



July 2021

LEADING THE CLEAN INDUSTRIAL REVOLUTION

The **European Green Deal** will transform the EU into a fair, prosperous and climate-neutral economy. Fixing clear targets for 2030 and beyond gives **certainty to industry** and investors and helps energy-intensive industries to develop **innovative climate-neutral technologies**.

From renewable energy technologies, fuels and infrastructure, to clean transport, industrial processes, and renovation, these proposals create **promising opportunities for European businesses and workers**.

INVESTING IN EUROPE'S CLEAN INDUSTRIAL REVOLUTION AND FUTURE-PROOF JOBS

This green transition needs to bring benefits to all as quickly and as fairly as possible, while strengthening our competitiveness, creating the jobs of tomorrow and effectively addressing the costs and impacts.



37%

of the €723.8 billion recovery and resilience facility for climate action



30%

of the EU's budget for climate action



New Social Climate Fund:

will provide **€72.2 billion** for the period 2025-2032 to support European citizens most exposed to energy or mobility poverty.



State Aid:

the revision of the environmental and energy State Aid rules help Member States do more to support business to de-carbonise their production processes and adopt greener technologies.

INCENTIVISING AND INVESTING IN DECARBONISATION THROUGH EMISSIONS TRADING

Achieving further emissions reductions in industry and remaining internationally competitive will increasingly depend on **breakthrough clean technologies** and the deployment of infrastructure necessary to deliver renewable energy and low-carbon solutions.



Cutting emissions in the ETS by 61% by 2030 (compared to 2005 levels):

- a one-off reduction in the annual limit on total emissions to align this cap with actual emissions observed
- an increase in the annual reduction rate (linear reduction factor) of the cap to **4.2%** in order to achieve the new 2030 target

BOOSTING THE INNOVATION FUND

The Innovation Fund is financed by allowances auctioned under the EU ETS and funds innovative low-carbon technologies. The new proposal represents a doubling of the fund.

Now

450 million allowances between 2021-2030

New proposal

+ 50 million + 150 million from road transport and buildings + allowances freed up by CBAM

- **Extension in size** to support the new technologies needed.
- **More funding instruments** to encourage early uptake of innovative technologies.
- **Channel all investments** into projects aligned with the European Green Deal.

More investment in clean technology:

- making free ETS allowances conditional on investments in cleaning up industrial processes
- strengthening rules to ensure Member States use their EU ETS auction revenues for clean investments

BOOSTING THE MODERNISATION FUND

The Modernisation Fund is financed by allowances auctioned under the EU ETS and supports 11 lower-income EU Member States in their transition to climate neutrality. The new proposal represents a doubling of the fund.

Now

2% of allowances auctioned between 2021-2030

New proposal

an additional 2.5% of total allowances

- **Increase overall size** to extend support for lower-GDP Member States' investments in energy infrastructure.
- **Double the contribution of emission trading by adding an extra 2.5% of auction revenues** to modernising our energy systems.



PREVENTING CARBON LEAKAGE FROM THE MOST EXPOSED SECTORS

A new **Carbon Border Adjustment Mechanism** will put a **carbon price on imports** of a targeted selection of products to ensure that ambitious climate action in Europe does not lead to ‘carbon leakage’. This will ensure that European emission reductions contribute to a global emissions decline.

BOOSTING RENEWABLE ENERGY, CLEAN FUELS, CLEANING UP INDUSTRY, CREATING JOBS

Boosting energy efficiency, renewable energy and clean fuels is essential to drive industrial decarbonisation. It also has the potential to create new jobs as new energy infrastructure is deployed.



25%

industry's share of EU energy consumption



Set an indicative target to **increase renewable energy use in industry by 1.1 percentage points** per year.



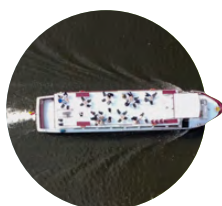
Set a binding annual target for Member States to **increase renewables in heating and cooling by 1.1 percentage points**.



Set a **binding target for renewable fuels** of non-biological origin (such as hydrogen) used as a feedstock or as an energy carrier.



Setting a binding target for EU countries to renovate at least **3%** of all public buildings per year – giving a big **boost to local employment and construction industries**.



Set a **maximum limit on the greenhouse gas content** of the energy used by ships and **apply emissions trading to large ships** around two thirds of maritime transport.



Set a **mandatory blending target for sustainable aviation fuel** used by all operators in Europe, set a **minimum tax on kerosene** and progressively **phase out free allowances** for aviation under the ETS.

TRANSFORMING THE AUTOMOTIVE VALUE CHAIN

The transition towards **zero-emission mobility** requires a transformation of the automotive sector along the entire value chain. The CO₂ emission standards for cars and vans will drive this transition. European investments will support the car industry in the shift to zero-emission mobility and help European manufacturers to lead the global market.

Our proposals will:

- **stimulate sales of zero-emission vehicles and jobs** in new sectors with high growth potential, like batteries, as the value chain evolves
- **create jobs** in building and installing charging infrastructure for road transport
- roll out flagship actions to equip people with the right skills needed for the green and digital transitions within the European Skills Agenda

1 million

new electric vehicles

sold in Europe in 2020, tripling the market compared to 2019.



© European Union, 2021

Reuse of this document is allowed, provided appropriate credit is given and any changes are indicated (Creative Commons Attribution 4.0 International license). For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders. All images © European Union, unless otherwise stated.

Print
PDF

ISBN 978-92-76-39708-3
ISBN 978-92-76-39681-9

doi:10.2775/18620
doi:10.2775/04822

NA-02-21-846-EN-C
NA-02-21-846-EN-N