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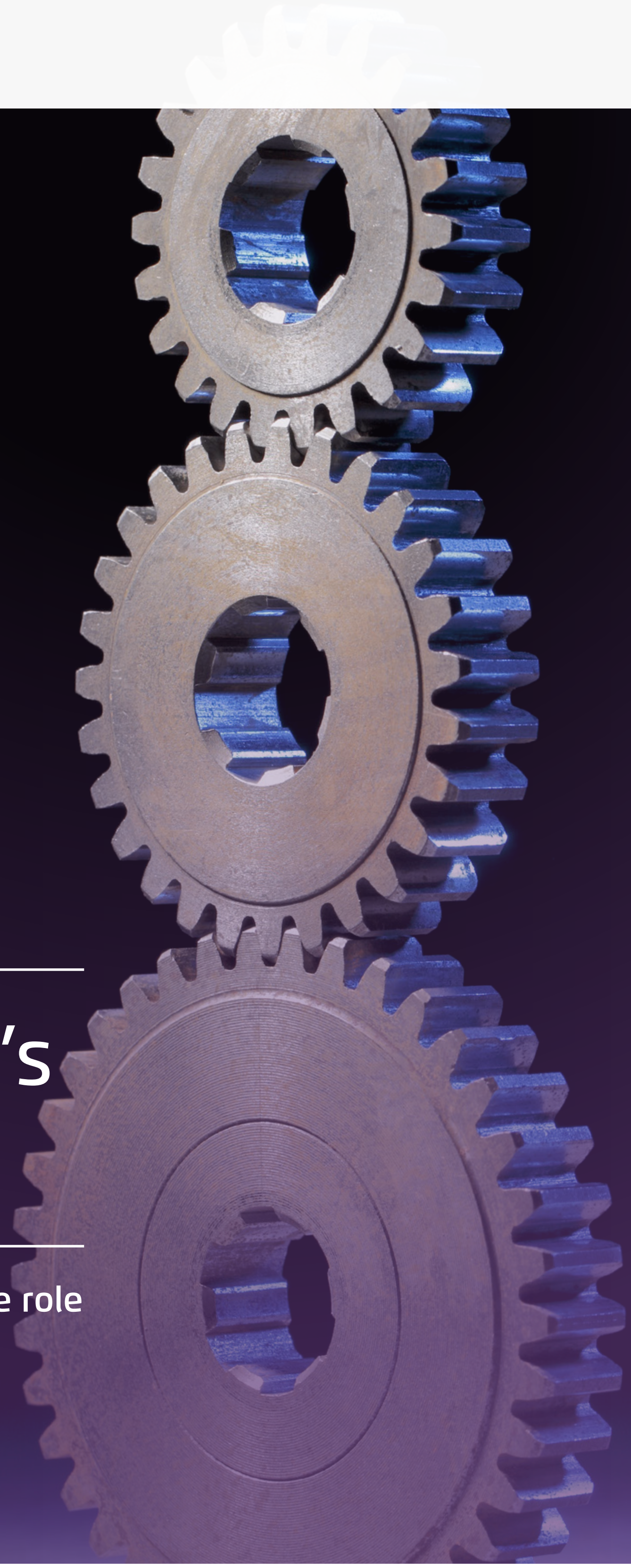

IMPULSE

Powering Europe's industry

Competitiveness, electrification and the role of electricity prices

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Impulse
Powering Europe's industry. Competitiveness, electrification and the role of electricity prices.

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Preface

Dear reader,

Energy costs are a critical factor for European industrial competitiveness. While the new energy crisis once again exposes Europe's vulnerability due to reliance on imported fossil fuels, the role of electricity prices remains largely uncharted. How significant are electricity costs to current and future competitiveness – and how does their weight vary across sectors?

To answer these questions, Agora Energiewende, Agora Industry and IDDRI joined forces with Compass Lexecon to conduct a detailed quantitative analysis of competitiveness gaps across five key industrial activities. Our findings show that electrification can become a key driver of competitiveness and resilience, provided the EU implements a robust policy framework.

In this paper, we outline policy recommendations and demonstrate how initiatives like the Competitiveness Coordination Tool, the upcoming Electrification Action Plan and the Industry Decarbonisation Bank can further a strong European industrial base.

We wish you a pleasant read!

Frauke Thies
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Key findings at a glance

1. **As Europe works to strengthen competitiveness, moving away from volatile fossil fuels is paramount.** For industries that have not yet electrified their processes, power represents only up to 5 percent of total production costs, whereas fossil fuel expenses account for 30 to 80 percent. When considering energy costs, those sectors that strongly depend on fossil gas face most competitiveness challenges. Electrifying industrial processes with clean domestic energy would make Europe more resilient and cut the 380-billion-euro fossil fuel import bill.

2. **Electrification is unlocking new opportunities for industry, making affordable power prices increasingly decisive for competitiveness.** Technologically feasible and in many cases economically viable, electrification will reshape energy consumption, even though large differences among industries will remain. Electricity will directly and indirectly account for 60 to 100 percent of total energy use in most sectors by 2035, with power costs representing 10 to 90 percent of production expenses, depending on the energy intensity of the process.

3. **By 2035, decarbonised sectors can be more competitive than today – provided the right conditions are in place.** In many cases, like low-temperature heat and primary aluminium, effective carbon pricing through the EU Emissions Trading System (EU ETS) and Carbon Border Adjustment Mechanism (CBAM) could ensure cost-competitiveness. For other sectors, targeted power price support may be needed but should be conditional on clean investment. Across all sectors, further industrial policies will likely be necessary to address non-energy barriers.

4. **The EU needs a coherent industrial strategy aligned with energy and climate policy.** To avoid policy fragmentation, the Electrification Action Plan should establish a unified framework to cut power system costs and ensure stable, competitive electricity prices, notably via contracts for difference (CfDs) and power purchase agreements (PPAs). Combining it with carbon pricing and Clean Industrial Deal policies such as lead markets would help build a resilient, climate-neutral European industry.

Content

Introduction: why electricity costs matter for Europe's industrial strategy

Europe's industrial base faces a growing competitiveness challenge driven by a combination of structural and cyclical factors. Divergent industrial policy frameworks across major economic regions, along with comparatively high labour and financing costs, elevated and largely imported energy prices, constrained access to critical raw materials, and differing innovation dynamics have affected the competitiveness of European, most notably energy-intensive industries. Global overcapacity and weak demand for industrial goods add further strain by intensifying price competition in international markets. The economic repercussions of the COVID-19 pandemic, the 2022 energy crisis, rising geopolitical and trade tensions and the unfolding energy price shock caused by the war in the Middle East have further exacerbated commercial uncertainty and cost pressures for European industries.

The influential 2024 Draghi report emphasised the role of energy costs – including electricity – as a central driver of the competitiveness gap between the European Union, the United States and China. This concern is especially acute for energy-intensive industries, where electricity and other energy inputs account for a significant share of total production costs. As a result, higher industrial electricity and energy prices relative to key trading partners has become a focal point of European industrial policy debates. The issue of carbon costs in power generation and industrial production is also discussed frequently.

