Energy-intensive industries

Energy-intensive industries are crucial to the EU economy, enabling numerous strategic value chains. As these industries face significant challenges, including declining competitiveness, the EU is actively developing strategies to support them. During the April plenary session, MEPs will debate future action following a question to the Commission, and vote on a resolution proposing measures to strengthen these industries.

Background

Energy-intensive industries typically exhibit a high level of energy use relative to their added value. In the EU, the most energy-intensive sectors include basic metals (iron, steel and non-ferrous metals, such as copper and aluminium), non-metallic minerals (glass, ceramics and cement), pulp, paper and printing, and chemicals. These industries account for around 16 % of total manufacturing gross value added (2 % of GDP) and 13 % of manufacturing jobs. Numerous key value chains – particularly in the clean tech, automotive, and defence industries – rely heavily on inputs from these energy-intensive sectors. Their presence in the EU is crucial for reducing strategic dependencies and enhancing European resilience. These industries represent about 68 % of greenhouse gas emissions from the manufacturing sector, and include hard-to-abate activities, using fossil resources (gas, coal or fuel) as fuel or feedstock, which makes decarbonisation using current technologies difficult compared to other sectors.

Main challenges for European energy-intensive industries

The Draghi Report of September 2024 provides a detailed analysis of the declining competitiveness of the sector. It identifies several primary causes for the current competitiveness gap, including higher energy prices and emissions costs compared to global competitors, significant investment requirements for decarbonisation, regulatory burdens and an uneven playing field for the industry, including limited markets for greener products. To address these challenges, Draghi proposed several measures aimed at supporting the sector. These include securing a competitive and reliable energy supply, fostering decarbonisation by attracting investment and expanding markets for low-emission products, preventing production relocation to third countries driven by subsidies, weaker decarbonisation regulation, and reducing regulatory burdens. On 10 February 2025, the United States announced that it would impose 25 % tariffs on imports of steel and aluminium and derivative products. The Commission is now preparing a response.

Latest EU initiatives impacting energy-intensive industries

Reconciling decarbonisation and competitiveness is one of the three pillars of the EU's competitiveness compass. The Clean Industrial Deal (CID) – a strategy designed to bolster the competitiveness and decarbonisation of Europe's industry – outlines both legislative and non-legislative flagship actions. These measures aim to strengthen the business case for climate neutral investments in energy-intensive industries and clean technologies. Under the CID, the Commission adopted a steel and metals action plan on 19 March 2025, and announced a chemicals industry package for late 2025. Key legislative initiatives announced include an industrial decarbonisation accelerator act, a circular economy act and a proposal to extend the carbon border adjustment mechanism. Additionally, an action plan for affordable energy aims to lower energy costs, complete the Energy Union, attract investment and prepare for potential future energy crises.

A question for oral answer on future Commission action and a motion for a resolution outlining a roadmap to bolster energy-intensive industries were adopted on 18 March 2025 by the Committee on Industry, Research and Energy and are on the agenda of the April session (Rapporteur: Giorgio Gori, S&D, Italy).

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