

Europe's *Industrial Renewal* Needs *Local and Regional Foundations*

STRENGTHENING SUBNATIONAL CAPACITY TO DELIVER

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Europe's industrial renewal will ultimately be delivered, and won, in places. Yet as a new EU industrial policy emerges, there is a risk that Europe overlooks one of its greatest assets: the local and regional authorities already managing the ports and schools, facilitating the innovation ecosystems and planning procedures, and mobilising the economic actors that will determine Europe's competitiveness. The choice is not between European industrial policy and local action. Europe needs both – a stronger European industrial strategy, built on the local and regional foundations that make delivery possible. We identify the key functions to foster, and how to embed them in European policy.

The EU is daring to develop a European-scale industrial strategy to strengthen competitiveness, economic security, strategic autonomy and decarbonisation. The current focus on greater administrative efficiency, simplification and European scale is in many ways necessary but risks overlooking the territorial foundations Europe needs to deliver the industrial transition.

Local and regional authorities (LRAs) hold capabilities that are critical to this delivery, and that cannot be substituted from the centre: their awareness of the specific characteristics of regions, including their economic structures, workforce skills and needs, and existing industrial and innovation ecosystems. Lasting industrial decarbonisation initiatives with strong territorial foundations are essential to strengthening social cohesion, creating tangible benefits for citizens, and rebuilding trust in public institutions.

LRAs' unique contribution lies in their ability to action to five levers of delivery that tackle common challenges to the industrial transition (Figure 1). The EU and member states need to rectify the move away from place-based approaches and make better use of LRAs' potential to improve the quality of projects and deliver a timely and managed workforce transition. This requires fostering the conditions in which LRAs can best fulfil their potential.

As a priority, efforts to strengthen LRAs' capacity to deliver should focus on three files:

- ▶ **The 2028–2034 Multiannual Financial Framework** should strengthen the foundations by involving LRAs in shaping the allocation of EU funds.
- ▶ **The Regulation on the Governance of the Energy Union and Climate Action** should steer member states towards co-constructing implementable National Energy and Climate Plans and equip them to do so.
- ▶ **The Industrial Accelerator Act** should be an opportunity to design industrial policy with the places that will deliver it.

