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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 Research Center for European Analysis and Policy (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 was 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 September 2026

EU – €200 MILLION PARTNERSHIP PACKAGE WITH GREENLAND

On 7 September, the EU, Greenland and Denmark signed a Joint Declaration strengthening their strategic partnership, alongside a €200 million Global Gateway investment package covering connectivity, clean energy and critical raw materials. The partnership seeks to facilitate investments in strategic industrial value chains, particularly those supporting clean technologies and advanced manufacturing, while diversifying European supply chains and reducing external dependencies, in line with the EU's Critical Raw Materials Act.

EC, Directorate-General for International Partnerships

EU – COMMISSION IMPOSES SAFEGUARDS ON ELECTRICAL STEEL IMPORTS

On 18 September, the European Commission imposed provisional import quotas and minimum price thresholds on grain-oriented electrical steel (GOES), a key component of power transformers and electricity grids. Following an investigation requested by Germany, France and Poland, the measures aim to protect European producers from surging low-cost imports, particularly from China. Extending protection to transformer cores, the decision seeks to safeguard Europe's strategic energy supply chain, although downstream manufacturers warn of higher production costs.

Read more about this news in the Headline Analysis

EC, Directorate-General for Trade and Economic Security

EU – COMMISSION LAUNCHES INDUSTRIAL MARITIME VALUE CHAINS ALLIANCE

On 2 September, the Commission launched the EU Industrial Maritime Value Chains Alliance, bringing together manufacturers, shipowners, public authorities and investors. Acting as a coordination platform, the Alliance aims to connect industrial demand, manufacturing capacity and public-private financing, developing business cases to scale up EU-made vessels and technologies across shipping, inland navigation and ports. The initiative seeks to strengthen Europe's maritime industrial sovereignty and technological leadership, while fostering synergies between civilian and defence-related manufacturing.

EC, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

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EU – COUNCIL APPROVES FIVE JOINT DEFENCE INDUSTRIAL PROJECTS UNDER EDIP

On 28 September, the Council approved the first five European Defence Projects of Common Interest under the €1.5 billion European Defence Industry Programme (EDIP). Covering drones, maritime defence, space, air and missile defence, and Europe's eastern flank, the projects are now eligible for support from a €325 million EDIP allocation. The initiative aims to strengthen cross-border industrial cooperation, expand European defence manufacturing capabilities and reduce fragmentation in national defence efforts.

Council of the European Union

NETHERLANDS – €3.3 BILLION FOR NATIONAL INVESTMENT INSTITUTION

On 25 September, the Dutch government and private financial institutions signed a declaration of intent to establish a National Investment Institution, backed by €3.3 billion in new public capital. Combined with existing investment institutions, its initial capital is expected to reach €6.6 billion, targeting AI, security, clean technologies and life sciences. The institution aims to mobilise private investment in strategic projects facing financing constraints, particularly those with high upfront costs, long investment horizons or elevated technological risks.

Global Government Finance

DENMARK – DKK 5.6 BILLION IN ADDITIONAL SUPPORT FOR HYDROGEN PIPELINE

On 29 September, Danish political parties agreed to increase state support for the planned hydrogen pipeline connecting Esbjerg to the German border by DKK 5.6 billion, bringing total operating support to DKK 16.5 billion over 30 years. The agreement also eases capacity-booking requirements for hydrogen producers, reducing investment uncertainty and supporting the development of cross-border hydrogen infrastructure linking Danish production with German industrial demand.

Danish Ministry of Climate, Energy and Utilities

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GERMANY – COMMISSION APPROVES UP TO €35.2 BILLION ELECTRICITY CAPACITY MECHANISM

On 2 September, the European Commission approved Germany's electricity capacity mechanism under EU State aid rules, with estimated costs of €15.6–35.2 billion. Through competitive auctions, the scheme will support electricity generation, storage and demand-response capacity to ensure security of supply from 2031, as renewable energy deployment expands. New gas-fired plants seeking long-term contracts must be hydrogen-ready, while supported capacity must remain compatible with Germany's 2045 climate-neutrality target.

EC, Directorate-General for Communication

FINLAND – GOOGLE ANNOUNCES €13 BILLION INVESTMENT IN AI INFRASTRUCTURE

On 9 September, Google announced plans to invest €13 billion in Finland over 2027–2028, its largest single investment in Europe. The programme includes three new data centres, expansion of its existing facility in Hamina, southern Finland, and supporting energy infrastructure. Google also signed a 22-year power purchase agreement with Finnish energy company Fortum, supporting the extension of its Loviisa nuclear plant's operations until 2050 and linking AI computing capacity to long-term low-carbon electricity supply.

Google

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Headline Analysis

EU Electrical Steel Safeguards: Industrial Protection and Value-Chain Trade-offs

On 18 September 2026, the European Commission imposed provisional safeguards on imports of grain-oriented electrical steel (GOES), a specialised material used in power transformers and essential to the expansion of European electricity grids. The measure reflects growing concerns over import competition and the preservation of strategic manufacturing capabilities within the European Union.