However, a closer examination suggests that electricity prices and carbon costs only partially explain the current cost competitiveness differentials. A quantitative analysis carried out by Compass Lexecon for this project investigated the current and expected future cost structure, along with the competitiveness gaps and the decarbonisation cost gaps, in five selected applications in Europe, US and China, notably primary aluminium, primary steel, steam supply for low temperature chemicals, paper drying and battery cell manufacturing. For those sectors, direct electricity expenditures represent, at most, two percent of total production costs, with the exception of primary aluminium production, which is already highly electrified. Carbon costs under the EU Emissions Trading System (ETS) show a similar pattern: free allowances reduce the effective carbon costs paid by the industries covered by 65 to 75 percent. When taking free allocation of allowances into account, carbon costs currently range between 2.5 percent (paper drying) and 10 percent (primary aluminium) of total production costs with primary steel production and steam production for low-temperature chemicals averaging around 4–5 percent. In turn, the costs of fossil fuels, and in particular fossil gas, have a much stronger impact on international competitiveness. Increased electrification can thus help industries to close their competitiveness gap. However, while measurable differences in electricity and overall energy and carbon costs persist, they do not encompass the full complexity of the issue, as will be highlighted in section 2.

Industrial power prices vary substantially across Member States, reflecting differences in power mixes, power market design, taxation, network charges and support schemes. For example, due to significantly lower power prices, the electricity costs for producing one tonne of primary aluminium are up to 50 percent lower in France compared to Greece, leading to an overall production cost difference of 18 percent.

Similarly, the relative influence of power and energy costs varies considerably across industrial sectors. They depend on production processes, exposure to constraints in raw material procurement, investment and labour costs as well as additional factors. A differentiated analysis is therefore necessary to accurately assess the extent to which power prices affect competitiveness.

Looking beyond immediate competitiveness concerns, electricity prices also play a pivotal role in Europe's long-term industrial transformation. Repeated energy crises since 2022 have shown that dependence on imported fossil fuels is economically, socially and politically unsustainable. Electrification represents a central pathway to strengthen industrial resilience and achieve decarbonisation. Direct electrification technologies are expected to become widely available by 2035 and could meet up to 90 percent of Europe's industrial energy demand that is not yet electrified.[1] Realising this potential at scale, however, depends on access to electricity at predictable and competitive prices, combined with adequate grid infrastructure and of security of supply. Lower EU electricity prices alone cannot close the competitiveness gap, but they can encourage investment in electrification if other enabling conditions are in place.

At both EU and national levels, a broad range of instruments already exists to mitigate electricity costs for industrial consumers. In response to the pandemic and the 2022 energy crisis, additional emergency measures were introduced, resulting in a dense and rather fragmented policy landscape. Recent European initiatives – including the Affordable Energy Action Plan and the Clean Industrial Deal, with its Clean Industrial State Aid Framework (CISAF) and upcoming Industry Decarbonisation Bank – have added further layers to this framework. While these measures reflect a strong political commitment to supporting industry, they have tended to prioritise short-term relief and risk increasing complexity rather than improving coherence and strategic alignment.

In a context of increasingly constrained public finances and delays in industrial decarbonisation investments in Europe, there is an urgent need to streamline and strengthen public support for a competitive and decarbonised EU industry. To achieve this, the existing toolbox of policy instruments must be reassessed: this requires stronger coordination across instruments and clearer guiding principles, effectively designed as part of the emerging industrial policy agenda and the next Multiannual Financial Framework, particularly the upcoming Competitiveness Fund.

This paper contributes to this reassessment by addressing three central questions. First, how significant are energy and electricity costs in explaining the competitiveness gap across different industrial sectors today, and how might this evolve in a more electrified industrial system? Second, what role can targeted power price support play in safeguarding European industry while enabling its transition towards climate neutrality and greater economic resilience? Third, which guiding principles can help align industrial policy instruments with competitiveness, resilience and decarbonisation objectives?

1 Fraunhofer ISI (2024): Direct electrification of industrial process heat. An assessment of technologies, potentials and future prospects for the EU. Study on behalf of Agora Industry. (Link)

1 Power prices: limited role today, decisive role tomorrow

In many industrial sectors, electricity costs currently account for only a limited share of total production costs under normal market conditions. Among the sectors analysed in detail in this study, direct electricity expenditures represent at most 2 percent of total costs in primary steel production, steam generation for chemicals, paper drying and battery cell manufacturing. By contrast, fossil energy sources (including feedstock) represent close to 30 percent and up to 80 percent of production costs for steam in the chemical industry, with fossil gas being the primary energy source.[2] In these cases, electricity prices, while relevant, do not constitute a dominant cost component under existing production routes.

The situation differs markedly in already highly electrified processes, most notably in primary aluminium production, leading to significant policy intervention to ensure its cost-competitiveness today. With dedicated measures such as long-term electricity contracts, grid cost rebates along with indirect carbon cost compensation (ICCC), electricity costs represent around 25 percent of total production costs for primary aluminium in France and up to 40 percent in Greece. In the absence of ICCC, the share of electricity in total production costs would increase to around 37 percent in France and 53 percent in Greece, implying an overall increase in production costs by 20 percent for France and 27 percent for Greece.

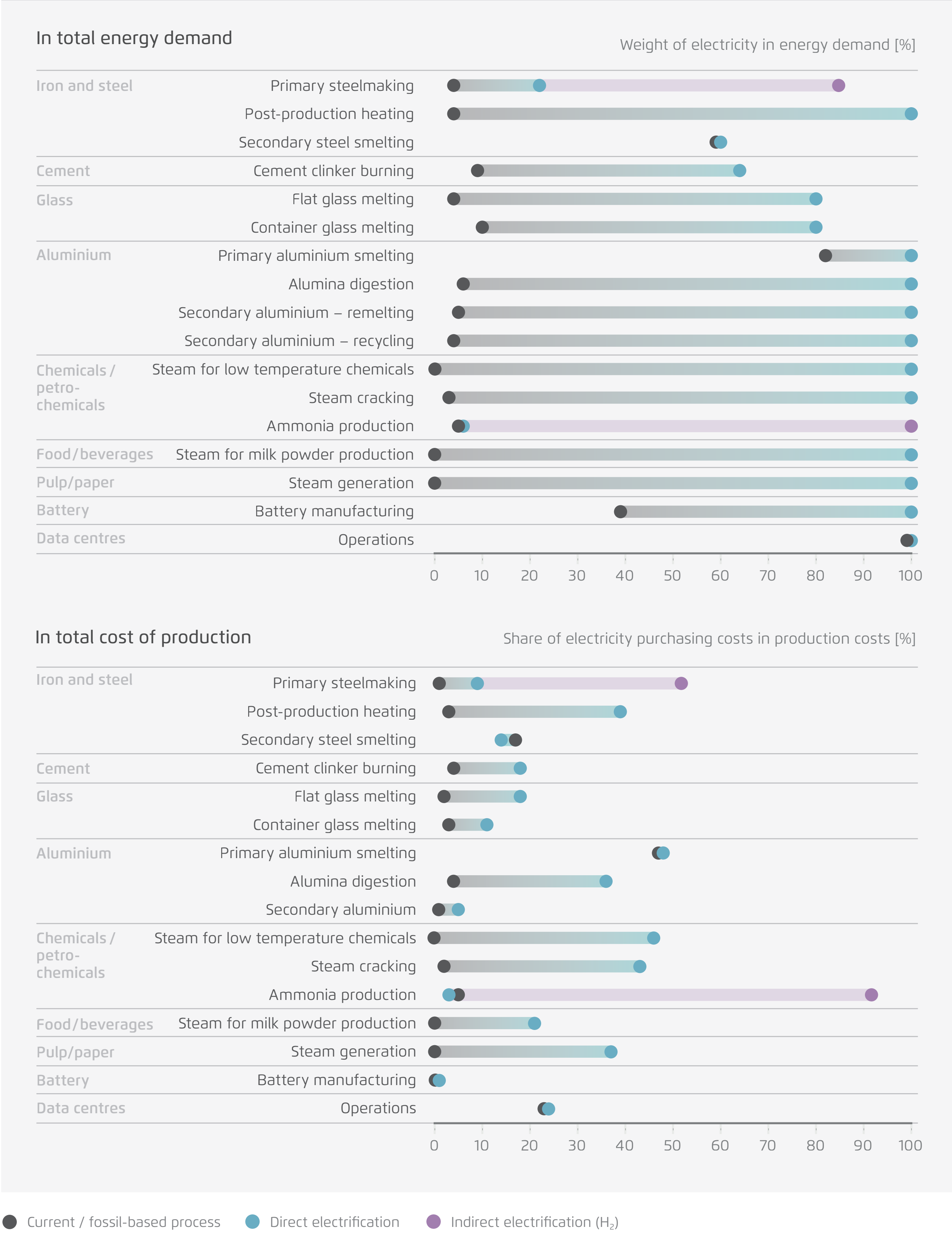
Given the high reliance on fossil fuels and relatively modest share of power costs in overall cost structures for most sectors, electricity-related measures can currently only partially offset broader structural disadvantages and close competitiveness gaps. However, this assessment is likely to evolve as industrial electrification advances.