Levers and conditions for successful territorial industrial renewal

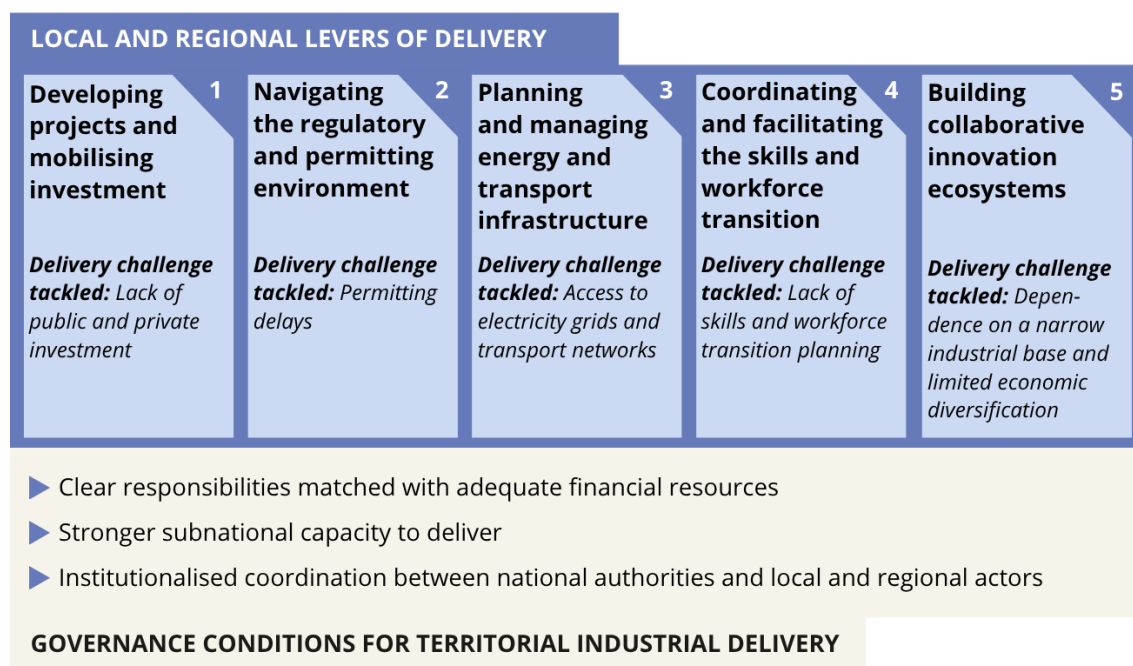


Figure 1: Local and regional authorities can action five levers to accelerate industrial delivery. Empowering authorities to make full use of these levers requires putting the right governance conditions in place.

The risk of an EU industrial transition that ignores place-based policymaking

The EU is entering a new phase of industrial transformation driven by the need to decarbonise its economy while strengthening its competitiveness and strategic autonomy.

This process of industrial transition faces a number of challenges, from the development of a common vision to increasing the bankability of individual projects. Addressing the stalling industrial decarbonisation project pipeline will therefore take EU-wide mobilisation.¹ The EU has recognised this in the development of a genuine EU-scale industrial strategy in the shape of the 2025 Clean Industrial Deal (CID).

However, the transformation required is also inherently territorial. The EU has spent more than a decade developing place-based approaches to innovation and regional development, recognising that regions possess distinct industrial capacities, innovation assets and economic strengths that can be leveraged to support competitiveness. This thinking was evident in the introduction of Smart Specialisation Strategies (S3) in 2014,² and continued in 2024's Net-Zero Acceleration Valleys,³ which seek to build on regional industrial ecosystems.

The direction of travel under the CID threatens to undo this progress, as it moves away from a territorial approach co-designed with local and regional authorities (LRAs), towards a smaller number of major strategic investments piloted from the capitals:

- The Commission's proposal for the EU's next long-term budget, the **2028–2034 Multiannual Financial Framework**, decreases the volume of funds dedicated to implementing the EU's Cohesion Policy, puts an end to the Just Transition Fund and raises concerns regarding the practical involvement of regions and cities in the new National and Regional Partnership Plans and European Competitiveness Fund.⁴
- The forthcoming update of the **Governance of the Energy Union and Climate Action Regulation** risks passing up an opportunity to strengthen multilevel governance requirements.

¹ E3G, August 2025, [*Powering Europe's industrial foundation: Securing the future of energy intensive industries in a changing economy*](#).

² Di Cataldo, M., V. Monastiriotis, A. Rodríguez-Pose, 2022, "[How 'smart' are smart specialisation strategies?](#)", *Journal of Common Market Studies*, 60 (5). 1272 - 1298.

³ European Commission, '[Net-Zero Acceleration Valleys](#)' (accessed online on 31/07/26).

⁴ Local Alliance, November 2025, [Making the next EU budget work for cities and regions: the Local Alliance's 10-point action plan](#).

- Finally, the proposed **Industrial Accelerator Act** underestimates the territorial dimension of industrial policy by relying primarily on nationally designated industrial areas.

This fails to account for, and capitalise on, the potential of local and regional initiatives to unblock the project pipeline by accelerating delivery, improving the quality of projects and delivering a timely workforce transition. Collectively, the above developments risk reinforcing the existing pattern whereby the role of local and regional authorities remains informal, underfunded, under-resourced, and underutilised.

