The EU adopted its revamped industrial policy in March 2021. It rests on three drivers capable of transforming European industry: the green transition, supported by the European Green Deal; the digital transition, supported by the EU’s digital strategy; and global competitiveness that will leverage the Single Market to set global social and environmental standards.

Within this policy framework, the EU is launching several concrete initiatives in 2020 and 2021. One of these is the new European Innovation Council (Box 9.3). It will identify next-generation technologies, accelerate their commercial application and help them to support the rapid scale-up of start-ups.

The following are other examples.

**New markets for climate-neutral and circular products**

The circular economy reduces waste and re-uses and recycles industrial products. To modernize and decarbonize energy-intensive industries, the European Green Deal sets the objective of creating new markets for climate-neutral and circular products, such as steel, cement and basic chemicals. For instance, the European Commission will support clean steel breakthrough technologies leading to a zero-carbon steel-making process by 2030. Use will be made of the EU Emissions Trading System Innovation Fund created in 2019 to help deploy other large-scale innovative projects, to support clean products in all energy-intensive sectors.

**The world’s largest carbon-pricing system**

The EU Emissions Trading System is currently the world’s largest carbon-pricing system. Between 2020 and 2030, it will provide revenue through its own Innovation Fund. The European Commission announced the creation of this new investment programme for low-carbon technologies on 26 February 2019.

The EU Emissions Trading System Innovation Fund will be replenished primarily by auctioning 450 million allowances over the period to 2030. The fund will improve risk-sharing for projects by allocating funding in a more flexible way through a simpler selection process. It is open to projects from energy-intensive industries.

A new sustainable product policy framework will establish sustainability principles for all products. Priority will be given to high-impact product groups, including initiatives on the common charger, a circular electronics initiative, sustainability requirements for batteries and new measures in the textiles sector. Europe also needs to address the sustainability of construction products and improve the energy efficiency and environmental performance of built assets.

**Incentivizing investment in sustainability**

Investment towards competitive sustainability will be incentivized throughout the financial system. The recent agreement on an EU taxonomy and the certainty provided by the European Climate Law (March 2020) are big steps in the right direction.

Building on this progress, the stakeholder consultation on a Renewed Sustainable Finance Strategy in May 2020 has put in place clear rules to guide investors towards sustainable forms of investment.

Private investment and public finance will be mobilized for the large-scale deployment of innovative technologies. One concrete tool is Important Projects of Common European Interest (IPCEIs). Building on experience with recent IPCEIs, the Commission will explore ways to combine national and EU instruments to leverage investment across the value chain, in full respect of relevant financial and competition rules. To help make the most out of this tool, the Commission will put in place revised State aid rules for IPCEIs in 2021.

A new European Clean Hydrogen Alliance will be launched and alliances on industrial clouds and platforms, low-carbon industries and raw materials should follow once ready.

**Towards a ‘right to repair’**

The European Commission will propose ways to improve consumer rights and protection, including by working towards a right to repair for consumers, including a right to update obsolete software.

This will empower consumers to play a more active role in the circular economy by providing them with trustworthy information on how to choose re-usable, durable and repairable products.

**Investment in strategic technologies**

The EU will develop Quantum Communication Infrastructure for deployment in the next ten years, based on quantum key distribution to protect key digital assets of the EU.

The EU will also support the development of key enabling technologies that are strategically important for Europe’s industrial future. These include robotics, micro-electronics, high-performance computing and data cloud infrastructure, blockchain, quantum technologies, photonics, industrial biotechnology, biomedicine, nanotechnologies, pharmaceuticals, advanced materials and technologies.