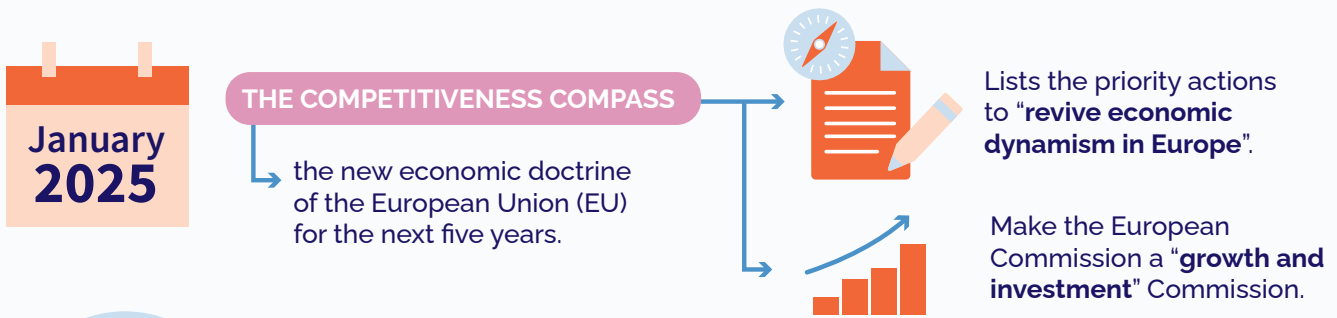


## 1 The Competitiveness Compass



Composed of:

### → THE SO-CALLED NET-ZERO INDUSTRY ACT (NZIA)



Supports the industrial production of 19 key technologies in the EU (solar, wind, batteries and storage, heat pumps, hydrogen, etc.)

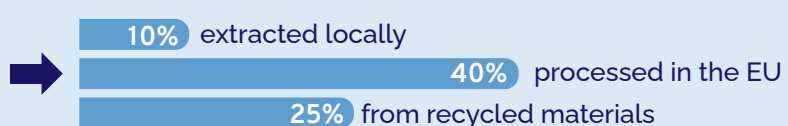


Sets the target of domestically producing at least 40% of Europe's annual needs by 2030.

### → THE CRITICAL RAW MATERIALS ACT (CRMA)



Establishes criteria for the annual consumption of raw materials in the EU by 2030.



### → A REFORM OF THE EU'S ELECTRICITY MARKET DESIGN

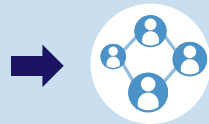


Encourages and provides a framework for long-term contracts that protect industrial and domestic consumers from price fluctuations.<sup>1</sup>

<sup>1</sup> <https://institutdelors.eu/publications/Lumiere-sur-le-marche-europeen-de-lelectricite/>

Feb.  
2024

### ANTWERP DECLARATION



initiated by **73** business leaders  
representing **17** sectors of activity

- calls for a European Industrial Deal
- makes this a priority for the next European strategic agenda.

April  
2024

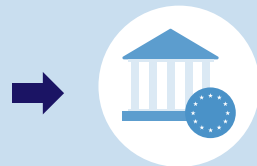
### LETTA REPORT



Commissioned by the Belgian, Spanish and Hungarian Presidencies of the Council of the EU and the European Commission to reflect on the future of the internal market.

Sept.  
2024

### DRAGHI REPORT



Commissioned by the European Commission to present his analysis on the future of European competitiveness.

