

LUISS 

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European Industrial Policy Monitor

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Industrial policy has returned to the centre of Europe's economic and political agenda. EU and national programmes, regulations, investments and trade measures are reshaping production systems and the scope of public action in the economy. Promoted by the LUISS Centre on European Policy and Analysis (LEAP) and its Observatory on Policy, Industry, Europe (PIE), the European Industrial Policy Monitor tracks these developments each month, focusing on major policy decisions, funding instruments and strategic initiatives at both EU and national levels. It also bridges policy practice and industrial strategy with academic research and expert analysis in order to support an informed debate on the transformation of Europe's industrial landscape.

This issue is curated by Greta Micol Narsini and Michele La Bella under the supervision of LEAP and PIE at Luiss University of Rome.

European Industrial Policy in April 2026



EU – MIDDLE EAST CRISIS TEMPORARY STATE AID FRAMEWORK

On 29 April 2026, the European Commission adopted the Middle East Crisis Temporary State Aid Framework (METSAF), creating a temporary legal basis for Member States to support agriculture, fisheries, transport and energy-intensive industries. The framework authorises grants, subsidised loans, tax relief, electricity-price compensation and support for higher fuel and fertiliser costs until 31 December 2026. It also increases the maximum aid intensity for electricity-price relief schemes under the Clean Industrial Deal State Aid Framework (CISAF) from 50% to 70%, without imposing additional decarbonisation requirements.

[Read more about this news in the Headline Analysis](#)

[EC, Directorate-General for Competition](#)

EU – SAFE LOANS FOR CZECHIA AND FRANCE

On 10 April 2026, the EU Council adopted implementing decisions granting financial assistance to Czechia and France under SAFE, the EU's defence instrument designed to provide Member States with financial levers to drive a surge in defence investments. Paris will receive loans of around €15.09 billion, while Prague will receive €2.06 billion, with pre-financing of about €2.26 billion and €309 million respectively. The approvals bring the number of Member States benefiting from the SAFE programme to 18.

[Eunews](#)

EU – ELECTRICITY PRICE RELIEF FOR ENERGY-INTENSIVE INDUSTRY

On 15 April 2026, the European Commission approved State aid schemes for Bulgaria, Germany and Slovenia under the Clean Industrial Deal State Aid Framework (CISAF). The measures provide temporary electricity-price relief for energy-intensive industries, with budgets of €334 million for Bulgaria, €3.8 billion for Germany and €90 million for Slovenia. The schemes aim to support industrial competitiveness by compensating companies for part of their electricity costs over the next three years.

[EC, Directorate-General for Communication](#)

European Industrial Policy in April 2026



EU – TRANSATLANTIC CRITICAL MINERALS PARTNERSHIP

On 24 April 2026, the European Commission and the United States signed a Memorandum of Understanding on a strategic partnership for critical minerals. The initiative establishes a transatlantic framework to strengthen secure and sustainable supply chains across exploration, extraction, processing, refining, recycling and recovery. Alongside the agreement, the parties launched an Action Plan for Critical Minerals Supply Chain Resilience, promoting cooperation on investment, innovation and trade while building on commitments made in the EU–US Joint Statement of 21 August 2025.

[EC, Directorate-General for Communication](#)

EU – SOVEREIGN CLOUD TENDER AWARDED TO FOUR EUROPEAN PROVIDERS

On 17 April 2026, the European Commission awarded a sovereign cloud tender to four European providers – Post Telecom, STACKIT, Scaleway, and finally Proximus – under its Cloud Sovereignty Framework. The initiative enables EU institutions, agencies and bodies to procure cloud services that meet strict legal, operational and strategic control requirements. Worth up to €180 million over six years, the scheme supports secure data processing, AI deployment and public-sector digital autonomy, while reducing reliance on non-European cloud providers for sensitive workloads.

[EC, Directorate-General for Communication](#)

CZECHIA – EU COMMISSION APPROVES BIOMETHANE PRODUCTION SCHEME

On 13 April 2026, the European Commission approved a Czech State aid scheme supporting the production of sustainable biomethane for transport, heating and industry. Approved under the Clean Industrial Deal State Aid Framework (CISAF), the scheme will run until 31 December 2030. It mobilises €3.7 billion to expand domestic low-carbon energy production, reduce dependence on fossil gas and support the development of biomethane capacity, particularly among small and medium-sized farms.

