Energy Intensive Industries

Joint statement

Preventing Irreversible Deindustrialisation: Europe Must Act Now on Energy and Carbon Costs
(2 February 2026)

Europe needs competitive energy-intensive industries

Energy-intensive industries (EIIs) form the backbone of critical and strategic value chains that underpin the EU economy and society, including transport, construction, power generation, batteries, semiconductors, food security and defence. They are indispensable to the energy and digital transitions, industrial decarbonisation, tackling the housing crisis and safeguarding the EU's strategic autonomy. In the EU, EIIs represent a turnover of over 1.5 trillion € and 6.6 million direct employees.

EIIs are losing competitiveness and cannot invest under current conditions leading to massive plant closures

Europe's EIIs are under severe pressure. Competitiveness and investments are being undermined by:

1. **The lasting impact of the energy crisis**, with energy costs (including wholesale market prices) still twice as high as pre-crisis levels;
2. **Rapidly increasing costs**, in particular carbon costs, with the CO_2 price now around four times higher than in the pre-Covid period (2020) and far above other carbon schemes;
3. **Unfair trading practices** and **severe global trade disruptions**, further aggravated by US tariffs.

As a result, 1.5 million jobs were lost in EIIs since 2008 and the situation is deteriorating fast with production levels in 2025 having declined by up to 40% and by over 14% for most sectors compared to 2018. The EU trade balance of EIIs is increasingly negative since 2018 and it is estimated that around 200.000 jobs were lost among EIIs in the EU in the year 2025. This is a critical situation in a time where self-sufficiency is becoming increasingly important.

At the same time, regulatory costs for EIIs are set to continue increasing in the coming years, while the negative impacts of unfair trade practices are expected to intensify both within the EU and on export markets. Imports from countries with lower environmental and social standards are therefore projected to grow further and faster if no fundamental and urgent policy shift occurs. In this context, new investments are being postponed, and bankruptcies are multiplying at an accelerating pace, placing Europe's industrial base at serious risk.

Call for immediate measures for EIIs adapted to the current crises and global disruptions

Against this backdrop, and ahead of the informal meeting of EU leaders on competitiveness scheduled for **12 February**, EIIs call on the EU to take needed **immediate action**. Priority must be given to addressing **rising carbon price and costs and persistently high energy prices and costs**, while swiftly implementing the measures announced under the **Clean Industrial Deal**, notably on trade defence.

1. Cut total energy costs for Energy Intensive Industries

Europe must urgently reduce total industrial energy costs. EIIs call for **concrete short-term initiatives to bring down total energy system costs immediately**, including network charges, EU national taxes and levies, combined with a clear roadmap for a sustained long-term reduction in energy costs to restore the global competitiveness of EU manufacturing.

To make electrification economically viable and preserve the already electrified industrial processes, all available instruments should be mobilised to bring **industrial total electricity costs in the EU closer to 50 €/MWh** (cf. Draghi report), under current global market conditions rather than targeting a percentage of electrification. In parallel, the **Clean Industrial Deal State Aid Framework (CISAF)** must be urgently strengthened to provide effective support for all EIIs without conditionalities.

2. Stop any increase in carbon costs in 2026

The additional foreseen increases in carbon costs for EIIs in 2026 will be detrimental, given the severity of the current crises and the international context, and considering that the key precondition for industrial decarbonisation—access to internationally competitive, low-carbon and renewable energy and adequate infrastructure—will **not** be met in 2026 or in the following years.

EIIs therefore call for **emergency measures** to shield the European economy from additional carbon costs for example by suspending as of 2026 further ETS benchmark reductions - and the application of the cross-sectoral correction factor (CSCF) - which will otherwise result in a loss of up to 34% in free allocations for EIIs compared to 2021-2025.

Increasing carbon costs today runs directly counter to the Clean Industrial Deal objective of restoring competitiveness and enabling future decarbonisation investments. On the contrary, it would further erode companies' capacity to invest. In that respect, it is also essential that ETS revenues are fully redirected back to the ETS sectors affected in order to support decarbonisation investments. An effective response to carbon cost pressures **cannot wait** for the post-2030 ETS review.

3. Tackling unfair trade practices and economic security threats related to EIIs

In respect of the Clean Industrial Deal commitment to *"make fast and efficient use of Trade Defence Instruments (TDIs)"*, the effective deployment, reinforcement, and extension of the EU's TDI toolbox have become even more urgent as State-induced global overcapacities and market distortions now affect most of the EU EIIs on a global scale. Addressing them requires:

- Additional resources for the Commission to manage the surge in TDI investigations;
- Adapted TDI rules and new instruments to cover new forms of distortions and unfair practices;
- Mechanisms such as the Foreign Subsidy Regulation capable of tackling or preventing specific unfair practices from non-EU imports.

Furthermore, EIIs must be clearly identified as potential beneficiaries of the measures announced in the **Joint Communication of 3 December on strengthening EU economic security**.

4. Creating demand for "products proudly made in Europe"

European industries operate under the world's highest standards in terms of sustainability, carbon footprint, labour conditions, safety and innovation. Yet today, these standards are insufficiently reflected in market demand and prices, and there is no demand for low-carbon products. Regulators, producers, and consumers all have a role to play in ensuring consistency between Europe's values and purchasing decisions by actively creating demand for **products proudly made in Europe**.

In this context, EIIs support the introduction of carefully designed **local content and European preference considerations in public procurement for specific value chains**, grounded in EU-based value added within globally integrated supply chains as well as greater transparency on product origin, in forthcoming legislative initiatives—most notably the **Industry Accelerator Act, the Circular Economy Act** and the revision of the **Public Procurement Directive,** while remaining vigilant of any potential supply chain disruptions.

These instruments must rely on coherent principles and criteria, while preserving the internal market and ensuring that demand-side measures, funding tools, consumer information, and procurement rules work together to strengthen EU-based production, resilient complete critical value chains, and Europe's strategic autonomy.