Nov.  
2024

### BUDAPEST DECLARATION

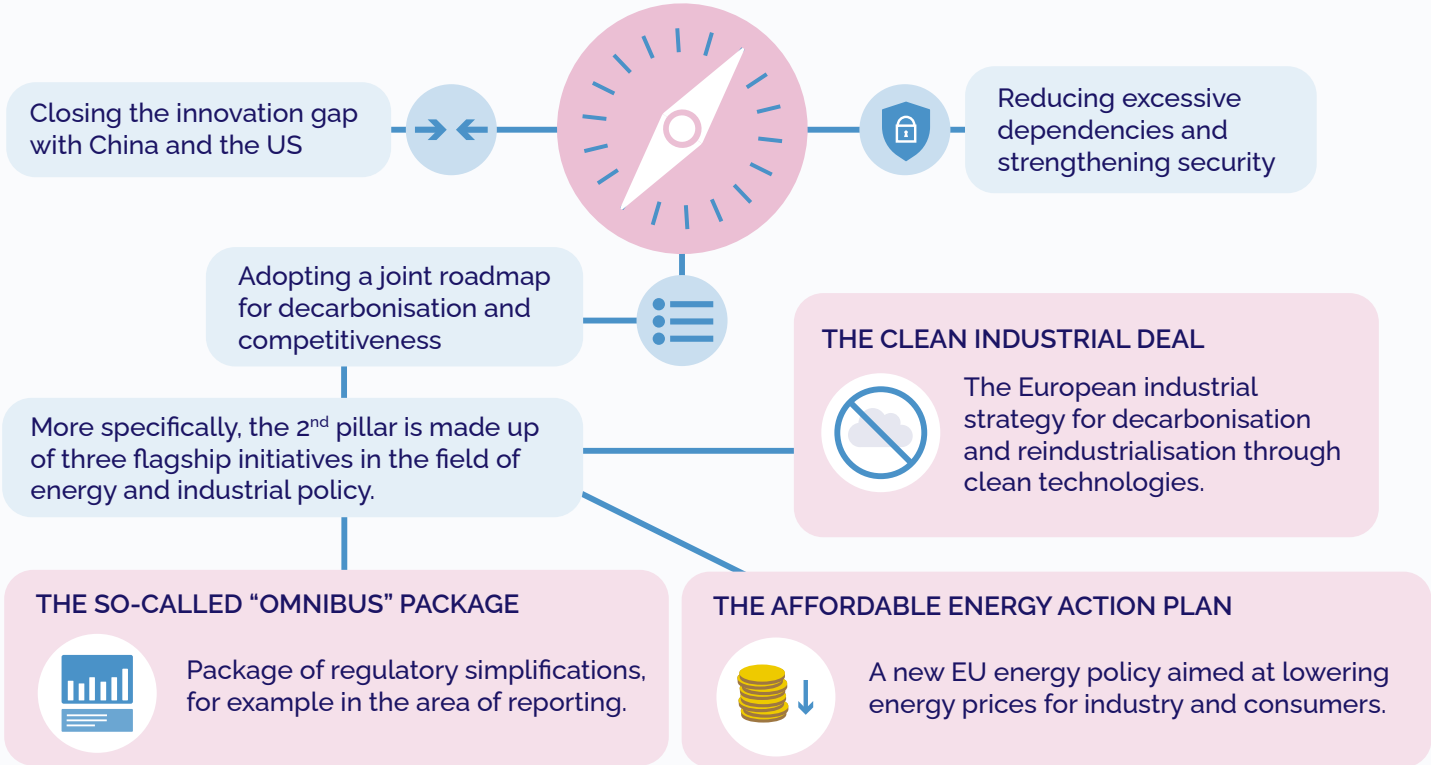


Declaration of the European Council on a new European Competitiveness Pact.



These works have been partly taken up in the Commission's work programme for 2025 and, more broadly, in the Competitiveness Compass.

The Competitive Compass takes up the 3-pillar architecture of the Draghi Report:



Closing the innovation gap with China and the US

Reducing excessive dependencies and strengthening security

Adopting a joint roadmap for decarbonisation and competitiveness

**THE CLEAN INDUSTRIAL DEAL**  
The European industrial strategy for decarbonisation and reindustrialisation through clean technologies.

More specifically, the 2<sup>nd</sup> pillar is made up of three flagship initiatives in the field of energy and industrial policy.

