



Pragmatic 2040 climate framework for a competitive and sustainable industrial future: joint statement by Energy-Intensive Industries

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This is a pivotal moment for the EU to revert the risks of deindustrialisation and reinforce both its climate and industrial leadership. An ambitious 2040 climate target demands a profound reshaping of energy-intensive industries – the backbone of the EU's manufacturing strength and strategic value chains.

The transition will require breakthrough technologies, a sixfold increase in investments compared to the previous decade and a robust policy framework that enables the EU's industry to remain competitive. However, in a policy landscape that prioritises industrial competitiveness, such an ambition must be grounded in pragmatism. This calls for a regulatory framework that is not only bold but also flexible and competitiveness-driven – one that fosters innovation, incentivizes investment, and allows for the scale-up of all viable solutions. Only by aligning the 2040 climate ambition with industrial competitiveness can the EU secure its climate leadership while safeguarding the resilience and strategic strength of its industrial base. Any climate objective that results in the leakage of energy-intensive industries should be considered a setback for the EU.

The need for enabling conditions to secure Europe's competitiveness. While the proposed 2040 climate target sets an ambitious destination, it lacks the enforceable instruments to ensure the EU actually gets there. Europe's industrial sectors need a viable business case to deliver the scale of investment needed – six times higher than in the previous decade. EU climate policy must go hand in hand with an ambitious industrial strategy and enabling conditions that make the transition economically feasible while keeping Europe competitive.

A key precondition for delivering on this ambition is access to internationally competitive energy and decarbonisation infrastructure. The EU must also close its existing gaps by accelerating investments in capacity and infrastructure related to renewable and baseload low-carbon electricity and hydrogen, carbon capture, utilisation and storage, while ensuring industrial consumers benefit directly from these efforts.

The enabling conditions include urgent demand-side measures to stimulate markets for circular, renewable and low-carbon products. In addition, simplified, predictable rules for EU and national funding are needed to accelerate the leap from demonstration to first-of-a-kind industrial scale and commercialisation.

Ensuring robust and effective carbon leakage protection. The post-2030 EU ETS shall lead to reduction of the GHG emissions while preventing carbon and investment leakages, safeguarding European industries and jobs. A robust system of carbon and investment leakage protection for CBAM and non-CBAM sectors, addressing direct and indirect costs, must be secured beyond 2030, both for domestic and extra-EU sales e.g. under the form of free allocation. Without robust safeguards, carbon and investment leakage risk draining jobs and innovation abroad, weakening Europe's economy and

strategic sovereignty and consequently, also increasing global emissions. In this context, it is essential to preserve the integrity of the existing Carbon Leakage List, which identifies sectors demonstrably at risk of relocation and international competition. Europe must lead by example, demonstrating that climate action and industrial strength can advance together. (Read [our recommendations on the post-2030 EU ETS](#)).

Enhancing policy integrity through transparency is essential for the 2040 Climate Target. The proposed 2040 climate target, a 90% net reduction in GHG emissions compared to 1990 levels, represents a near-total transformation of the EU's energy system and industrial landscape already before 2040. However, without clarity on how residual emissions will be distributed across sectors of the economy, the credibility of the target is at risk. Clear, transparent rules are essential to uphold policy integrity and to give industries the confidence and certainty they need to invest in Europe.

Strengthen flexibility and ensure equal access to decarbonisation options across ETS sectors. Carbon removals and international credits can play a critical role in achieving EU climate neutrality and supporting the effective functioning of the EU ETS market, particularly as the framework is expected to enter a period of market shortage. All sectors must have equal access to decarbonisation tools: imposing arbitrary restrictions risks creating loopholes, discouraging innovation, and deterring investment. A flexible system will keep the EU ETS strong as we enter a period of tighter markets. Moreover, a simplification of the ETS system for small emitters is necessary, for example through extending the measures under Art. 27 ETS Directive.

Advance the integration of international credits. High-quality international credits, subject to robust environmental safeguards, should be integrated into the post-2030 framework from the outset. This would support global climate goals while offering cost-effective compliance options for European industry.

Therefore, the proposed climate target will remain unrealistic unless the necessary enabling conditions for the effective decarbonisation of energy-intensive industries in the EU are in place. In this context, mechanisms for a timely review of the 2040 climate target should be foreseen, particularly to adjust for unforeseen impacts on energy and carbon costs and to secure the investments required for the ETS industrial sectors to contribute effectively to the transition.

List of signatories

- 1) Cefic - The European Chemical Industry Council
- 2) Cembureau - The European Cement Association
- 3) Cepi - The Confederation of European Paper Industries
- 4) Cerame-Unie - The European Ceramic Industry Association
- 5) Eula - The European Lime Association
- 6) EuroAlliages - The Association of European ferro-Alloy producers
- 7) Eurometaux - The European non-ferrous metals association
- 8) Euromines - The Association of the European mining industries, metal ores and industrial minerals
- 9) Exca - The European Expanded Clay Association
- 10) Fertilizers Europe - The Association of fertilizer producers
- 11) FuelsEurope - The European Fuel Manufacturers Association
- 12) Glass Alliance Europe - The Association of European Glass Industries
- 13) IFIEC Europe - The umbrella organisation representing industrial energy consumers