A more territorially sensitive industrial transition also serves a significant political function. The EU's industrial transition is not taking place in a vacuum. At a time of overlapping demographic, socio-economic, climate, and environmental challenges, the transition presents an opportunity not only to modernise Europe's industrial base but also to strengthen social cohesion, create tangible benefits for citizens, and rebuild trust in public institutions.⁵

Effective management of the trade-offs between incumbent and emerging industries depends on the active involvement of subnational authorities, whose knowledge of local economies, labour markets, and communities is essential to anticipating impacts, coordinating investment, and delivering a balanced and place-based industrial transition that benefits businesses and communities.

The five local and regional levers for the industrial transition

Across Europe, local and regional actors are already demonstrating how they can accelerate industrial delivery. Empowering subnational authorities to contribute to planning and managing the industrial transition can help ensure that plans and projects are well-designed and tailored to local contexts.

While institutional set-ups differ across the 27 member states, LRAs broadly share the five levers set out in Table 1. The territorial awareness required to use them effectively cannot be replicated from the capitals or Brussels.

⁵ Arrighi et al., July 2022, *The Scale of Trust: Local, Regional, National and European Politics in Perspective*, Groupe d'études géopolitiques.

Table 1: The five local and regional levers for the industrial transition

Lever	Delivery challenge tackled	How local and regional authorities help overcome the challenge
Developing projects and mobilising investment	Lack of public and private investment	Initiating projects and acting as financial intermediary for SMEs that lack the ability or capacity to access capital markets or major public funding.
Navigating regulatory and permitting environment	Permitting delays	Coordinating authorities and acting as investor interface to lower implementation risks and delays.
Planning and managing energy and transport infrastructure	Access to electricity grids and transport networks	Optimising local infrastructure according to territorial needs. Procuring last-mile transport infrastructure and (in some countries) managing local grids.
Coordinating and facilitating the skills and workforce transition	Lack of skills and workforce transition planning	Convening industry, education and employment actors to ensure that the right skilling programmes are designed to accompany territorial industrial needs.
Building collaborative innovation ecosystems	Dependence on a narrow industrial base and limited economic diversification	Promoting collaboration between different education and research institutions, and businesses to foster the creation of innovative industries and contributing to a diversification of the economy.

Developing projects and mobilising investment

Delivering the EU's clean industrial transition will require significant investment. Decarbonising existing energy-intensive industries is estimated to require an additional €35bn annually over the next 20 years (€48bn per year in the 2030s, €22bn per year in the 2040s).⁶ Achieving economic security objectives by reshoring supply chains will require further investment still, as would a greater emphasis on territorial cohesion.

LRA budgets, competences and revenue-raising powers vary greatly across Europe from 31.2% of GDP in Denmark to 2.4% in Ireland.⁷ Regardless of their own budgetary capacities, LRAs' awareness of territorial needs puts them in a unique position to develop projects that can crowd in investment from different levels of government and from the private sector.

⁶ European Commission, 2024, Impact assessment report accompanying the communication 'Securing our future: Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society', [SWD \(2024\) 63](#).

⁷ Prorok, T. & S. Calzola, 2026, [European Local Government Report 2025](#), KDZ Centre for Public Administration Research.

Major public funding schemes for industrial transformation – especially from the EU budget – are not always open to SMEs and may require LRAs to act as intermediaries and facilitators to consolidate initiatives into bigger projects.⁸

LRAs can also contribute in aggregate to making industrial projects bankable by using public procurement to shape lead markets for clean products.⁹

► “Financial architects”: LRAs across Europe draw on business know-how to crowd in private finance

Across Europe, LRAs are developing new capacities that go beyond the traditional roles of public officials.

- In 2023, the city of **Leuven** appointed a financial architect with expertise in entrepreneurial and corporate finance to help bridge the gap between the public sector and the wider financial ecosystem, facilitating partnerships and the development of investment-ready projects to support the climate transition.¹⁰
- **Mannheim’s** COLLECT project aims to establish strategic funding management within the city administration.
- In **Occitanie**, the regional energy agency AREC has joined forces with a public development bank to develop Fiteo,¹¹ a programme that provides technical advisory services to improve energy efficiency and decarbonise processes in industrial and service-sector SMEs, while leveraging different national financing schemes and its own funds to support beneficiaries in upgrading their installations, with loans paid back from the energy savings.