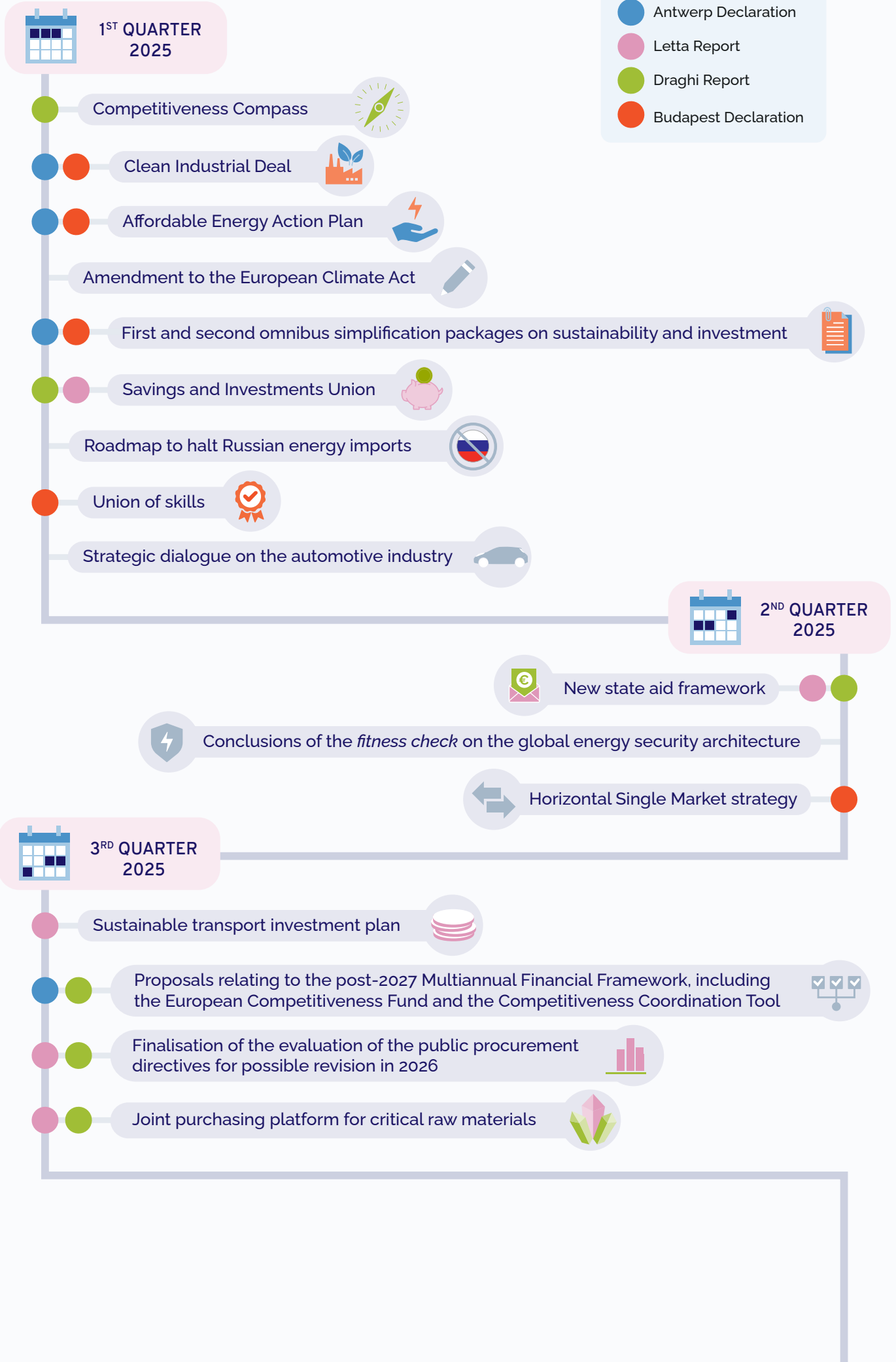
**THE SO-CALLED "OMNIBUS" PACKAGE**  
Package of regulatory simplifications, for example in the area of reporting.

**THE AFFORDABLE ENERGY ACTION PLAN**  
A new EU energy policy aimed at lowering energy prices for industry and consumers.