The decision followed an investigation launched in March at the request of Germany, France and Poland. Between 2021 and 2025, imports of GOES and related products increased by 120%, while European producers' share of the domestic market declined from 66% to 43%. China accounted for 53% of imports in 2025. Against a backdrop of global overcapacity and increasing pressure from low-cost imports, the Commission introduced tariff-rate quotas and minimum price thresholds to protect domestic production.

However, the measure also highlights competing interests within European industrial value chains. GOES represents a strategic output for European steelmakers, but also an essential input for transformer manufacturers, whose production is critical to grid expansion, renewable energy integration and industrial electrification. While the European Steel Association (EUROFER) welcomed the safeguards as necessary to preserve domestic steelmaking capacity, T&D Europe, representing European electricity grid technology manufacturers, and Orgalim, representing Europe's technology industries, warned that higher input costs could undermine the competitiveness of downstream manufacturers, particularly as European steelmakers cannot currently supply sufficient quantities of certain high-performance steel grades.

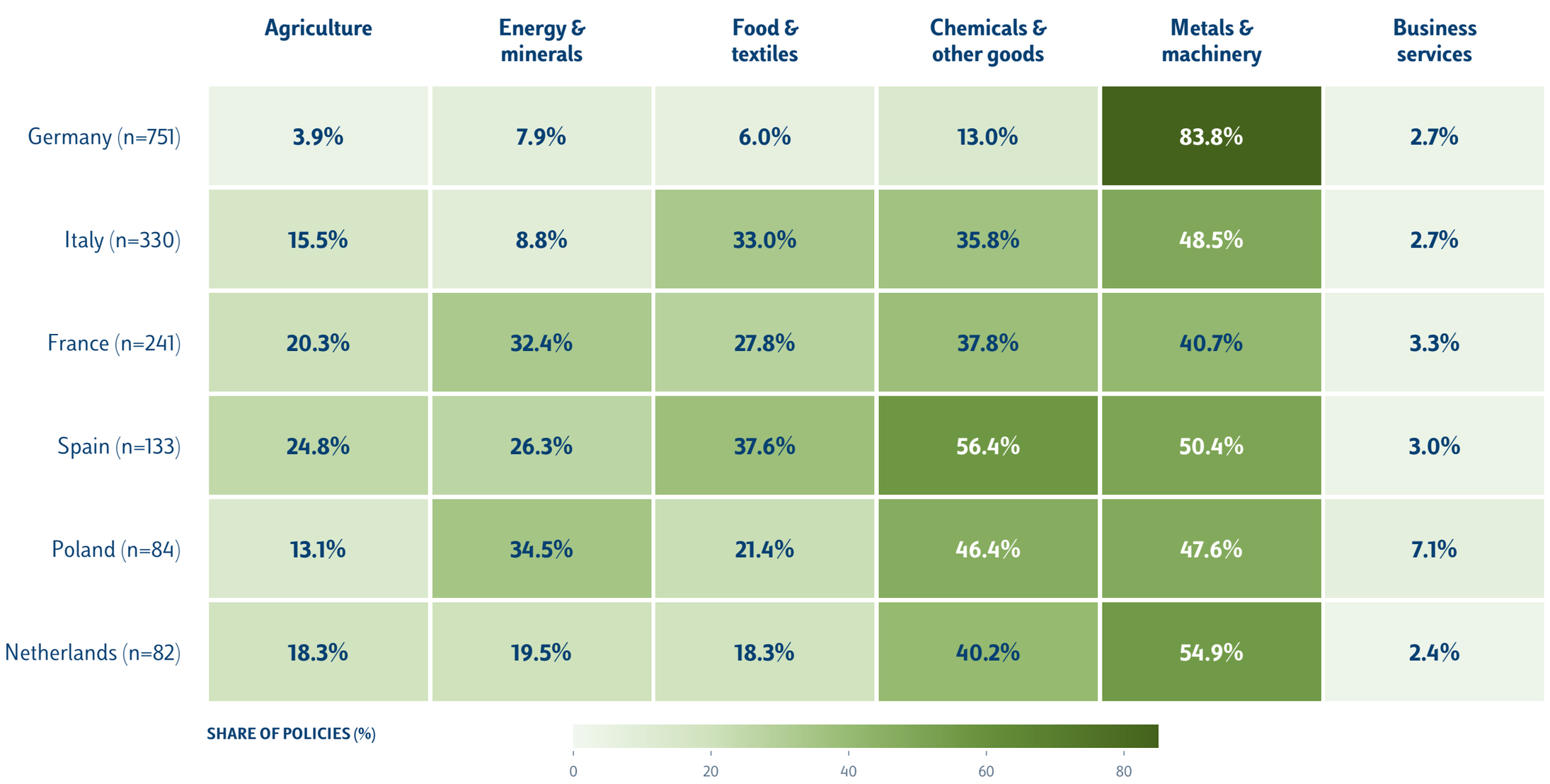
The Commission sought to address potential distortions by extending the measures to transformer cores and laminations, including those incorporated into imported transformers. This broader coverage aims to prevent circumvention and protect production along the value chain. Nevertheless, it does not fully resolve the tension between protecting domestic steel production and ensuring competitive access to industrial inputs. The absence of a common position among Member States, with the Safeguards Committee delivering no opinion, further reflects the complexity of balancing these objectives.