Under decarbonised production pathways, electricity costs are expected to gain significant importance across all considered industrial sectors, while non-electricity energy costs decline. By 2035, direct power costs could account for up to 8 percent of total production costs in primary steelmaking; when power costs linked to indirect electrification associated with hydrogen use are included, this share could rise to approximately 60 percent. Similar trends are observed in other sectors: electricity could account for around 45 percent of production costs for steam generation in the chemicals industry and about 35 percent for paper drying. In primary aluminium production, electricity cost shares are expected to remain within a similar range as today, depending on the evolution of wholesale power prices and the design of accompanying public support schemes. Overall, electricity is projected to cover between 60 percent and 100 percent of energy demand across all the sectors, both directly and indirectly (Figure 1).

As a result, competitive electricity prices – and most importantly, their long-term predictability – are set to become increasingly decisive for investment decisions. They will also be a major factor to ensure the international competitiveness of decarbonised industries in the future. The relative attractiveness of electrification investment decisions, however, depend not only on average electricity price levels. It also depends on exposure to price risks and the long-term development of prices for fossil energy carriers and CO_2 emissions, both within and outside Europe. In this context, electricity prices alongside an ambitious climate and resilience policy agenda are poised to become a more central determinant of industrial competitiveness.

2 Except for battery manufacturing for which energy costs represent at most 3 percent of all production costs.

Share of electricity today and after electrification → Fig. 1



Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026)

2 Electrification as an opportunity for economic resilience and competitiveness

Decarbonisation and electrification constitute central pillars of Europe's long-term economic resilience and strategic sovereignty. With very limited domestic fossil energy resources and an annual fossil fuel import bill amounting to approximately 380 billion euros since 2023 after peaking at 540 billion euros in 2022, Europe's economy faces renewed energy cost pressure this year due to the war in the Middle East and related energy supply disruptions. This vulnerability supports a strong case for the European Union to anchor its future competitiveness and resilience in decarbonising energy supply and industrial production.

This strategic choice must be reconciled with the immediate concerns of industry and the practical challenges associated with the technology shift away from fossil-based production processes to electrified alternatives. This tension defines the core transition dilemma. If short-term competitiveness pressures are not adequately addressed, Europe risks eroding the very industrial base it seeks to decarbonise. Conversely, delaying decarbonisation prolongs exposure to fossil fuel price volatility and geopolitical risks. Therefore, accelerating the transition requires a policy mix that bridges potential short-term competitiveness gap and enables long-term resilience.

To help defining this policy mix, a quantitative analysis carried out by Compass Lexecon for this project investigated the current and expected future competitiveness gaps as well as decarbonisation cost gaps in five selected sectors. The competitiveness gap was assessed as the difference in total production costs between two representative EU countries and US and Chinese regions today and in 2035. The decarbonisation cost gap is the difference in total production costs between the conventional process and the electrified process, assessed towards 2035. Assumptions on energy prices and other cost components such as labour or financing costs were adjusted for each country or region and industry sector.[3]

The analysis shows that the competitiveness challenge associated with these costs varies significantly across different sectors and countries. But in all cases, electrification emerges as a major opportunity to establish a resilient foundation for the competitiveness of European industry while reducing the dependence on imported fossil fuels. Indeed, a growing number of electrified applications are available and at or close to cost parity with their fossil-based counterparts. In some sectors, structural factors beyond energy costs play a major role and require specific industrial policies addressing non-energy barriers.

2.1 Industrial electrification is technologically mature and economically viable in a growing number of industrial applications

Electrification technologies are already technologically mature and commercially available in a growing number of industrial applications. As highlighted in a study by Fraunhofer ISI for Agora Industry, direct electrification technologies expected to be available by 2035 could meet 90 percent of the energy demand not yet electrified by European industry. Already today, 60 percent of this demand can be met with technologies that are readily available today, such as heat pumps and electric arc furnaces.[4]

3 See details in the Annex.
4 Fraunhofer ISI (2024): Direct electrification of industrial process heat. An assessment of technologies, potentials and future prospects for the EU. Study on behalf of Agora Industry. (Link)