Main announcements on competitiveness:

Source of inspiration:

- Antwerp Declaration
- Letta Report
- Draghi Report
- Budapest Declaration





4<sup>TH</sup> QUARTER  
2025



Industrial Decarbonisation Accelerator Act



Revision of sustainability related disclosure in the financial service sector



Bioeconomy strategy



Quality jobs roadmap



Chemicals industry package including targeted revision of the REACH regulation



Action plans for steel and metals



Revision of the carbon border adjustment mechanism



2026

28<sup>th</sup> corporate law regime (first quarter)



Action plan for electrification and European network package (first quarter)



Circular Economy Act (fourth quarter)



European climate adaptation plan



## 2

### What are the political views and consensus on competitiveness?

#### Positions within the European Parliament



The potential revival of the continent's competitiveness will depend on the ability of the European Parliament's political groups to reach compromises quickly.



Key demands and red lines are beginning to emerge within the three main political groups: the **European People's Party (EPP)**, the **Social Democrats (S&D)** and the **Liberals (Renew Europe)**.

## Concerning the "Omnibus" regulatory simplification package:



Quest for simplification must not lead to backtracking on European standards such as the European Pillar of Social Rights.



Critical of the competitiveness compass

- there is **no guarantee** that "climate neutrality and just transition will be achieved".
- risk of unravelling the European Green Deal<sup>2</sup> under the guise of simplification.

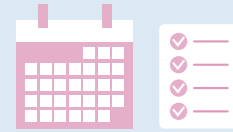
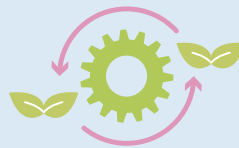


Reduce the administrative burden on companies

- ↳ make it easier for them to do business, without going back on the objectives set in the past.

Reduce the administrative burden and complexity rather than postponing the entry into force of the Corporate Sustainability Reporting Directive (CSRD).

Overhaul the Public Procurement Directive, coupled with the need to create green pilot markets.



Promote a "deregulation and simplification agenda".

- ↳ Support a:



-25% reduction of "the administrative burden on businesses"

-35% reduction for SMEs

"Go further" by suspending the application of regulations (CSRD, Corporate sustainability due diligence (CSDDD), carbon tax at borders) for two years in order to amend them, as well as **revising and simplifying the public procurement directive**.

"One [regulation] in, two out" principle.

<sup>2</sup> See Nguyen, P.-V. « Pacte vert européen, suite ou fin? », Policy Brief, Institut Jacques Delors, June 2024.

## On the Competitiveness Compass and the Clean Industrial Deal:

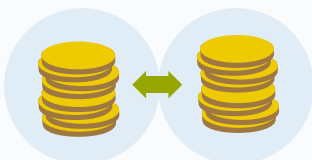
The EPP supports the adoption of a Clean Industry Deal:

- ↳ a "technology-neutral" approach to energy
- ↳ Agreement with the Liberals on this point

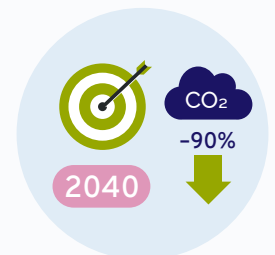
Liberals and Social democrats support a greenhouse gas emissions reduction target of **-90% by 2040** (compared to 1990).

EPP would like to see a **larger share of the revenues from the European carbon market (ETS) earmarked for decarbonising energy-intensive industries**.

S&D deplores the lack of a strategy for stimulating investment through a permanent European instrument and calls for the future **European Competitiveness Fund** to make "people, workers, the most vulnerable among our citizens, and the environment" the focus of future budget discussions.



The Liberals would like to see the Clean Industrial Deal **receive dedicated funding via a merger of existing European funds** within the planned Competitiveness Fund.



## Positions within the Franco-German couple

At the same time, several Member States have submitted their positions and proposals on competitiveness.



have put forward proposals in *non-papers* covering which partly overlap.<sup>3</sup>

9 subjects

<sup>3</sup> The acceleration of renewables and the expansion of energy infrastructures, the theme of investment planning and security, and the dual transition (digital and green) are also mentioned in the non-papers but are not covered in this infographic.



### Support for the greening of industry and sector plans



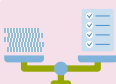
Franco-German agreement on the usefulness of lead markets for green technologies and critical raw materials, seen as a key element of the upcoming **Industrial Decarbonisation Accelerator Act**.