Navigating the regulatory and permitting environment

Subnational governments play a central role in coordinating permitting processes, aligning infrastructure and workforce development needs, and maintaining dialogue with local stakeholders. They can significantly contribute to reducing implementation risks and accelerating project delivery by serving as the primary institutional interlocutors for

⁸ Local Alliance, January 2025, [A grounded EU budget: Investing in Europe, our local communities and citizens for a competitive, resilient and fair future](#).

⁹ E3G, October 2025, [Building Europe’s clean industrial future: Unlocking investment through lead markets](#).

¹⁰ Eurocities, June 2024, [‘Urban Pioneers: Leuven’s Financial Architect’](#) (accessed online on 31/07/26).

¹¹ AREC Occitanie, [‘Fiteo accélère la décarbonation des PME/ETI’](#) (accessed online on 31/07/26).

investors, providing administrative support, coordinating across public authorities, and facilitating compliance with permitting and planning requirements.

► **Duisburg, North Rhine–Westphalia, Germany: LRAs collaborate to increase permitting capacity**

thyssenkrupp Steel's plan to replace blast-furnace steel production with Europe's first direct reduction plant in Duisburg received state and federal financial backing in July 2023, which was subsequently approved by the European Commission.¹² This high-level prioritisation was translated at the local level, with the regional government supporting additional staffing and digitalisation in the district government office responsible for processing planning and safety approvals,¹³ resulting in provisional construction permission being rapidly granted.¹⁴

Planning and managing energy and transport infrastructure

Transport and energy infrastructure are vital to economic activity across geographies and sectors, but manufacturing is especially dependent on access to adequate and reliable transport and grid infrastructure. Transport (road, rail, ports and airports) and grid (electricity, gas and hydrogen) connections are essential to ensure a steady supply of industrial inputs and deliver products to customers, but also to provide access for workers.

Across member states, LRAs are key actors in the planning and provision of infrastructure, accounting for over half of all public infrastructure spending.¹⁵ In many parts of Europe, LRAs are also closely involved in the planning and operation of the grid, through their direct ownership of distribution system operators (DSOs). In six member states, municipally owned DSOs constitute a majority.¹⁶ In practice, this makes them essential partners for industrial consumers, electricity suppliers and transmission system operators (TSOs) in enabling connections at the necessary pace and scale to deliver on industrial decarbonisation.

¹² Federal Ministry of Economic and Energy, July 2023, '[Europäische Kommission genehmigt bislang größtes Dekarbonisierungsprojekt in Deutschland](#)'

¹³ Ministry of Economy, Industry, Climate and Energy of North-Rhine-Westphalia, 7 February 2022, '[Land und Bezirksregierung Düsseldorf treiben schnellere Planungs- und Genehmigungsverfahren mit Modellprojekt voran](#)' (accessed online on 14/08/26)

¹⁴ thyssenkrupp Steel, 13 February 2024, '[Nächster Meilenstein für den Bau der ersten Direktreduktionsanlage in Duisburg erreicht: thyssenkrupp Steel erhält Zulassung zum vorzeitigen Baubeginn](#)' (accessed online on 31/07/26).

¹⁵ European Commission, 2024, [Ninth Report on Economic, Social and Territorial Cohesion](#), p.253.

¹⁶ Eurelectric, December 2020, [Distribution Grids in Europe – Facts and Figures 2020](#).