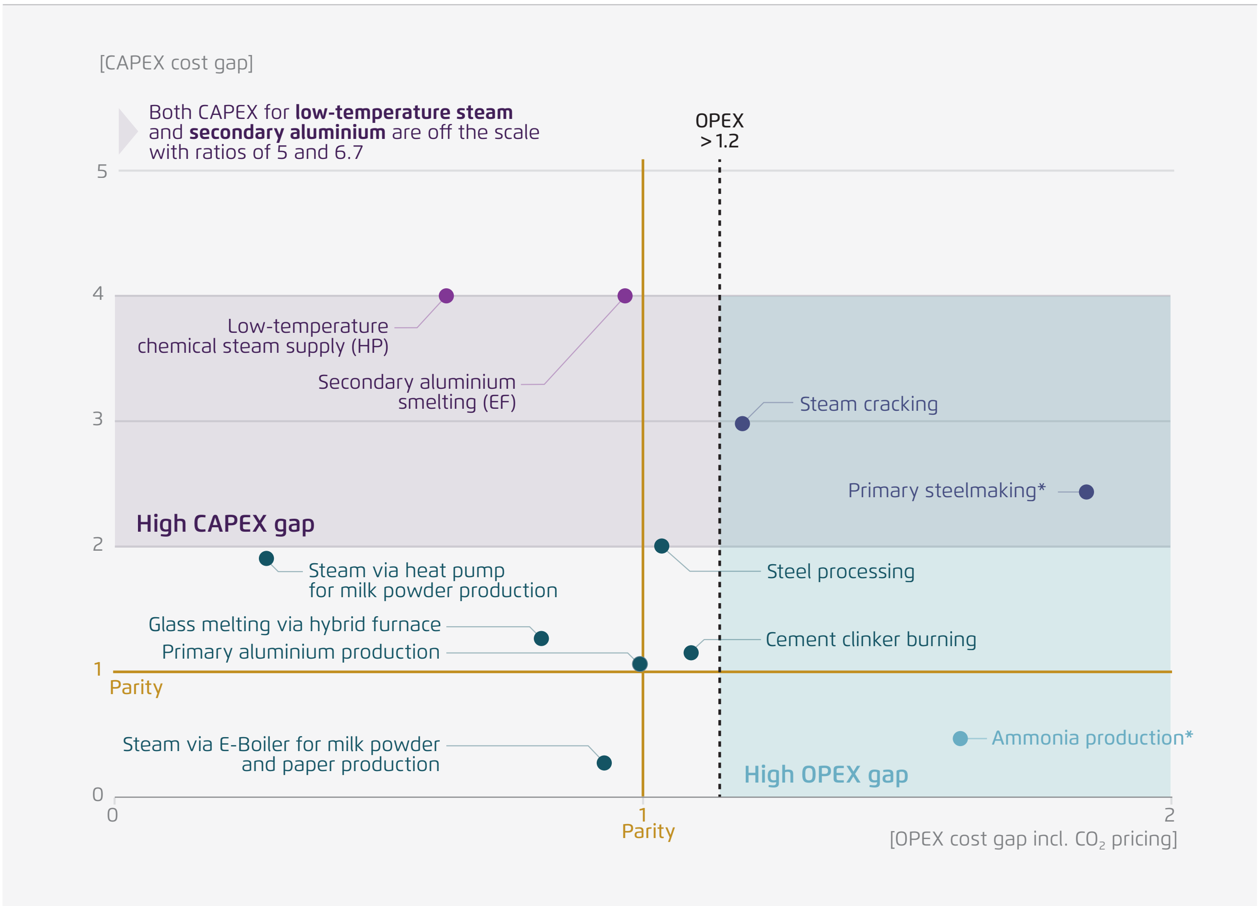
The economic feasibility of industrial electrification strongly depends on the price ratio between electricity and fossil alternatives, as well as on upfront investment. Process heat, for example, accounts for half of the EU's industrial energy consumption, with approximately 15 percent corresponding to low-temperature applications (below 80 °C). These processes can already be electrified competitively under current conditions, notably through the deployment of high-efficiency heat pumps. For medium-temperature heat below 200 °C, electrified solutions can outperform fossil gas-based and low-carbon alternatives where the power-to-gas price ratio remains below 3.[5]

5 Agora Industry, Agora Energiewende, Fraunhofer ISI, ECCO Think Tank and Reform Institut (2026): The business case for electrifying industrial heat. Evidence from selected EU Member States. (Link)

Looking ahead to 2035, electrification also shows promising economic prospects under the assumptions applied in this study, including a rising carbon price under the EU Emissions Trading System (EU ETS) and an effective implementation of the Carbon Border Adjustment Mechanism (CBAM).[6] As illustrated in Figure 2, some technologies can reach cost parity with their fossil-based counterparts, while others would only require limited additional investment or targeted operational support to achieve it.

6 A carbon cost of 130 EUR/t was applied in 2035 in Europe without any free allowances or Indirect Carbon Cost Compensation (ICCC). In exchange, CBAM was applied to all imports on direct and indirect emissions. The power sector considered to be largely decarbonised by 2035, the carbon cost of an electrified process would be very low in 2035. Primary aluminium is the only sector that can only be partially electrified and thus in which some process emissions remain. See the Technical Appendix of the study for more details.

Electrification cost gap ratio for selected industrial applications by 2035 → Fig. 2



Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026). * Indirect electrification via renewable hydrogen
Note: EF = E-furnace; HP = Heat pump

In Greece, for example, alumina refining using electric boilers combined with electrolysis would be competitive compared to current fossil gas-based processes. Similar trends can be observed in paper drying processes in Poland and Italy, where electric boiler-based production could become cheaper than combined heat and power (CHP). Cost parity is also projected to be reached in applications such as secondary steel melting and battery cell manufacturing.

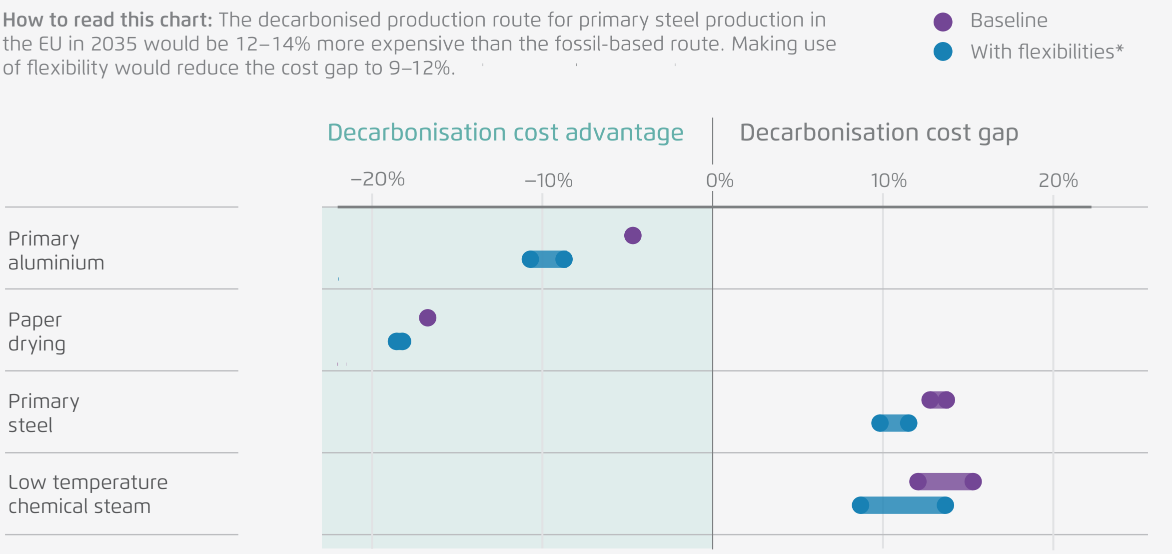
Other technologies including hybrid furnaces for container or flat glass melting would require limited capital expenditure (CAPEX) support, while cement production using electric rotary kiln concepts would likely need targeted CAPEX and operational expenditure (OPEX) support. Only a limited number of applications exhibit substantial OPEX gaps. In the cases of primary steel smelting and ammonia production, the remaining cost gap is primarily driven by indirect electrification pathways involving hydrogen.

