



EU Unpacked

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EU Unpacked #10

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A Green Deal Industrial Plan for the Net-Zero Age

An In-Depth Analysis for Non-Experts

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Communication from the Commission: A Green Deal Industrial Plan for the Net-Zero Age

1. Introduction and Purpose of the Document

The European Commission's *Green Deal Industrial Plan for the Net-Zero Age* sets out a strategy to ensure that Europe remains economically competitive while moving toward climate neutrality. The document addresses two major realities: first, the urgent need to combat climate change by reducing greenhouse gas emissions; and second, the growing global competition in clean technologies such as renewable energy, batteries, hydrogen, and electric vehicles.

The European Green Deal already established the EU's goal of becoming climate-neutral by 2050. However, the Commission recognised that climate policy alone is not enough. The transition to clean energy will only succeed if Europe also builds a strong industrial base capable of producing the technologies needed for it. Otherwise, Europe risks becoming dependent on imports, losing jobs, and falling behind economically.

This communication, therefore, links **climate action with industrial policy**. Its purpose is to create the right conditions for European companies to manufacture clean technologies inside the EU, attract investment, create jobs, and reduce strategic dependencies on countries such as China or Russia.

In simple terms, the document answers the question:

How can Europe decarbonise its economy while staying competitive and protecting its industry and workers?

The Commission proposes a coordinated European response built around four main pillars:

1. Simpler and more predictable regulation
2. Faster access to funding
3. Skills development
4. Open trade and resilient supply chains

These pillars form the core of the Green Deal Industrial Plan.

2. Context: Why the Plan Is Necessary

The Communication begins by explaining why immediate action is needed.

Climate urgency

This decade is critical for limiting global warming. Clean technologies such as solar panels, wind turbines, heat pumps, hydrogen, and batteries must be deployed quickly. Without rapid industrial expansion, climate targets cannot be met.

Economic opportunity

The global market for clean energy technologies is expected to grow massively, worth hundreds of billions of euros annually. Countries that invest early will gain jobs, innovation leadership, and economic growth.

Global competition

Other major economies are heavily supporting their industries. The United States introduced the Inflation Reduction Act (IRA), offering large subsidies for clean technologies. China already provides

significant state support and dominates many supply chains. If Europe does not react, companies may relocate to these regions.

Energy crisis and security

Russia's invasion of Ukraine revealed Europe's vulnerability to fossil fuel imports. Reducing dependence on external energy sources requires domestic renewable production and manufacturing capacity.

Because of these factors, the Commission argues that Europe must act together. Fragmented national responses would weaken the Single Market. A coordinated EU-wide strategy is seen as more effective.

3. Pillar One: A Predictable and Simplified Regulatory Environment

The first pillar focuses on regulation. The Commission argues that complex rules and slow permitting procedures discourage investment. Companies need clarity, speed, and stability.

Net-Zero Industry Act

The key proposal is a new *Net-Zero Industry Act*. This law would:

- Support the manufacturing of strategic clean technologies in Europe
- Shorten permitting procedures for factories and projects
- Create "one-stop shops" for investors
- Identify priority projects of strategic interest

The aim is to make it easier and faster to build clean-tech factories in Europe. For example, a wind turbine plant or hydrogen electrolyser facility should not take years to receive approval.

Critical Raw Materials Act

Clean technologies depend on materials such as lithium, cobalt, and rare earth elements. Many of these come from a small number of countries, creating risks. The proposed Act seeks to:

- Diversify supply sources
- Increase recycling
- Support domestic extraction and processing

This reduces dependence on single suppliers and strengthens resilience.

Energy market reform

High energy prices harm industry. The Commission plans reforms to the electricity market to provide more stable, affordable prices, especially by expanding renewables and introducing long-term contracts.

Public procurement

Governments will use public purchasing power to stimulate demand for clean products. For instance, public tenders might prioritise low-carbon materials or energy-efficient technologies.

Evaluation

This pillar recognises that policy barriers, not just a lack of money, slow down green investment. By simplifying regulation, the EU tries to create a business-friendly environment. However, balancing speed with environmental and social safeguards may be challenging.

4. Pillar Two: Faster Access to Funding

The second pillar addresses financing. Clean technology industries require large upfront investments. Private investors may hesitate due to risks, so public funding is needed to “crowd in” private capital.