► **Luleå, Sweden: the local operator helps reduce grid congestion for heavy industry**

In Luleå, the heart of Sweden's green steel sector, the municipal DSO/supplier Luleå Energi developed an initiative in partnership with the municipality, the energy sector (electricity producers Vattenfall and Uniper; TSOs) and major local consumers (steelmaker SSAB, mining company LKAB and fertiliser producer Fertiberia) to deliver efficient grid expansion. Luleå Energi brought these stakeholders to the same table, creating the trust that allowed them to improve the accuracy of their capacity bookings, leading to the release of 1000 MW of capacity.¹⁷

Coordinating and facilitating the skills and workforce transition

A successful industrial transition depends on the availability of a workforce equipped with the skills required by emerging industries. In the energy sector alone, an additional 145,000 workers may be required by 2030.¹⁸

Local and regional authorities are uniquely positioned to support this transition. Their proximity to labour markets, educational institutions, and industrial ecosystems provides them with a detailed understanding of local economic conditions and workforce needs. As a result, they are often best placed to convene partnerships between industry, vocational education providers, universities, and public employment services to develop training pathways aligned with future industrial demand.

► **Puertollano, Castilla-La Mancha, Spain: city and region co-develop skills provision with Hydnum Steel**

As Hydnum Steel develops a new green steel production hub, it is working alongside the regional government to identify future skills needs and explore tailored training pathways, including vocational, dual-training and company-specific options. This collaborative approach helps local workers access new employment opportunities while building the skilled workforce necessary for successful project implementation.¹⁹

¹⁷ Luleå Energi, '[Luleåmodellen](#)' (accessed online on 31/07/26).

¹⁸ Gherasim, D.-P., September 2025, '[The Strategic Dimension of Skills in the Clean Industrial Deal](#)', French Institute of International Relations (Ifri)

¹⁹ Government of Castilla-La Mancha, 2 June 2026, '[El Gobierno regional pone sus herramientas de formación al alcance de Hydnum Steel para cubrir los perfiles de la acería verde de Puertollano](#)' (accessed online on 31/07/26).

Building collaborative innovation ecosystems

The contribution of universities, research institutes, and education centres extends beyond the provision of skilled labour. These institutions act as anchors of regional knowledge economies, supporting the development of new technologies, start-ups, and innovative business models.²⁰ Their proximity to industrial actors enables the creation of innovation networks that can strengthen regional competitiveness and attract further investment.

Industrial investments can act as catalysts for broader economic transformation when embedded within supportive regional innovation ecosystems. Close cooperation between industry, local authorities, research institutions, and educational providers not only stimulates entrepreneurship and innovation but also helps address skills shortages and create high-quality employment opportunities linked to the green transition.

► Puertollano, Castilla-La Mancha, Spain: local universities and research centres partner with industrial actors

Alongside the development of Hydnum Steel's clean steel facility, Russula, the project's promoter, is driving the creation of a broader innovation ecosystem in Puertollano. Sbayt, the AI company promoted by Russula and Hydnum, builds on the region's existing assets to develop advanced industrial technologies and retain local talent. Working with the University of Castilla-La Mancha,²¹ Spain's National Hydrogen Centre and local and regional authorities, these initiatives support skills development, entrepreneurship while helping build a regional technology and innovation hub.²²

Governance conditions for territorial industrial delivery

The examples above demonstrate the value of territorial capacity. But while this delivery potential exists across Europe, it remains uneven and often depends on unique conditions and specific institutional set-ups. The challenge is not to invent a local role from scratch, but to turn dispersed pockets of successful practice into a consistent component of

²⁰ Wolf, A., July 2024, '[Net-Zero Industry Valleys in Europe: An Analysis of Location Factors and Cluster Policies for EU Regions](#)', *cepStudy*, 5-2024, Centrum für Europäische Politik.

²¹ University of Castilla-La Mancha, 28 May 2026, '[La ESI colabora con SBAYT en las Becas de Excelencia Agustín Escobar para impulsar proyectos tecnológicos con impacto social](#)' (accessed online on 03/09/26)

²² Puertollano City Council, 18 March 2026, '[El alcalde de Puertollano valora la apertura de Sbayt como un paso decisivo hacia la industria inteligente y sostenible](#)' (accessed online on 03/09/26)

European industrial governance. Scalability is challenged by a lack of capacity, funding and official mandate.