Adding flexibility could further improve the business case for industrial electrification. Expanding the potential for more flexible electricity consumption poses challenges for many industries – particularly when it comes to making core processes more flexible, i.e. adjusting production outputs according to energy prices. However, three approaches are particularly promising for a more active engagement of industry in the power market:

1. Hybrid systems: large industrial clusters such as chemical parks can combine gas boilers and electric solutions (boilers or heat pumps) to supply process heat (hot water and steam). In some cases, current back-up capacities already rely on electric boilers and could be used to enable load shifting from gas to power in response to price signals. The expansion of hybrid systems and the technical upgrading of existing systems to support flexible operation can enable some of Europe's most energy-intensive facilities to integrate renewable energy sources cost-effectively.
2. Thermal energy storage: the deployment of thermal energy storage for industrial heat applications offers significant flexibility potential while enabling complete exit from fossil fuels. Thermal storage can help electrified processes achieve

Decarbonisation cost gap for selected applications in the EU, 2035 → Fig. 3

How to read this chart: The decarbonised production route for primary steel production in the EU in 2035 would be 12–14% more expensive than the fossil-based route. Making use of flexibility would reduce the cost gap to 9–12%.



Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026). * core process flexibility where available and behind-the-meter batteries cost parity with gas-based alternatives in highly volatile market environments, especially when combined with active participation in balancing markets to maximise revenues from demand-side flexibility. With numerous startups and pilot projects, Europe has the potential to become a market leader in this key technology.[7]

3. Behind-the-meter battery storage: Another option for increasing flexibility is the integration of battery storage systems into the production process. Particularly in the case of core electrical processes that offer little potential for flexibility (e.g. electric steam cracker), battery storage systems can combine base-load operation with flexible electricity procurement and help offset some of the costs linked to electrification.

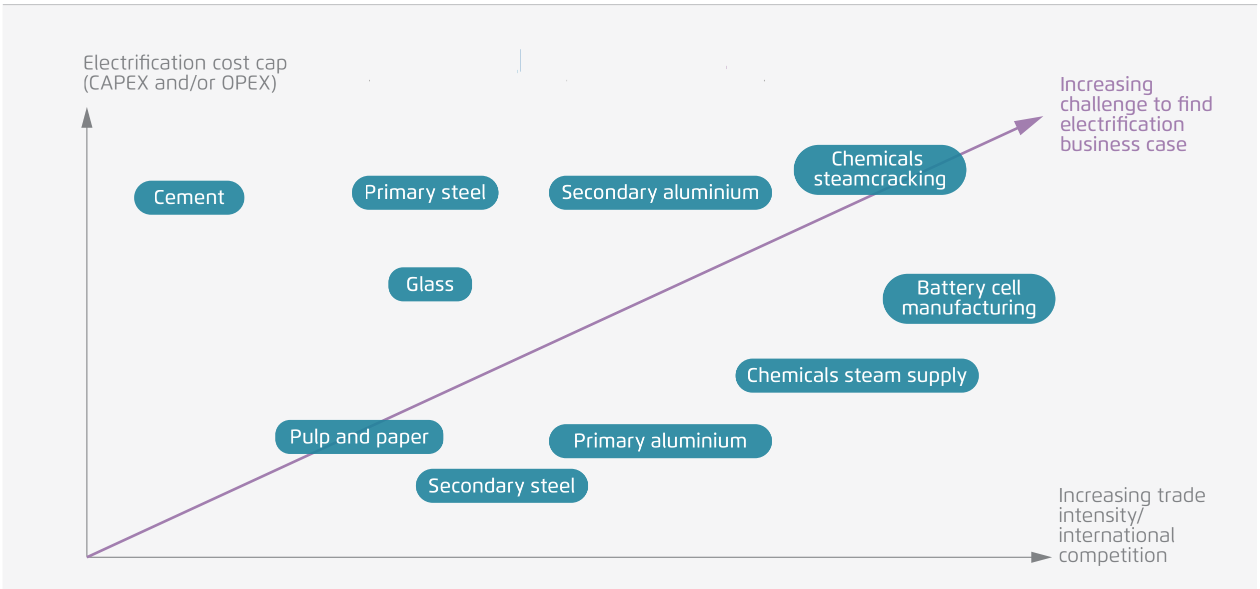
Sectors using steam in their production process such as paper, chemicals or cement present significant potential for the integration of thermal storage, amounting to potential savings from flexible operation estimated at 15 percent of total production costs. The assessment also suggests some flexibility potential for primary and secondary steel, aluminium or glass production with savings representing up to 2 percent of total production costs. Batteries installed behind the meter could also somewhat reduce the cost gap between the electrified process and the conventional process by 1 to 4 percentage points (Figure 3).

However, the economic case for electrification including flexibility options varies significantly across Member States and sectors, due to disparities in both fossil fuel and electricity prices as well as in differing incentives for flexibility, especially in grid tariffs. Differences in national support schemes can further amplify cost differences. Sectoral characteristics, including the share of energy in total production costs, the technological maturity of electrified processes and exposure to international competition further shape competitiveness outcomes (Figure 4). These characteristics will be analysed in the next section.

7 Agora Industry and Fraunhofer ISI (2026, forthcoming)

Electrification business case for selected industries in Europe

→ Fig. 4



Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026). Note: Graph is not at scale – sectoral positions are relative rather than absolute.

2.2 Electrification can improve Europe's industrial competitiveness

The analysis carried out by Compass Lexecon reveals the significant variability in competitiveness gaps across industries and regions, as well as the relative weight of specific cost factors today and how it could evolve towards 2035 under the considered assumptions.

A summary of the quantitative assessment can be found in Figure 5. The current competitiveness gap between selected EU Member States and the United States on the one hand, and China on the other, is presented for the five analysed sectors (2024). The figure also illustrates the potential evolution of this competitiveness gap by 2035 in the case where the EU industry electrifies its processes. The EU electrified process is compared both with the electrified and the incumbent fossil-based process, in the US and China respectively. In the base case for 2035, CBAM (scope 1 and 2) is fully implemented and free allocation of allowances from the EU ETS as well as indirect carbon cost compensation (ICCC) are phased out. A sensitivity analysis was carried out to illustrate the case where subsidies equivalent to the current levels of free allowances and the ICCC would be maintained for each sector. While central assumptions were made in terms of energy prices and other cost components per region, an additional power price assumption was also considered in China for 2035, i.e. in case very cheap subsidised coal power plants would be used to power the electrified processes outside the power grid, e.g. for primary steelmaking.

The analysis reveals that those sectors that are most reliant on fossil gas consumption today – such as paper drying or low temperature steam for chemicals – face the greatest challenges in international competitiveness due to the significant cost gap between fossil gas prices in Europe and, in particular, the US. As these sectors shift away from fossil gas to electrify, they can become more competitive thanks to a smaller gap in electricity price levels.

It appears that today, costs for fossil-based production of low-temperature steam for the use in chemicals are 8 percent lower in Spain than in Shandong (China), while they are 15 percent higher in Germany. However, production costs in Spain and Germany remain two to three times higher than in Texas (US), driven almost entirely by low fossil gas prices in the US. Variation in electricity costs have negligible impact.

In paper production, drying costs of incumbent processes are 5 percent (Italy) and 17 percent (Poland) higher than in Georgia (US), and 28 percent and 42 percent higher than in Shandong. Gas price differences explain most of the current gap with the US, with electricity again playing a minor role. Conversely, differences in both gas and electricity prices play a secondary role in the competitiveness gap with China, which is primarily related to significant differences in raw material costs (60–90 percent of the total cost gap).