[EC, Directorate-General for Communication](#)

European Industrial Policy in April 2026



NORWAY – GOVERNMENT FAST-TRACKS FEN RARE EARTH PROJECT

On 22 April 2026, Norway's government assumed responsibility for planning the Fen rare earth project, using state planning powers to accelerate development of what is considered Europe's largest rare earth deposit. The decision follows a resource upgrade estimating 15.9 million metric tons of rare-earth oxides, including significant quantities of neodymium and praseodymium used in electric vehicles, wind turbines, electronics and defence systems. While no public funding has been announced, the measure aims to strengthen European critical raw materials security and reduce dependence on Chinese supply by accelerating a strategically important mining project.

[Reuters](#)

UNITED KINGDOM – GOVERNMENT SUPPORT FOR AGRATAS GIGAFACTORY

On 9 April 2026, the UK government confirmed a £380 million support package for Agratas' battery gigafactory in Somerset, a flagship investment under the Modern Industrial Strategy. The project will establish the UK's largest battery manufacturing facility, supplying batteries for electric vehicles and strengthening domestic automotive supply chains. Backed by public support and private investment, the gigafactory is expected to create up to 4,000 jobs while anchoring one of Europe's largest battery plants in Britain rather than abroad.

[GOV.UK](#)

ROMANIA – SAFE-BACKED DEFENCE CONTRACTS

On 28 April 2026, Romania's Parliament approved €8.33 billion in defence contracts financed through SAFE, the EU instrument supporting Member States' defence investments. The programme combines strategic procurement with support for domestic industrial capacity. Germany's Rheinmetall is expected to lead projects worth around €5 billion, while Airbus will participate through a helicopter production programme in Romania. The initiative aims to strengthen both Romania's defence industry and Europe's broader defence-industrial base.

[Reuters](#)

UNITED KINGDOM – INDUSTRIAL COMPETITIVENESS SCHEME EXPANSION

On 16 April 2026, the UK government confirmed the final design of the British Industrial Competitiveness Scheme, aimed at reducing electricity costs for energy-intensive industries. The measure will cut electricity bills by up to 25% for more than 10,000 manufacturers, expand eligibility by 40%, and exempt beneficiaries from the indirect costs of key electricity policy schemes. Worth up to £600 million annually from April 2027, the scheme is expected to improve the competitiveness of sectors such as steel, automotive, aerospace and pharmaceuticals by addressing a major structural cost disadvantage.

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Headline Analysis

METSAF: The Further Institutionalisation of Crisis-Driven Industrial Policy



On 29 April 2026, the European Commission adopted the Middle East Crisis Temporary State Aid Framework (METSAF), establishing a temporary legal basis for Member States to support sectors affected by the sharp rise in energy, fuel and fertiliser prices following the escalation of the conflict in the Middle East and the resulting disruption of energy and commodity markets, including through the de facto closure of the Strait of Hormuz.

The framework reflects a broader evolution in European industrial policy. What began as exceptional State aid flexibility during the COVID-19 pandemic and was subsequently expanded following Russia's invasion of Ukraine has evolved into a recurring instrument used to shield strategic sectors from external shocks. While METSAF will remain in force only until 31 December 2026, it represents another step in the gradual normalisation of crisis-driven industrial intervention within the EU's economic governance framework.

The Commission justified the measure on the grounds that the deterioration of the security situation in the Middle East generated significant volatility in energy and transport markets. These effects have been particularly pronounced for sectors heavily dependent on fuel, electricity and fertilisers, including agriculture, fisheries, transport and energy-intensive industries. By allowing targeted national support, the framework seeks to prevent temporary cost shocks from translating into production disruptions, losses in competitiveness or interruptions to essential services.

METSAF authorises a range of support measures, including direct grants, repayable instruments, tax-based incentives and compensation for higher fuel, fertiliser and electricity costs. In agriculture, fisheries and transport, Member States may provide aid covering part of the additional costs generated by the crisis, subject to proportionality requirements and transparency obligations. Although aid remains subject to Commission approval, the framework is designed to facilitate rapid assessment and implementation.

A particularly significant element concerns energy-intensive industries. METSAF temporarily modifies the operation of the Clean Industrial Deal State Aid Framework (CISAF) by increasing the maximum aid intensity for electricity-price relief schemes from 50% to 70%. This adjustment reflects growing concerns regarding industrial competitiveness and the ability of European manufacturers to absorb sudden increases in energy costs while continuing to invest in decarbonisation.

More broadly, METSAF highlights the increasingly close relationship between industrial policy, economic security and geopolitical developments. External shocks are no longer viewed solely through the lens of energy policy or macroeconomic stabilisation; they are increasingly treated as challenges to industrial resilience and strategic autonomy. The framework therefore illustrates the growing role of industrial policy in the European Union's response to geopolitical uncertainty.