Turning these individual successes into a consistent component of European industrial delivery depends on three conditions:

- ▶ LRAs' responsibilities and formal role must be clear and **matched with adequate financial resources**.
- ▶ They must have the **institutional and technical capacity** to turn strategies into projects.
- ▶ **Coordination within territories and across levels of government** must become a permanent feature of industrial governance.

The onus is first and foremost on national governments to meet these conditions. In line with the principle of subsidiarity, they are responsible for their own devolution processes and the allocation of competences and resources across different levels of government.

Member states are also jointly responsible, together with the European Commission and European Parliament, for the legislative design of EU policy coordination frameworks, the incentives that they create to structure delivery in a certain way, and the channels for multilevel stakeholder co-creation.

Finally, the European Commission has a degree of discretion in the practice of place-based policymaking. Meeting the three governance conditions requires it to maintain the ability and willingness to interact directly with LRAs.

Clear responsibilities matched with adequate financial resources

The formal role of LRAs in climate, energy and environmental policies has expanded significantly over the past decade. They are responsible for implementing 70% of European Green Deal legislation, account for approximately 69% of climate-related public expenditure and carry the brunt of climate impact on communities.²³ However, this has not been matched by an increase in dedicated financial and institutional support; subnational levels of government are expected to coordinate complex place-based transitions without financial resources, technical expertise, or governance structures to do so effectively.

Planning and implementing local industrial transitions, which fall across LRAs' (traditional) economic development and (more recent) climate action responsibilities, is particularly vulnerable to this mismatch in roles and resources.

²³ Eurocities, '[Europe's climate future will take place in cities](#)' (accessed online on 31/07/26)

Following the 2008 fiscal consolidation, Cohesion Policy funds are the main source of public investment in less- and moderately developed member states, growing from 34% in the period 2007–2013 to 52% in 2014–2020.²⁴ Over this same period, a parallel process of devolution and the emergence of local responsibilities in climate, energy and environment has led to what Rodríguez-Pose and Vidal-Bover term “unfunded mandates” – “the mismatch between the powers transferred to subnational tiers of government and the resources allocated to them”.

The success of industrial decarbonisation depends not only on ambitious EU targets but also on the ability of subnational governments to continue to coordinate public and private investment, engage communities and workers, align policies across levels of government and respond to the specific economic and social characteristics of their territories.

Administrative complexity and permitting delays resulting from the involvement of LRAs in site selection, spatial planning and environmental protection – cited by industry groups and policymakers as grounds to centralise permitting procedures²⁵ – can also be the result of insufficient resources to process applications.

Strengthening financial support for LRAs should be seen as a prerequisite for achieving a resilient, competitive and socially just climate and industrial transition. Failing to do so risks exacerbating territorial inequalities, slowing investment, and undermining public support for the transition.

Stronger subnational capacity to deliver

LRAs' ability to deliver specific development outcomes is not simply a matter of funding. Turning resources into impact requires capacity and expertise to elaborate plans and translate them into projects.

The increased complexity of sustainable territorial economic development in a changing climate has reshaped the skills needed in subnational governments, requiring greater resilience and adaptability.²⁶ Low capacity among the EU's less developed regions prevents the absorption of EU funds and economic convergence. Lack of resources, staffing and

²⁴ European Commission, 2021, *Eight Report on Economic, Social and Territorial Cohesion*, p.xviii.