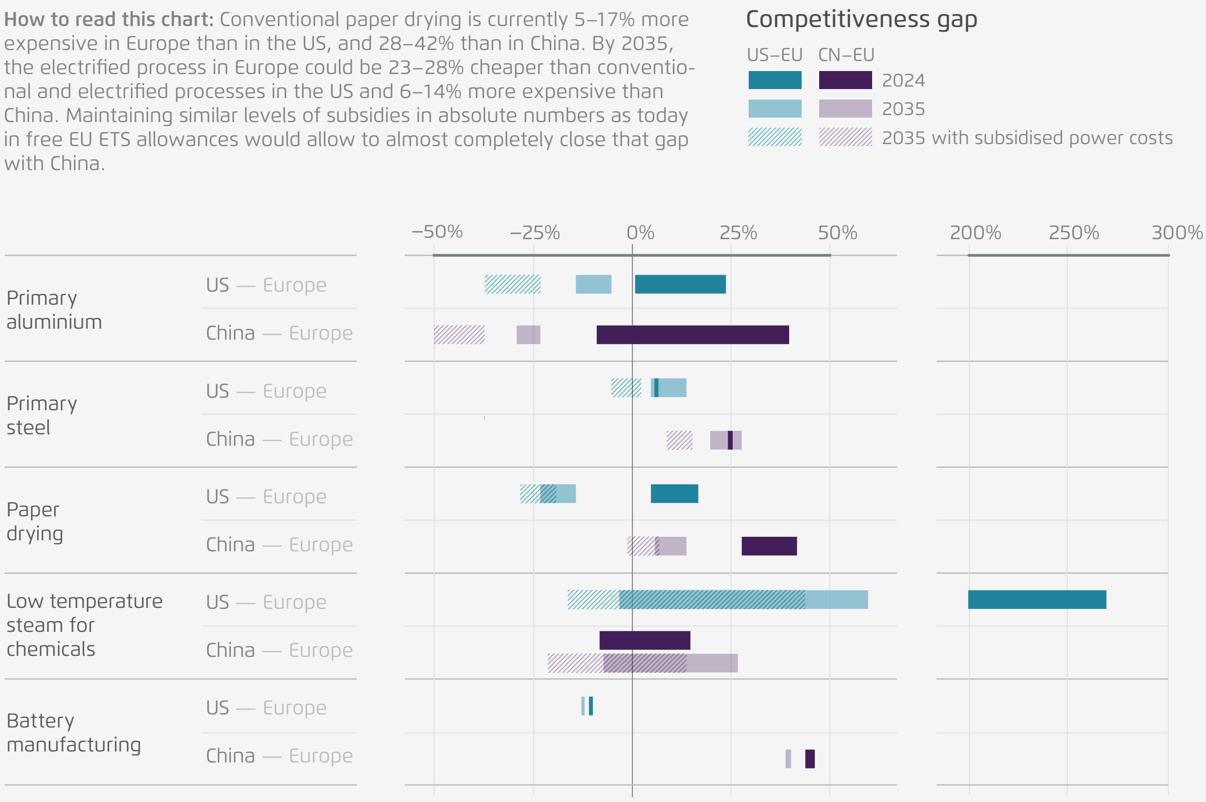
Primary aluminium production is an interesting example of an already electrified sector. Aluminium production in France benefits from a largely decarbonised power system and competitive power prices thanks to existing support mechanisms. The sector is generally cost-competitive with producers in China and the United States. However, it is under economic pressure due to trade distortions resulting from subsidies and inadequate protection against carbon leakage. To address this, rather than providing further financial support for power prices, other industrial policy measures are needed. This includes further development of CBAM and industrial policies supporting circularity and European domestic production.

By 2035, all sectors assessed under this study show improved competitiveness with a decarbonised process compared to today. In many cases – particularly primary aluminium production as well as those relying on low-temperature heat – effective carbon pricing through both the EU ETS and CBAM would ensure the cost-competitiveness of decarbonised EU industries.

Competitiveness gap in selected industrial applications between Europe and the US or China respectively

→ Fig. 5

How to read this chart: Conventional paper drying is currently 5–17% more expensive in Europe than in the US, and 28–42% than in China. By 2035, the electrified process in Europe could be 23–28% cheaper than conventional and electrified processes in the US and 6–14% more expensive than China. Maintaining similar levels of subsidies in absolute numbers as today in free EU ETS allowances would allow to almost completely close that gap with China.



Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026)

In other cases, the remaining competitiveness gap can be compensated through additional support measures in the form of preferential power prices, and in very limited cases, most notably for hydrogen-based steel making, other accompanying industrial policies such as quotas and lead markets for green products.

While the current policy debate strongly focuses on the extension of free allowances and ICCC for industry beyond 2030, it is important to note that neither instrument provides the right signals to incentivise the decarbonisation of industrial processes. Indeed, by reducing the effective direct and indirect carbon costs, they reduce the competitiveness of electrified processes compared to fossil-based ones. It would be more effective to use similar levels of public funding to offer long-term visibility on power prices as well as support investments (CAPEX) to ensure the attractiveness of electrification investments and cost-competitiveness of decarbonised processes. It is also to be noted that the power price assumptions used for 2035 in this analysis remain rather conservative, with a price increase compared to 2024 for the hyper energy-intensive industries in many Member States (60–104 EUR per MWh compared to 45–136 EUR per MWh today). This further highlights the potential of dedicated support measures to improve competitiveness.

As illustrated in figure 5, applying the same level of public support as today to the same industries might result in excessive funding for some sectors and insufficient support for others, considering the number of power-sensitive industry sectors will increase as electrification progresses. To guarantee the most effective allocation of public budgets, the selection of the beneficiaries and the level of support would thus need to be based on criteria such as the magnitude of the competitiveness gap, the decarbonisation cost gap and the strategic, resilience or regional socio-economic value of each industry to Europe's future. It should also be combined with conditionalities on electrification and flexibility.

3 Competitive power prices require keeping system costs down

Low and stable electricity prices fundamentally depend on cost-efficient expansion of renewable energy sources, electricity grids and interconnectors, flexible resources and improved market integration. Ultimately, wholesale prices and network tariffs reflect overall system costs. Policy choices that increase system costs will translate into higher electricity prices, thereby intensifying the need for public support to shield industrial consumers from elevated power expenditures.

a. Least-cost deployment of renewables

As recently seen in several EU Member States, a stop-and-go approach regarding policies aimed at supporting investments in low-carbon power generation, most notably wind energy, also risks increasing system costs over the long term by creating supply constraints when demand accelerates. In contrast, temporary excess generation capacity, should it arise in the short term, would exert downward pressure on market prices, thereby fostering the business case for electrification. In this context, two-sided contracts for difference (CfDs) and power purchase agreements (PPAs) represent effective solutions to both de-risk and foster investments in low-carbon generation capacity and to provide long-term price visibility. Greater regulatory clarity and long-term stability also play a central role in lowering capital costs.

b. Effective use and funding of grid infrastructure

Regarding grid infrastructure, regulators as well as Transmission System Operators (TSOs) and Distribution System Operators (DSOs) play a central role in ensuring that the investments required for climate neutrality are delivered while keeping transformation costs as low as possible. This requires making optimal use of existing infrastructure, rigorously assessing new investment needs in a timely manner and avoiding cost overruns or inefficient "gold-plating" while also factoring in the cost of resilience.