The case illustrates a broader challenge for European industrial policy: interventions supporting individual strategic sectors may generate costs elsewhere in the production system. While trade protection can contribute to preserving manufacturing capabilities and reducing external dependencies, its effectiveness ultimately depends on complementary investment in production capacity, technological upgrading and coordination across interconnected industries. In this context, the long-term contribution of the safeguards to European competitiveness will depend not only on their ability to preserve domestic steel production, but also on their effects on the wider electricity infrastructure value chain.

Numbers
Sectoral Industrial Policy Priorities Across Six EU Member States

Sectoral Focus of National Industrial Policies

Six most frequently targeted CPC 2.1 sections across selected EU Member States



The heatmap compares the sectoral focus of national industrial policies in six EU Member States using GTA NIPO data (April 2026). It reports the share of policies targeting the six most frequently covered sections of the **Central Product Classification (CPC 2.1)**, an international classification of goods and services. Figures in parentheses (n) indicate each country's total number of national policies in the sample, clarifying the different bases underlying these percentages.

Germany stands out for its concentration in **metals and machinery** (83.8%), compared with Italy (48.5%), France (40.7%) and Spain (50.4%). Spain records particularly high shares in chemicals and other goods (56.4%) and food and textiles (37.6%), while France and Poland place substantial emphasis on energy and minerals (32.4% and 34.5%, respectively). Italy also targets chemicals and other goods (35.8%) and food and textiles (33.0%).

These patterns broadly reflect existing national productive specialisations, particularly Germany's machinery-intensive manufacturing base and Spain's food and chemical industries. However, the relatively strong attention to energy and minerals in Poland suggests that industrial policies may also target strategic vulnerabilities and structural transformation rather than simply reinforce established comparative advantages.

Source: PIE elaboration based on GTA NIPO (April 2026).

Note: As policies may target multiple sectors, the percentages are not mutually exclusive and do not sum to 100%. CPC section labels have been shortened for readability.

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Recommended Reading

HOW EU INDUSTRIAL POLICY GOT ITS GROOVE BACK: SECURITISATION AND GOVERNANCE SHIFTS IN THE GEOECONOMIC ERA

by Eugénia C. Heldt and Sophie Meunier (2026)

Journal of European Public Policy

This article examines the transformation of European Union industrial policy from a market-oriented to a securitised approach. While much of the literature documents the EU's geoeconomic turn, the authors focus on the institutional mechanisms through which it has taken place. They argue that external pressures – the weaponisation of economic interdependence and the security-driven industrial strategies of China and the United States – enabled the European Commission to reframe industrial policy through a security lens, making interventionist measures acceptable to traditionally market-liberal Member States. The analysis identifies three mechanisms through which securitisation transforms EU governance without treaty change: (1) a bureaucratic shift, with new coordination bodies focused on economic security, such as the European Semiconductor Board; (2) a procedural shift from ex-post competition enforcement to ex-ante risk screening and emergency powers; and (3) a coalition shift that co-opts business opposition by framing intervention as protecting, rather than distorting, the Single Market. Through four case studies – the EU Chips Act, the Foreign Subsidies Regulation, Important Projects of Common European Interest (IPCEIs) and the Critical Raw Materials Act – the authors show how the Commission has acted entrepreneurially to deepen integration in a domain traditionally reserved to Member States. At the same time, fiscal constraints and persistent divisions among Member States limit the EU's ability to match US and Chinese scale. The paper concludes that securitisation has outpaced formal legal change, enabling unprecedented coordination while relying on ad hoc and temporary instruments.

WHY IT MATTERS

The study is relevant because it shows how the Commission has expanded its scope for action in shaping industrial policy, by reinterpreting powers designed for other purposes, such as trade, competition and state aid, and redeploying them for security ends. Moreover, the justification behind each instrument can change, so that the same tool may be presented in market terms at one moment and in security terms at another, depending on the political context. The orientation of these instruments also shapes who benefits from them, since outward-looking measures against shared external threats command wider consensus, whereas inward-looking ones, which rely on national co-financing, tend to favour the countries with the fiscal and administrative means to take part. The result is an industrial policy that works, but on fragile foundations, since it rests on temporary frameworks and crisis exceptions instead of stable legal rules.