National State Aid Flexibility

The Commission proposes temporarily relaxing EU state aid rules. Member States can more easily support:

- Renewable energy projects
- Decarbonisation of industry
- Manufacturing of strategic technologies

This helps governments compete with subsidies offered by the US or China.

However, there is a risk: richer countries might provide more support than poorer ones, potentially fragmenting the Single Market. The Commission acknowledges this and therefore proposes stronger EU-level funding as well.

EU-level instruments

Several funding mechanisms are highlighted:

- **Recovery and Resilience Facility (RRF)** and REPowerEU
- **InvestEU programme** to mobilise private investment
- **Innovation Fund** to support breakthrough clean technologies
- Proposed **European Sovereignty Fund** for strategic technologies

These funds aim to support research, innovation, and industrial deployment.

Evaluation

This pillar shows that the EU is shifting toward a more active industrial policy. Historically, Europe relied heavily on market forces, but now it accepts targeted subsidies as necessary. While this may strengthen competitiveness, it also raises questions about fiscal sustainability and fair competition.

5. Pillar Three: Skills Development

Technology alone is not enough. The green transition requires workers with new skills.

The Communication stresses that millions of jobs will change or be created. Industries such as batteries or renewables face labour shortages. Without trained workers, factories cannot operate.

Proposed measures include:

- Training and reskilling programmes
- Partnerships between industry and education providers
- Net-Zero Industry Academies
- Recognition of qualifications across the EU
- Attracting international talent

The European Year of Skills (2023) highlights this priority.

Social dimension

Importantly, the Commission emphasises inclusion. Women and young people should have better access to green jobs. This reflects the EU's social model, linking climate policy with fairness.

Evaluation

This pillar acknowledges that transitions can create inequalities. By focusing on education and reskilling, the EU aims to ensure that workers benefit rather than suffer. This strengthens political support for the transition.

6. Pillar Four: Trade and Resilient Supply Chains

The final pillar concerns global trade.

Europe is deeply integrated into world markets. Clean technologies require global supply chains. The EU, therefore, supports open trade but wants fairness.

Key approaches:

- New free trade agreements
- Partnerships for raw materials
- Cooperation with the US through the Trade and Technology Council
- Export credits for European firms
- Trade defence instruments against unfair subsidies
- Screening of foreign investments

The goal is to combine openness with protection of strategic interests, often described as “open strategic autonomy.”

Evaluation

This approach reflects geopolitical realities. Total self-sufficiency is unrealistic, but dependence on a few countries is risky. Diversification and cooperation with trusted partners offer a middle path.

7. Overall Assessment

Strengths

The Green Deal Industrial Plan has several strong points:

- Integrates climate and industrial policy
- Recognises global competition
- Combines regulation, funding, skills, and trade in a comprehensive strategy
- Promotes European coordination rather than fragmented national actions
- Emphasises both economic growth and social fairness

Weaknesses and challenges

However, challenges remain:

- Large public spending may strain budgets
- Risk of unequal state aid between Member States
- Faster permitting may conflict with environmental protections

- Implementation complexity across 27 countries
- Global trade tensions may increase

Success will depend not only on policy design but also on effective implementation.

8. Conclusion

The Green Deal Industrial Plan for the Net-Zero Age signifies a substantial paradigm shift in European Union policy. It extends beyond mere climate commitments, emphasising a proactive industrial strategy to position Europe as a global leader in clean technology development.

Fundamentally, the European Commission contends that the green transition is both an environmental imperative and an economic opportunity. It is imperative that Europe manufacture emerging technologies domestically rather than rely on imports.

By streamlining regulatory frameworks, mobilising financial resources, investing in workforce skills, and enhancing trade partnerships, the EU aims to achieve economic competitiveness, resilience, and sustainability concurrently.

For those unfamiliar with the specifics, the core message is straightforward: Europe aims to combat climate change while safeguarding employment and industrial capacity. The Green Deal Industrial Plan serves as the strategic framework to realise these dual objectives. there.

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George is a diplomat and expert in international politics, security and European integration. During his career in the Georgian public service (2004–2023), he held senior positions focused on political affairs, European and Euro-Atlantic integration and regional security. Beyond diplomacy, he has contributed extensively as an author and researcher, specialising in the rise of radical and populist movements in Eastern Europe. He currently serves as the executive director of the EU Awareness Centre, a Brussels-based NGO promoting democratic reforms, good governance, and EU values. He continues his work as an independent researcher on political and international issues.