Furthermore, the expected increase in grid investment needs might also call for a reassessment of the principles guiding the allocation and redistribution of grid costs. Energy-intensive industries currently benefit from substantial exemptions from grid charges. Their design needs to evolve in the future to further incentivise flexibility. Simultaneously, the concern that grid costs might be disproportionately shifted onto smaller electricity consumers, companies and households alike, which also need to electrify, is growing. Redistributing a share of infrastructure costs on public budgets rather than electricity consumption, as recently but temporarily implemented in Germany, can be one potential avenue to address this challenge.

Another area of concern is cross-border interconnection capacity. At present, neighbouring Member States benefit only to a limited extent from each other's cost advantages during periods of high renewable energy generation, owing to insufficient cross-border transmission and limited trade integration.[8] Strengthening the coupling of EU electricity markets would enable broader access to lower prices during times of abundant renewable energy. Addressing this constraint is a central objective of the Grids Package proposed by the European Commission in December 2025 and currently under discussion.

8 Ember (2024): Putting the mission in transmission: Grids for Europe's energy transition (Link). Currently, several EU countries are not on track to meet the 15 percent interconnection target by 2030.

c. Strengthening CfDs and PPAs to decouple power prices from gas prices

Currently, gas-fired power plants frequently set the marginal power price, particularly during periods of high demand or limited renewable power output. Volatility in gas markets as in 2022 and in the current energy crisis is directly transmitted to wholesale electricity prices. Countries with higher shares of gas power generation in their system such as Italy or the Netherlands are more exposed than their neighbours. According to Ember, gas influenced the price of electricity in only 15 percent of hours in 2026 in Spain in the first months of 2026 thanks to its high share of renewable power generation against 75 percent in 2019 and compared to 89 percent in Italy.[9]

Some might call for interventions on the merit-order principle to "decouple" power prices from gas prices. Measures such as subsidising gas prices for power generation have already been set up in the recent past, as Spain and Portugal have temporarily done in the energy crisis of 2022–2023 and Italy very recently intended to do through the reimbursement of EU ETS costs to gas generators. Such measures reduce the scarcity prices and consequently the incentives to invest in additional generation capacity that could avoid such situations (e.g. wind and solar generation capacity). They also tend to increase the need for public support for capacities under CfDs, which means the additional system costs are borne indirectly by consumers. Those same consumers end up subsidising power market prices of the neighbouring countries, as artificially reducing market prices in one country leads to increased exports to the neighbouring countries. Those measures have proven to be costly endeavours (8 billion euros in Iberia, 3 billion euros planned in Italy), without providing a structural solution to the issue at hand. Instead, several policy and market design measures can structurally mitigate this exposure and reduce the sensitivity of power prices to gas price fluctuations.

As foreseen in the 2024 Electricity Market Regulation, both two-sided CfDs and PPAs can help address the same challenge. CfDs provide revenue stability for investors while enabling the redistribution of surplus revenues when market prices exceed the strike price. This mechanism limits windfall profits in times of high gas-driven prices and reduces the pass-through of gas price spikes to consumers over time. In parallel, PPAs can limit the need for public support, reduce the exposure to market price volatility for the consumers and foster investment certainty for the producers.

d. Unlocking the potential of power system flexibility

With the growing share of variable renewable generation, increased power system flexibility is both a technical necessity and an economic opportunity. Expanding flexibility options allows industry to consume electricity when prices are low while also limiting the exposure to price spikes. As the share of renewable energy in the electricity mix increases, the ability to consume electricity flexibly is hence becoming a key factor for competitiveness. Ancillary services also offer a short-term revenue stream. McKinsey estimates that the gross value of Europe's demand-side flexibility potential could triple from 4 billion euros in 2024 to 12 billion euros by 2030.[10] Another benefit of flexible industrial electricity consumption lies in flexible connection agreements that can help reduce connection delays, while also reducing the need and costs for future grid expansions.

To unlock this potential, electricity market design must align investment incentives with decarbonisation objectives while safeguarding security of supply. Network tariff structures, as envisaged in the Regulation on the EU's internal electricity market, can be adapted to incentivise flexible consumption patterns.

9 Ember (2026): Latest energy shock reminds Europe of its risky gas reliance (Link)

10 McKinsey (16.10.2025): Unlocking Europe's €8 billion energy flexibility opportunity (Link)

Eventually, revisiting the configuration of electricity price zones represents another structural option to encourage flexible electricity demand based on price signals. Smaller bidding zones better reflect regional supply and demand conditions, reduce redispatch costs and incentivise local flexibility investments such as batteries, electric vehicles, heat pumps and electrolysers. More granular price signals can contribute to a more efficient use of the grid. In the German context, modelling suggests that dividing the current single price zone into 22 zones could have reduced wholesale prices by around EUR6/MWh in 2023, with 18 of these zones experiencing price decreases.[11]

All those measures to develop a cost-optimised power system, if efficiently implemented, would allow to keep power prices as low as possible with more stability in the long run. However, these will progressively take effect over the next years, while acute competitiveness issues remain. Given the long investment cycles of industrial processes and the recurring need to renew existing assets, continued investment in fossil fuel-based technologies increasingly risks generating stranded assets and locking in European industries' dependence on fossil fuels for the decades to come. Providing planning security for stable and competitive electricity prices should thus become a key part of European industrial policymaking and needs to be accompanied by financial support mechanisms that enable electrification already today, considering power, fossil gas and carbon prices. Both long-term and short-term instruments must be coordinated to solve the transition dilemma.