²⁵ Piotrowski, M & G. Marushia, September 2024, *'How permitting processes are hampering Europe's energy transition'*

²⁶ In this context, researchers at the UCL Institute for Innovation and Public Purpose have developed the concept of 'dynamic capabilities', the ability of city governments to 'spot opportunities and threats, imagine and test possible responses, and use the insights to design and direct policy, places, regulation, services, practices, tools, and organisations'. (Kattel et al., 2025, *Assessing Dynamic Capabilities in City Governments: Creating a Public Sector Capabilities Index*, UCL IIPP)

know-how means many LRAs are unable to identify local competitive advantages, preventing them from seizing the opportunities of the industrial transition.²⁷

Autonomous government agencies can help boost subnational expertise by providing a shared consultancy and support function for groups of LRAs. Local and regional energy agencies, for example, offer technical know-how and can act as informal intermediaries to facilitate project development and implementation.²⁸

Institutionalised coordination between national authorities and local and regional actors

LRAs commonly perform a unique convening and coordination role, both among actors within their territory, and between different levels of government.

Early initiatives such as the Covenant of Mayors helped build local planning capacity and familiarised municipalities with EU climate and energy objectives.²⁹ More recently, Local Climate Pacts, Local Green Deals, and Climate City Contracts have further institutionalised collaboration between municipalities, businesses, civil society organisations, educational institutions, and local communities. These mechanisms move beyond consultation towards more structured forms of co-design and shared ownership of the transition, helping to strengthen public support, reduce resistance to change, and build long-term political legitimacy for transformative action.

This dynamic can be observed through the “national platforms” created within the 100 Climate-Neutral and Smart Cities Mission. In several member states, participating cities have established these semi-permanent governance structures that facilitate coordination among cities and between different levels of government:²⁶ Spain (citiES2030), Sweden (Viable Cities), and Romania (M100). The existence of these platforms has the potential to facilitate the alignment of local transition plans with National Energy and Climate Plans (NECPs), industrial strategies and national investment priorities. This could help overcome the shortcomings in formal multilevel consultation processes for National Energy and Climate Plans³⁰ and give national governments the opportunity to leverage subnational data, projects and awareness of investment needs to make NECPs more investable.³¹

²⁷ Barzotto et al., 2020, [‘Smart specialisation, Industry 4.0 and lagging regions: some directions for policy’](#), *Regional Studies, Regional Science*, 7(1), 318–332.

²⁸ PROSPECT Cube, July 2026, [The New Learning Handbook on Energy Agencies](#).

²⁹ Marcinkowska, I. & V. Hvozdká, September 2025, [Just Transition In The World Of Work](#), Study requested by the EMPL committee, European Parliament.

³⁰ Faber, R., Kocher, D., Duwe, M., 2024, [Fostering transformative climate governance? The potential of multilevel climate and energy dialogues. A criteria-based assessment of Member States’ reports under Article 11 of the Governance Regulation](#). Ecologic Institute.

³¹ Local Alliance, June 2026, [From Planning to Delivery: How to Make National Energy and Climate Plans More Implementable and Investable](#).

► Coordinated vs. uncoordinated governance of the industrial transition

Multiple factors are at play when explaining the success or failure of industrial transition projects for an individual site or a local area. The transition challenges in Lusatia, Dunkirk and Port Talbot are not strictly comparable, and inclusive governance does not guarantee success. However, these cases offer illustrative examples of different governance approaches.

Lusatia, Saxony/Brandenburg, Germany: coordinated industrial transition from the bottom up, in a decentralised country

Following the decision to phase out lignite mining, local communities, municipalities, businesses, and research institutions mobilised around a shared objective: creating new sources of economic activity and employment for the region. While support from regional and federal authorities did not emerge immediately, local actors played a critical role in articulating a long-term vision for the territory and advocating for its integration into broader regional and national development strategies.³² A broad territorial mobilisation process coordinated at the local and regional levels served as a basis to achieve support from higher levels of government.