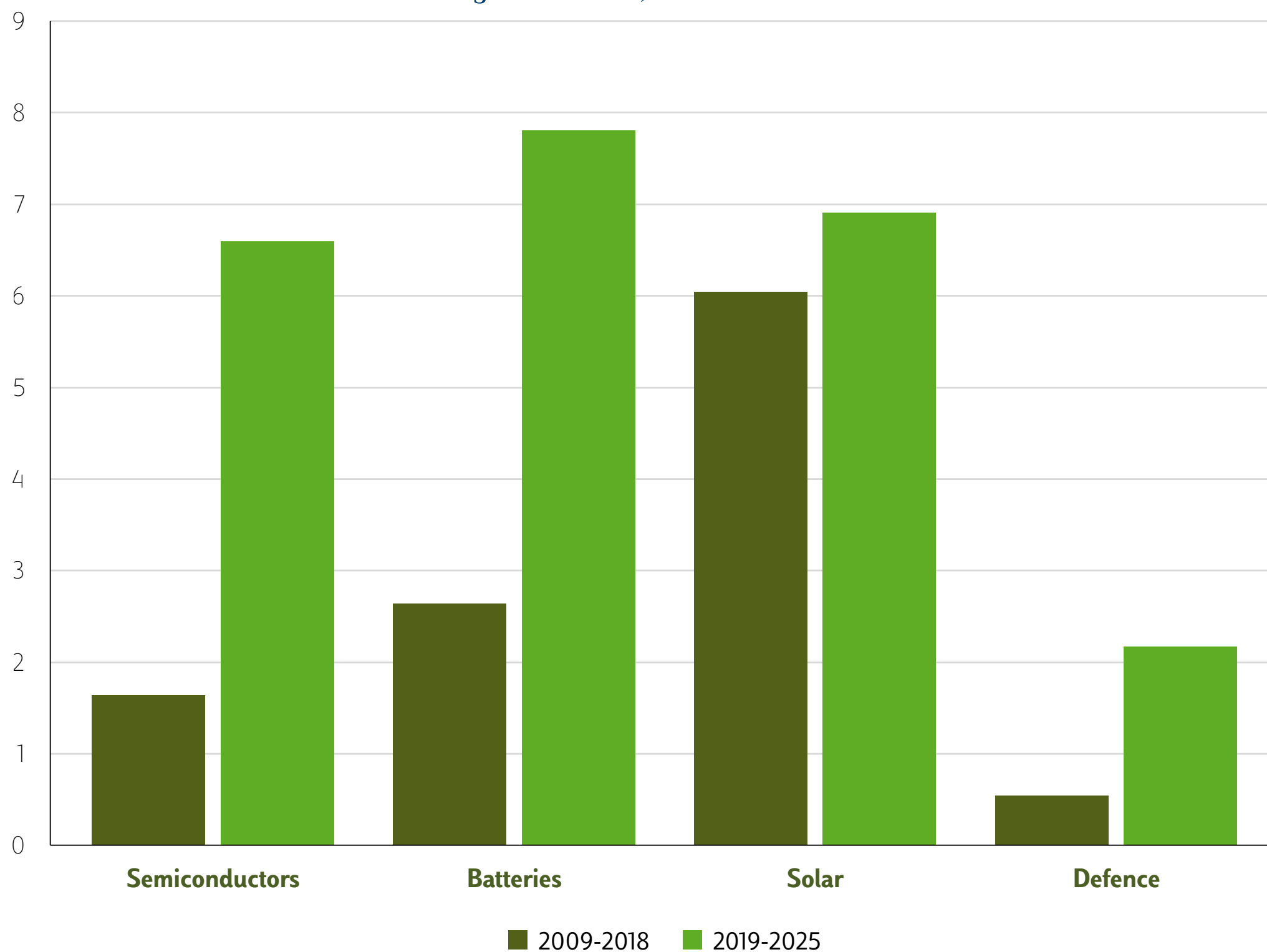
Whether METSAF remains a genuinely temporary measure or becomes another milestone in the long-term expansion of EU industrial intervention remains to be seen. Nevertheless, it confirms a broader trend: in an environment characterised by geopolitical instability, energy insecurity and growing international competition, flexible State aid instruments are becoming an increasingly important component of the European industrial policy toolkit.

