



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

JULY 2025

# From green to clean – the EU's new plan to boost competitiveness and meet its climate goals

MARKET INTELLIGENCE REPORT

# Summary

- On 26 February 2025, the European Commission released its new [Clean Industrial Deal](#) designed to accelerate decarbonisation and reindustrialisation across the bloc.
- The Clean Industrial Deal (Clean Deal) builds on the 2019 [European Green Deal](#) and responds to calls for strengthening the bloc's competitiveness in the face of high energy costs and fierce global competition in strategic sectors. It promises to mobilise over €100 billion to support EU companies' green transition, and create 500,000+ new jobs.
- Two sectors lie at the heart of the Clean Deal: energy-intensive industries and the clean-tech sector - both are considered key to unlocking economic competitiveness and achieving the EU's climate goals.
- [Circularity](#) is a central element, with the EU aiming to maximise the continent's limited resources and reduce overdependence on third country suppliers for critical raw materials.
- The Clean Deal's release came on the same day as the first of several ["Omnibus simplification packages"](#) designed to cut red tape and simplify EU rules for citizens and businesses.
- Along with the omnibus proposals, the Clean Deal reflects the European Commission's aim to harness the scale of the EU [single market](#) to increase efficiencies, bolster procurement, promote quality 'green' jobs, and enhance coordination across the bloc's Member States.
- While the Clean Deal is essentially a high-level political roadmap, new initiatives, regulations, and funding pools will now be created to implement the Clean Deal's objectives over the coming months and years.

# Report

The Clean Deal focuses on six key objectives: (1) lowering energy prices (2) boosting clean supply and demand (3) driving investment (4) ensuring access to key materials (5) strengthening global partnerships and (6) reskilling workers.

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## Affordable energy

A core objective is to lower energy costs with affordable energy being considered a “foundation of competitiveness.” To achieve this, the Commission has published an [Affordable Energy Action Plan](#) to lower energy costs and provide businesses and EU citizens with more stability and resilience through a set of structural measures.

The Action Plan promises to **speed up and simplify permitting for the EU’s clean energy rollout**, accelerate electrification, ensure its grid becomes fully interconnected, use energy more efficiently, and cut dependence on imported fossil fuels. The Commission estimates annual savings for households and businesses of up to €45 billion in 2025, rising to €130 billion by 2030, and €260 billion by 2040.

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## Boosting demand for clean European products

The Clean Deal aims to ensure that 40% of key components in clean tech products on the EU market are domestically produced. To get there, the European Commission has announced a legislative proposal for an [Industrial Decarbonisation Accelerator Act](#) which will introduce sustainability, resilience, and ‘made in Europe’ criteria into public and private procurement.

The Act will also launch a **voluntary carbon intensity label** for industrial products, starting with steel in 2025, followed by cement. In response to the proliferation of different carbon accounting methodologies in the EU and internationally, the Clean Deal commits the Commission to work on simplifying and harmonising carbon accounting methodologies.

The Clean Deal acknowledges the central role of hydrogen in decarbonisation and proposes that the EU adopt legislation on low carbon hydrogen, to clarify the rules for producing low carbon hydrogen in a pragmatic way, providing certainty to investors.

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# Financing the clean transition

The Clean Deal undertakes to **mobilise over €100 billion to support EU-made clean manufacturing**, via the creation of an Industrial Decarbonisation Bank. In addition, the EU plans to increase the risk-bearing capacity of ‘**InvestEU**’<sup>(1)</sup> to leverage up to **€50 billion in additional private and public investment**, including in **clean tech, clean mobility, and waste reduction**.

The Commission will also launch a [Horizon Europe](#) call of **€600 million** under its 2026-2027 work programme to support “deployment-ready” projects in the areas of clean tech, clean energy, and decarbonised manufacturing.

The EU will also adopt a new Clean Industrial Deal State Aid Framework by June 2025. The plan is to allow for simplified and quicker approval of State aid measures for the roll-out of renewable energy, industrial decarbonisation, and ensuring sufficient manufacturing capacity of clean tech. In parallel, the European Investment Bank (EIB) will launch a series of new financing instruments to support the Clean Deal.