Dunkirk, Hauts-de-France, France: coordinated local initiative for economic diversification in a centralised country

In 2013, the Hauts-de-France region and the regional chamber of commerce and industry launched a joint regional decarbonisation strategy, rev3.³³ Building on this collaborative public-private approach, the Dunkirk *communauté urbaine*, at the heart of French steel and auto manufacturing, was able to pursue further economic diversification opportunities with local private actors.³⁴ From 2022 onwards, in the context of renewed EU and national engagement with proactive industrial strategy, Dunkirk was well positioned to attract major capital investments from new supply chains, notably batteries.³⁵

Port Talbot, Wales, UK: uncoordinated central government intervention

Port Talbot in South Wales was home to one of the UK's last two integrated blast-furnace steelworks. In September 2023, the UK Government and Tata Steel

³² Agora Energiewende, 2018, [A Future for Lusatia: A Structural Change Plan for the Lusatia Coal-Mining Region](#).

³³ European Commission, 2023, [rev3 – Third Industrial Revolution in Hauts-de-France region: Case study](#).

³⁴ 'ÉcosystèmeD' (accessed online on 31/07/26)

³⁵ Institut Montaigne, December 2025, [Dunkerque : Laboratoire d'un nouveau industriel ?](#)

announced a £1.25 billion investment plan, including £500 million of public funding, to replace its blast furnaces with a lower-emission electric arc furnace.³⁶ The Welsh Government and trade unions were not included in the negotiation of this deal, which resulted in around 2,500 job losses at Port Talbot following the closure of both blast furnaces in January 2024.³⁷ While in October 2023, a £100 million Transition Board was announced alongside the deal, it was separate from the UK Government-Tata negotiations that allocated substantial amounts of public money without a worker-centred transition planning.³⁸

How EU frameworks can enable territorial delivery

The governance conditions identified in the previous section have implications across the EU's wider industrial, investment and planning architecture. As outlined on page 3, there is an overall trend of reinforcing national control in the EU's current policy agenda, which increases the risk of bypassing the role of LRAs. Efforts to rectify this misguided approach from the European Commission – mostly encouraged by the Council – must focus on three priority files as set out in Table 2 (see next page).

³⁶ Tata Steel, 19 January 2024, [Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation](#) (accessed online on 03/09/26)

³⁷ The Guardian, 11 September 2024, ['Blow for British steel industry as 2,500 jobs go at Port Talbot'](#).

³⁸ Wales Office, 16 July 2024, ['Transition Board moves to delivery as Welsh Secretary chairs first meeting'](#) (accessed online on 03/09/26)

Table 2: Priorities for supporting the role of LRAs in industrial transition in EU policy

	Policy	Why it matters territorially	What should be done
2028–2034 Multiannual Financial Framework (MFF)	Size of the MFF and allocation of funds	EU funds account for over half of public investment in less- and moderately developed member states.	Maintain the volume of funds available for territorial development.
	National and Regional Partnership Plans (NRPPs)	The NRPPs will be reform and investment plans that shape the allocation of EU funds. They will be drafted by national governments and implemented jointly with LRAs.	National authorities should draft NRPPs with LRAs, integrating territorial realities and anticipating implementation challenges, including by continuing the S3 approach and maintaining technical support.
	European Competitiveness Fund (ECF)	The ECF is designed to support new industrial projects, among others.	LRAs should be encouraged to access funds for collaborative public-private industrial projects.
Clean Industrial Deal	Industrial Accelerator Act	Measures to strengthen industrial competitiveness, including fast-tracked Industrial Accelerator Areas. Fails to provide a formal co-design role for subnational governments.	Accelerator Areas should be identified in partnership with LRAs to avoid overlooking existing ecosystems, infrastructure constraints and local capabilities.
Energy Union	Regulation on Governance of the Energy Union and Climate Action	Sets the rules for planning national energy and climate measures (NECPs), including measures that are implemented locally.	National authorities should draft NECPs with LRAs, integrating territorial realities and anticipating implementation challenges.

ABOUT E3G

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