

Clean Industrial Deal: another missed opportunity for scaling up carbon removal in Europe

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Key takeaways:

- The CID acknowledges the need to create a business case for permanent carbon removal, but it mainly focuses on ETS integration as a way forward, missing the opportunity to propose other dedicated policies to drive CDR demand.
- Several CID initiatives should be leveraged to strengthen EU carbon removal leadership: procurement, the Industrial Decarbonisation Accelerator Act, the Industrial Decarbonisation Bank, IPCEI, tax incentives, competitiveness funding etc.
- Without direct support for carbon removal, the EU risks falling behind the US, Canada, and Switzerland, threatening both the EU's climate goals and the economic opportunity to unlock a €220 billion annual market and 670,000 high-quality jobs in Europe.

Brussels, 25 February 2025: Today, the European Commission published its [Clean Industrial Deal \(CID\)](#), aiming to bring together climate and competitiveness under one overarching growth strategy. Last month's Competitiveness Compass gave the carbon dioxide removal (CDR) sector a reason to hope for a roadmap with concrete proposals for the sector. Yet, despite acknowledging the urgent need to create a business case for permanent CDR, the CID fails to propose tangible deployment incentives for CDR scale up in the short and medium term.

Promising acknowledgement of the need to build a business case for permanent removals

Building on the net 90% emissions reduction target for 2040 expected in March, the CID emphasises the importance of long-term policy certainty. The CID's emphasis on EU-made clean manufacturing signals Europe's ambition to become a clean tech powerhouse — an ambition that should also extend to championing CDR. To that end, we welcome CID's explicit recognition of the need to build a business case for permanent CDR to compensate for residual emissions from hard-to-abate sectors.

The CID recognises a €480 billion annual funding gap for the wider clean transition, which it proposes to address in part through the creation of new initiatives, and leveraging support through multiple existing channels:

- EU-level mechanisms including the creation of a new Competitiveness Fund, enhanced Innovation Fund support, and a Horizon Europe fit-for-deployment call;
- State aid and national support schemes;
- Strengthened private investment through InvestEU and EIB collaboration.

However, it remains unclear whether and by how much these commitments will specifically target CDR.

Concerning lack of clear CDR roadmap threatens EU climate and competitiveness goals

The CID stresses the need for certainty and predictability in industrial policy. Yet, by mainly focusing on ETS integration, it ends up underdelivering those needs. An exclusive focus on long term compliance limits the ability for a wide portfolio of removals to come forward in the EU. There is a clear need for near-term interventions to support early CDR deployment and get innovative projects off the ground.

"The EU risks lagging behind the US, Canada and Switzerland, which have already mobilised significant financial support for CDR," said Rodica Avornic, Policy Director at Carbon Gap. "With compliance measures only taking effect in at least 5 years, the EU urgently needs interim deployment incentives to scale up the CDR sector and be competitive. Several upcoming initiatives under the Clean Industrial Deal – such as the Industrial Decarbonisation Accelerator Act and the revision of procurement rules – must be leveraged to achieve effective CDR scale-up."

Looking forward: opportunities for CDR

Related Sectors:

Environment & Nature ::
Government :: Manufacturing,
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Related Keywords:

Clean Industrial Deal :: Carbon
Removal :: EU Policy ::
Competitiveness :: Clean Tech ::
Carbon Neutral :: Carbon
Negative :: CDR ::

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Several CID initiatives must be leveraged to strengthen EU support for CDR:

1. **In** revising EU public procurement rules, the EU should borrow from approaches we've seen in US (New York and New Jersey) and European countries (Finland and Switzerland), where procurement rules have promoted CDR integration into supply chains. Additionally, the EU must explore direct forms of procurement such as setting up a dedicated call under the Innovation Fund.
1. **The upcoming** Industrial Decarbonisation Accelerator Act should incentivise heavy-emitting industries to integrate permanent CDR into decarbonisation strategies, as well as streamline permitting procedures while ensuring that sustainability criteria remain.
1. **EU funding** programmes must explicitly and sufficiently target the full portfolio of CDR methods across all development stages. At least €2.6 billion are needed in the next EU funding cycle to support RD&I for CDR.
1. **The acceleration of** Important Projects of Common European Interest (IPCEI) could unlock their potential for CDR, given the cross-border nature of CO2 infrastructure.
1. **The proposed** Industrial Decarbonisation Bank should be a critical source of support for CDR. With contracts for difference complementing the compliance market in the 2030s, the Bank should explicitly recognise CDR in its scope and include targeted allocation rounds for different CDR methods.
1. **In** its expected guidelines for tax incentives, the EU should borrow from the successful tax-based incentives for CDR in the US and Canada, enabling capital investments that get early-stage projects off the ground.

As the US steps back from its climate ambitions, the EU should not miss out on the opportunity to assume global leadership by putting CDR on the path to success. Failing to act now would sideline a sector critical to both EU climate goals and economic growth. By 2050, CDR could unlock a €220 billion annual market, create 670,000 high-quality jobs, drive innovation, and solidify Europe's position as a global leader in the clean economy. The implementation of the Clean Industrial Deal is an opportunity to get this right.

END OF PRESS RELEASE

NOTES FOR EDITORS

[Carbon Gap](#) is an independent, philanthropically funded non-profit organisation focused on rapidly and responsibly scaling up carbon dioxide removal in Europe, as an important complement to emissions reductions.

Useful materials:

- [The EU Competitiveness Compass: A missed opportunity or a game changer for CDR?](#)
- [Envisioning a CDR Strategy for Europe](#)
- [Why Europe needs separate targets for emission reductions and carbon removals](#)
- [Rising to the challenge: Funding CDR research, development & innovation for a net zero competitive EU](#)
- [Introducing an EU Pilot Procurement Programme](#)
- [Integrating carbon removals into the EU ETS](#)

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