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## Strengthening circularity and access to materials

The Clean Deal recognises the importance of **securing a sustainable supply of critical raw materials** for its transition, and undertakes to prioritise implementation of its [Critical Raw Materials Act](#) and reduce exposure to “unreliable suppliers”.

Key actions that the Commission will take under this goal include:

- Setting up a mechanism enabling European companies to come together and aggregate demand for critical raw materials.
  - Creating an **EU Critical Raw Materials Centre** to jointly purchase raw materials on behalf of interested companies.
  - Adopting a new **Circular Economy Act** to boost circularity, ensure that scarce materials are used and reused efficiently, reduce global dependencies, and create high quality jobs. The aim is to achieve circularity for **24% of materials by 2030**.
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## Strengthening global partnerships

The Clean Deal acknowledges that the EU “**needs reliable global partners more than ever**”, and recognises the importance of international engagement as an enabler for delivery of green transition goals.

In addition to concluding and implementing pending **free trade agreements**, and taking forward ongoing negotiations for new ones, the Clean Deal supports the negotiation of **Clean Trade and Investment Partnerships** (CTIPs). In practice, CTIPs will be employed

to help the EU to manage strategic dependencies, diversify and secure its position in crucial global value chains, and secure access to raw materials, clean energy, and clean tech. In return, CTIPs will offer partner countries cooperation on energy technology and clean transition policies, and support for decarbonisation in partner countries. The EU launched its first CTIP with South Africa in March 2025.

In support of the [ongoing review](#) of the **EU's Foreign Direct Investment (FDI) Screening Regulation**, the Clean Deal strengthens the EU's investment screening framework by proposing to further harmonise national screening mechanisms in Member States, introducing resilience requirements, and further aligning Member States' policies and approaches to minimise the risk of "forum shopping".

More broadly, the Clean Deal suggests the Commission will act "even more decisively" to **protect its industries from unfair global competition and overcapacities** through a range of trade defence and other instruments.

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## Reinforcing skills for the transition

- The Clean Deal provides for the establishment of a 'Union of Skills' that invests in workers, develops skills, and creates quality jobs. With up to **€90 million from Erasmus+** – the EU's programme to support education and training – the Clean Deal plans to help **reinforce sectoral skills for strategic industries** linked to the Clean Deal. The Clean Deal also intends to support quality jobs, promote social and labour standards, and provide support to workers in transition.
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## Implications for New Zealand

Exactly how the various initiatives, regulations, and funding pools falling under the Clean Deal are developed over the coming months and years remains to be seen.

Nonetheless, its various strands offer opportunities not just for accelerating innovations that could support New Zealand's green transition, but also for New Zealand companies exporting clean or low-carbon goods and services to the EU - including those who form part of supply chains critical to the EU's clean transition.

Under the [EU-New Zealand Free Trade Agreement](#), businesses operating in the clean and renewables sectors benefit from liberalised trade in key environmental goods and services, alongside the commitments to further cooperation made under the Energy and Raw Materials Chapter of the Agreement. Further, as an Associate Member Country to Horizon Europe, New Zealand researchers and innovators will be able to participate in the €600 million Clean Deal R&D funding opportunity on clean energy and decarbonised manufacturing.

Noting the boost in demand and funding presented by the Clean Deal, New Zealand businesses and exporters in these sectors are encouraged to follow the development of Green Deal initiatives going forward for potential opportunities.

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## More information

- [The Clean Industrial Deal: A Joint Roadmap for decarbonisation and competitiveness](#)
  - The Clean Industrial Deal: [Q&A](#)
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[1] InvestEU is an EU Commission-European Investment Bank (EIB) initiative which mobilises financing for strategic investments.

[2] The EU's Critical Raw Materials Act lists key strategic minerals and calls for the bloc to extract 10%, process 40%, and recycle 25% of what it consumes annually by 2030, as well as limit the share of any external supplier to 65%.

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