

Clean Industrial Deal

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Context

The [Clean Industrial Deal](#) is a European Commission strategy which aims to drive the decarbonisation of energy-intensive industries, promote circular economy principles, and enhance the competitiveness of European manufacturing through green innovation and investment. For Malta, the Deal presents an opportunity to reduce dependencies on public subsidies on energy. At the same time, it falls short of addressing the challenges faced by small island states such as high transport costs.

How will Maltese businesses benefit?

The Clean Industrial Deal is structured around several priorities aimed at stabilizing energy prices and incentivizing investment in clean technologies. Key measures are summarised below.

1. Access to Affordable Energy

Rising and volatile energy prices are placing a major strain on business competitiveness and public finances. The Clean Industrial Deal therefore puts forward several measures to lower prices and strengthen the EU's energy security.

- A European Investment Bank (EIB) pilot programme worth EUR 500 million to support the uptake of corporate Power Purchase Agreements.
- Counter-guarantees for manufacturers of energy grid components to incentivise local production, with an indicative amount of EUR 1.5 billion.
- Harmonized tariff methodologies for network charges.
- Reducing permitting times for grid, energy storage, and renewables projects, and improving cross-border coordination of energy grid projects.

2. Lead markets: boosting clean supply and demand

Building a business case for decarbonised products also requires concrete measures on the demand side. Businesses will only make the necessary investments if they are sure there is a market for their products. To this extent, the Clean Industrial Deal puts forward several measures to boost the demand for clean technology.

- Inclusion of sustainability and resilience criteria in public procurement, along with EU content requirements.
- Development of a voluntary carbon intensity label for industrial products via an Industrial Decarbonisation Accelerator Act.
- Supplementary legislation on low carbon hydrogen production.

3. Public and Private Investment Support

Transitioning to a clean industrial economy requires significant investment, with various funding instruments designed to support businesses. The Clean Industrial Deals' action on this front seeks to leverage public and private financing to incentivise investment in clean technologies.

- Establishment of an Industrial Decarbonisation Bank targeting EUR 100 billion in funding.
- Leveraging private investment through increased risk-bearing capacity of InvestEU.
- Revision of the General Block Exemption Regulation (GBER) to simplify state aid rules.
- Recommendation for Member States to adopt tax incentives.

4. Powering the circular economy: a secure access to materials and resources

Several raw materials have been identified as critical to produce strategic technologies, such as renewables, batteries, electric vehicles, and grid components. The Clean Industrial Deal includes measures to ensure a stable supply of such materials.

- Establishment of an EU Critical Raw Materials Centre.
- Circular Economy Act to promote the use of secondary materials and recyclates.
- Green Vat Initiative to address embedded VAT in second-hand products.

5. Global markets and international partnerships

The integration of sustainability and Clean Industrial Deal principles in the EU's trade and investment policies are crucial to ensure that Europe is not acting alone, and that it can count on reliable third-country partners.

- Securing access to raw materials, clean energy, and technologies through trade partnerships.
- Carbon Border Adjustment Mechanism (CBAM) review to prevent carbon leakage.
- Trade defence instruments to counter unfair competition.

6. Skills and quality jobs for social fairness and a just transition

The Clean Industrial Deal also commits to a just transition that delivers quality jobs and empowers people, building on their skills, while promoting social cohesion and equity across all regions.

Key initiatives include:

- the Union of Skills — an overarching skills strategy aimed at enhancing skills development, and to address labour market needs.
- the Skills Portability Initiative — a program designed to facilitate the cross-border recognition of skills.
- the Quality Jobs Roadmap — a framework to promote decent working conditions and support fair job transitions.

Way Forward

The Clean Industrial Deal provides an important framework for strengthening European industry while advancing our climate goals. Its success now hinges on spurring investment and innovation and enabling businesses of all sizes to participate in the green transition.

Nonetheless, **the Clean Industrial Deal unfortunately falls short in recognising the specific challenges faced by islands and other territories, such as higher transportation costs that impact competitiveness.**

The measures mentioned above will be formalised through legislative proposals in 2025 and 2026.

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

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