Numbers

Industrial policy shift toward strategic technologies



Share of targeted industrial policy measures addressing selected technologies baskets, 2009-2018 vs 2019-2025



The figure shows the share of industrial policy measures targeting selected strategic technologies before (2009–2018) and after (2019–2025). The technology categories are identified using product-level information from the NIPO database and are constructed from the HS 2022 product classification, grouping relevant product codes into baskets covering semiconductors, batteries, solar technologies, and defence-related goods. To focus on targeted industrial policy interventions, broad economy-wide measures are excluded from the analysis.

The results highlight a clear reorientation of industrial policy toward strategic technologies after 2019. The share of policies targeting semiconductors increased from 1.7% to 6.6%, while battery-related policies rose from 2.7% to 7.8%. Defence-related interventions nearly quadrupled, from 0.6% to 2.2%, reflecting growing concerns about economic security, technological competition, and geopolitical tensions. By contrast, solar technologies remained a relatively stable policy priority, increasing only modestly from 6.1% to 6.9%. This suggests that support for renewable energy was already well established before the recent wave of geoeconomic competition.

Overall, the findings point to a broader shift in industrial policy toward technological sovereignty, supply-chain resilience, and sectors increasingly viewed as critical to economic and national security. The strongest growth is observed in semiconductors and batteries, indicating that governments are devoting greater attention to technologies considered essential for future industrial competitiveness and strategic autonomy.

The figure should be interpreted with two considerations in mind. First, a policy is counted whenever it targets at least one product belonging to the relevant technology basket, meaning that individual measures may appear in more than one category. Second, the semiconductor category refers to a restricted basket of core semiconductor products, primarily integrated circuits and related components, and excludes photovoltaic semiconductor devices in order to avoid overlap with the solar technology category.

Source: PIE elaboration of data from the Global Trade Alert – New Industrial Policy Observatory (NIPO) database.

Recommended Reading



STRATEGIES OF GREEN INDUSTRIAL POLICY: HOW STATES POSITION FIRMS IN GLOBAL SUPPLY CHAINS

American Political Science Review

by **Bentley B. Allan, Jonas Nahm** (2025)

The article challenges conventional explanations of industrial policy based on national economic models (e.g., liberal versus coordinated market economies) and argues that contemporary green industrial policy is increasingly shaped by sector-specific challenges rather than by enduring national institutional characteristics. The authors develop a framework based on two dimensions: the orientation of industrial policy (targeted versus open-ended) and the actors driving investment and technological decisions (government-led versus firm-led).

According to the authors, governments select different industrial policy strategies depending on two key factors: the level of technological uncertainty and the position of domestic industries within global supply chains. Where technologies and industrial trajectories are relatively well understood, governments can adopt targeted interventions with clear objectives. Conversely, when uncertainty is high and future technological pathways remain unclear, policymakers tend to rely on more open-ended approaches that encourage experimentation. Similarly, governments take a more active role when attempting to build new domestic industrial ecosystems, while they are more likely to delegate decisions to firms when the objective is to help existing industries compete within mature global markets.

Through a series of comparative case studies, including China's electric vehicle policies, the European Battery Alliance, UK offshore wind and carbon capture strategies, and US energy innovation programmes, the article demonstrates that countries frequently employ different industrial policy approaches across sectors and over time. The findings suggest that industrial policy is increasingly pragmatic and adaptive, reflecting the specific industrial development problems policymakers seek to solve rather than a predetermined national model of economic governance.

WHY IT MATTERS

The article provides an important conceptual framework for understanding the resurgence of industrial policy in Europe, the United States, and other advanced economies. Rather than framing industrial policy as a binary choice between state intervention and market allocation, the authors show that governments increasingly deploy a diverse portfolio of instruments tailored to sectoral conditions and strategic objectives.

For policymakers, the framework offers a practical tool for designing industrial strategies. It suggests that successful interventions should be aligned with the maturity of technologies, the degree of uncertainty facing firms, and the position of domestic industries within global value chains. This insight is particularly relevant for sectors central to Europe's competitiveness agenda—such as batteries, semiconductors, hydrogen, clean technologies, and advanced manufacturing—where governments must balance support for innovation with the need to build resilient supply chains.

More broadly, the article contributes to current debates on strategic autonomy, green industrial policy, and economic security by highlighting that industrial policy is not a one-size-fits-all exercise. Instead, effective policy requires matching instruments to specific industrial challenges, while recognizing that governments must remain flexible as technologies evolve and competitive conditions change. In the context of growing competition with China and the United States, the paper offers a valuable framework for understanding how states can position domestic firms within emerging global industries while navigating uncertainty and structural transformation.