positive step forward, policymakers must reinforce financial incentives and take a technology-neutral approach to maximise competitiveness and enable industries to adopt the most effective and scalable clean energy solutions.

Proposed actions:

- Use the Affordable Energy Action Plan under the CID to ensure long-term energy affordability and security.

- Adopt a technology-neutral approach to all new legislative framework under the CID to foster innovation and scalability across all EU policies.

- Ensure effective implementation of existing legislation (eg Net-Zero Industry Act, Renewable Energy Directive and Energy Efficiency Directive) before introducing new regulatory burdens.

- Incorporate financial incentives and a technology-neutral approach into the Industrial Decarbonisation Accelerator Act to maintain competitiveness and flexibility.

Enhancing global partnerships and strengthening transatlantic cooperation

For the CID to succeed, the EU must promote international standards while also removing trade barriers to low-carbon technologies and investments. Trade and trade facilitation tools such as free trade agreements (FTAs), mini-deals (eg Mutual Recognition Agreements [MRAs]), clean trade and investment partnerships, and sustainable investment facilitation agreements are key to building economic resilience and lowering trade barriers.

Enhancing cooperation with like-minded partners, especially the US, on technology standards and product certification can enhance market access and regulatory alignment, ensuring a more efficient and integrated transatlantic clean economy. For this, continuing the cooperation achieved under the EU-US Trade and Technology Council (TTC) and the Transatlantic Initiative on Sustainable Trade framework is key to building a transatlantic green market. As part of this effort, the EU and US should resume WTO Environmental Goods Agreement negotiations. Furthermore, reviving discussions at the WTO level would help lower tariffs and eliminate trade barriers for green goods and services, ensuring that European companies can access international markets while maintaining competitiveness in clean technology manufacturing.

As demand for critical raw materials increases, the EU must work with like-minded partners to secure access to the resources for industrial decarbonisation, including materials for battery production, wind turbines and other clean energy applications. Expanding responsible investment in extraction and processing would enhance Europe's industrial autonomy and reduce supply chain vulnerabilities. While Member States play a role in bilateral relations, the Commission should lead negotiations to maintain Union coherence and Single Market integrity.

As they increase responsible investment in rare earth elements and critical minerals, the EU and the US should also develop joint extraction and processing ventures in strategic third countries. This effort could be supported through initiatives such as the EU Global Gateway or the US/G7 Partnership for Global Infrastructure and Investment. Greater alignment with G7 partners would also help strengthen overall supply chain resilience. Businesses operating in third countries can contribute valuable expertise, helping to identify investment opportunities and potential challenges.

Financial support is crucial to ensure sustainable extraction and processing operations align with high environmental and social standards. To achieve this aim, the Important Projects of Common European Interest mechanism could be extended to relevant third countries. Likewise, the MSP offers a proven model for mobilising investment and ensuring sustainable resource development.

Building on existing infrastructure and policies can help scale up low-carbon technologies while reducing costs. Industrial ports, for example, can serve as hubs for low-carbon hydrogen production, leveraging high emissions control standards in both the EU and the US. A cross-recognition of certification methodologies would further facilitate transatlantic trade in hydrogen and its derivatives, supporting decarbonisation efforts on both sides of the Atlantic. Establishing an enabling regulatory framework is also essential to promoting fast-track approvals for clean, renewable, and circular alternatives to fossil carbon. Through the CID, aligning definitions of environmental goods and services would support the low-carbon transition, while mutual recognition of sustainability standards could provide stronger market incentives for investment.

Additionally, digitalisation plays a crucial role in the clean transition and should be a major part of the CID. The EU should facilitate joint R&D initiatives, clean digital skills programmes and data-sharing mechanisms to accelerate the deployment of clean technology. Furthermore, the CID should more closely align digital trade tools – such as exporting technologies, customs digitalisation and interoperable frameworks – to enhance efficiency and regulatory coherence. Strengthening digital trade integration with key partners, particularly the US, would enable greater market access and streamline industrial processes critical to Europe’s competitiveness in clean technology. Expanding cooperation on artificial intelligence-driven clean technology deployment and digital trade facilitation would further improve regulatory coherence and accelerate the adoption of innovative solutions across industries.

Proposed actions:

- Cooperate more effectively with reliable partners to remove trade barriers in low-carbon technologies and investments through FTAs, mini-deals (eg MRAs on green goods and clean trade and investment partnerships) and other deals like sustainable investment facilitation agreements, being mindful of the specificities of trade partners within the Roadmap Towards Ending Russian Energy Imports and Enhancing Energy Security.

- Continue the cooperation achieved under the TTC and the Transatlantic Initiative on Sustainable Trade framework.

- Resume negotiations on the WTO Environmental Goods Agreement and expand its scope to include a wider range of environmental goods and services, with the aim of reducing tariffs and other barriers to trade.

- Strengthen cooperation on and facilitate mutual recognition of certification and technology standards.

- Align regulatory frameworks to fast-track approvals for clean and low-carbon technologies.

- Leverage EU and US initiatives such as Global Gateway and G7 Partnership to build resilient supply chains.

- Expand digital collaboration, including joint R&D and clean digital skills programmes, exchange best practices in the deployment of digital solutions and establish data-sharing mechanisms and standards within the Artificial Intelligence Factories Initiative.

- Forge international partnerships and work with international agencies to share best practices in clean technology and climate innovation

Conclusion

The CID represents a crucial opportunity for Europe to drive industrial transformation while maintaining economic resilience and global leadership in clean technology. Achieving this vision requires strengthening industrial competitiveness, fostering regulatory predictability, unlocking financial incentives and securing clean, affordable and reliable energy. The CID must prioritise regulatory simplification, ensuring a predictable investment environment, while aligning with existing frameworks to avoid unnecessary complexity. Unlocking financial incentives through targeted mechanisms is essential to accelerating industrial decarbonisation and fostering innovation

Additionally, the CID should support a technology-neutral approach, ensuring that diverse and scalable clean energy solutions are deployed efficiently. It must also enhance transatlantic collaboration, aligning regulatory frameworks and facilitating trade in clean technologies.

By integrating these key priorities, the CID can serve as a foundation for a globally competitive, investment friendly and innovation-driven industrial framework, securing Europe's leadership in the clean transition while safeguarding long-term economic prosperity.