- ➔ "Technology-neutral" approach.
- ➔ Finance decarbonisation projects for the most polluting industrial sites through a bank for electrification, modelled on the European Hydrogen Bank.
- ➔ Calls for dedicated plans for three sectors: **automotive**, **steel**, and **chemicals**.



- ➔ Application of carbon contracts for difference for energy-intensive industries and an extension of electricity price compensation.
- ➔ Calls for strategic dialogues to be set up for the automotive and steel industries.



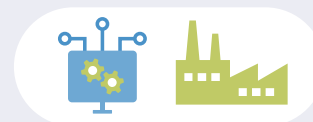
### Competition policy and state aid law



Joint call for a new, simplified and temporary crisis framework for state aid law. Strengthening of The Important Projects of Common European Interest (IPCEI) instrument, with new projects for nuclear energy (France) and artificial intelligence (Germany).



- ➔ Creation of a new framework for European strategic sectors.



- ➔ Support for cutting-edge research and its industrial use.



## Deepening the Single Market



Agreement on the need for the **Clean Industrial Deal to include a simplification agenda to reduce red tape** via the "Omnibus" package.



➔ Complete the simplification process with the adoption of a European preference criterion in **public procurement** to stimulate demand.



➔ Accelerated planning, application and authorisation procedures.



## International trade measures



Joint call for a mechanism to protect against carbon leakage by reforming the carbon border adjustment mechanism from 2025, coupled with a more assertive use of trade defence instruments.



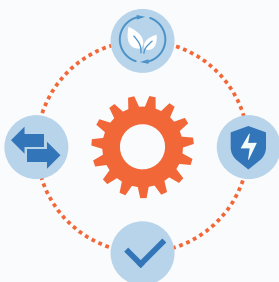
➔ Protection of industry through price compensation to prevent relocation



➔ Adoption of strategic product standards.

# 3

## Recommendations for the Clean Industrial Deal and the Affordable Energy Action Plan



The search for competitiveness must be part of a **systemic approach**, which seeks to reconcile **competitiveness** with the **sustainability** objectives recently adopted within the European Green Deal and the **energy security** issues highlighted by the war in Ukraine.

- ➔ Aligning a number of European policies (industrial, energy, competition, trade) with each other.
- ➔ Given their interdependence, coupling the legislative negotiations of future initiatives (*see the calendar of planned measures above*).

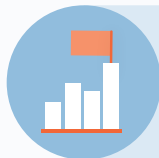


To succeed, the Clean Industrial Deal needs:

- sufficient financial resources
- their effective allocation towards common objectives in the context of budgetary constraints.

With a new European state aid framework, the EU could move in this direction.

Recommendations:



Improve the reporting and assessment of state aid (more evidence-based approach).



Increase and better coordinate state aid spending.



Develop a comprehensive, coherent and agile state aid framework.



Formulate accompanying policies.

*For further information, see: Eisl, A. 'A European state aid framework for the Clean Industrial Deal', February 2025, Institut Jacques Delors'.*

The **Affordable Energy Action Plan's** goal of lower energy prices cannot be achieved without taking into account:



2024

President Trump's ability to reduce U.S. liquefied natural gas (LNG) exports.

46% of LNG imported into the EU



2024

The proposed end of Russian LNG imports by 2027.

16% of LNG imported into the EU

Recommendations :



A mandatory gas demand reduction target set at national level, with monitoring and enforcement processes to reduce demand in order to reduce prices.



Extension of the gas storage filling target by making the target dynamic.



Restriction of the level of dependence (% of supply) on a single gas supplier.

*For further information, see: Nguyen PV., Defard C. & Breucker F. 2023. 'La sécurité d'approvisionnement gazière en Europe', Policy paper, Paris: Institut Jacques Delors, June.*

To ensure that the Omnibus packages of **regulatory simplification** do not lead to ecological deregulation, we need to put in place a **reading grid**.

Recommendations :



Carrying out a European and national inventory allowing to identify problem sources (rules that overlap, over-transposition, obsolete rules, etc).



Transparently quantify the expected economic gains from implementing the simplification policy.