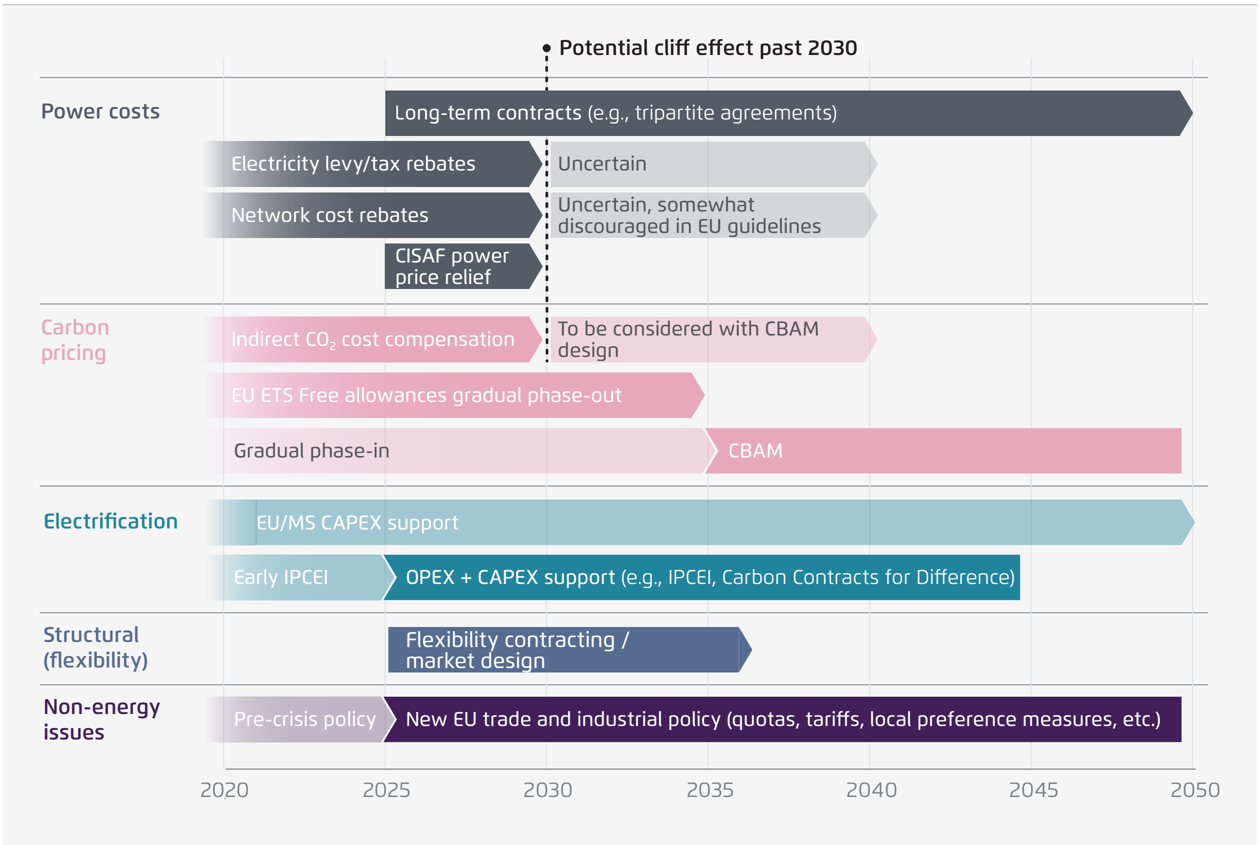
11 Agora Energiewende and Fraunhofer IEE (2025): Local electricity prices in Germany. How integrating grid realities into the electricity market saves costs (Link)

4 Coordinating short- and long-term instruments

European industry finds itself navigating a complex transition phase characterised by profound regulatory and structural change in an increasingly volatile geopolitical environment. The EU ETS is shifting from a regime centred on free allocation and complementary support mechanisms such as indirect carbon cost compensation towards the introduction of CBAM, meant to level the playing field with regards to carbon costs between importers and domestic production and prevent carbon leakage. This shift from predictable CO_2 cost coverage via free allowances to passing on carbon costs down the value chain induces significant uncertainties for European energy-intensive industries with low margins. A series of decisions today needs to solve short-term competitiveness issues, mitigate transitional risks and allow for the conditions for long-term competitiveness to be ensured (Figure 6). To succeed, this will require strong accompanying industrial policies and targeted financial support for decarbonisation.

Across the EU and its Member States, a wide range of mechanisms is currently used to reduce electricity costs for industry. These primarily include reductions or exemptions from taxes and network charges, as well as ICCC. In addition, temporary price relief measures under state aid rules as foreseen in Section 4.5 of the Clean Industrial Deal State Aid Framework (CISAF), further reinforced by the Middle East Crisis Temporary State Aid Framework (METSAF) until the end of 2026, have been introduced.

Overview of industrial competitiveness and decarbonisation policy toolbox → Fig. 6



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While each of these measures can play a relevant role, their diversity generates complexity and risks of fragmentation. Since most support schemes target existing power-intensive industries, the effectiveness of these instruments in incentivising further electrification must also be assessed. Member States have adopted different combinations of support instruments, each with distinct design features, eligibility criteria and target groups. The scale of public funding and the resulting impact on effective electricity costs vary significantly across countries. Moreover, instruments such as ICCC or CISAF, in their current form, may inadvertently provide higher support levels to industries located in Member States that have invested less in decarbonising their power systems, thereby creating inconsistent incentives.

While most existing instruments are designed to strengthen international competitiveness for electricity-intensive industries, the electrification agenda requires a broader approach. Policies must address CAPEX and OPEX barriers together and also ensure access to competitive and stable electricity prices for smaller industrial actors and for sectors that currently rely predominantly on fossil fuels. Even though energy taxation plays a rather limited role in the electricity to gas price ratios for very large industries, the impact of fiscal policies can be decisive to improve the business case for electrification for smaller companies, as recently highlighted in the EU Citizen Energy Package and Clean Investment Strategy.

a. Long-term price visibility and stability need to be prioritised over power purchase subsidies

In the context of electrification, long-term price visibility and stability is at least as important as the absolute level of electricity prices. Instruments that provide forward-looking certainty on power costs, such as long-term power purchase agreements, supported where necessary by public guarantees or other de-risking mechanisms, can be more effective and cost-efficient in unlocking investment in decarbonised processes than permanent electricity price subsidies to industries. Coupling and sequencing two-sided CfDs awarded to low-carbon generation capacity with PPAs could help create more flexibility to provide tailor-made power contracts for industry while maintaining investment security for electricity generators, leading to more installations of renewable generation capacity with the same amount of public support.[12] This has been rightly identified in the Action Plan for Affordable Energy published by the EU Commission in 2025, but would still need to be further developed and widely implemented. Finally, carbon contracts for difference (CCfDs) can unlock industrial decarbonisation investments by de-risking them and offering planning security over an extended period.

The forthcoming Industry Decarbonisation Bank (IDB) could serve as a vehicle for such instruments, particularly for applications with high technology readiness level (TRL), combined with prioritisation mechanisms such as compartmentalisation. Structuring the IDB around several funding compartments (or financial envelopes) can help resolve the trade-off between focused spending and differentiation. Focus is essential to accelerate industry modernisation with limited funds, while differentiation is needed to reflect the technological heterogeneity of sectors and decarbonisation challenges.

b. Aligning energy, climate and industrial policy instruments

Subsidising electricity purchase costs is an important policy lever but cannot be regarded as a stand-alone solution. In most industries, the competitiveness gap exceeds what can realistically be offset through electricity price support alone, particularly when comparing electrified production processes in Europe with electrified production in third countries that may benefit from subsidised on-site coal- or

12 Agora Energiewende (2025): Ein neues Investitionsinstrument für Wind- und Solaranlagen (Link)

gas-based power. Preferential access to electricity for industries should therefore be considered as one element within a broader portfolio of industrial policies.

The overall effectiveness of policy intervention highly depends on the coherence and sequencing of instruments across energy, climate and industrial policy. Several industrial policy measures can reduce the need for extensive and potentially costly electricity price support by addressing structural competitiveness factors more directly.

The development of lead markets such as foreseen in the Industrial Acceleration Act (IAA) is one such instrument. By stimulating early demand for low-carbon and electrified products, lead markets can accelerate deployment and induce cost reductions through learning effects and economies of scale. Even with today's power mix, electrification would result in emission reductions in almost all Member States.[13] The emission reductions associated with electrified production processes should be recognised and rewarded.

Other complementary tools include local preference or trade protection measures such as those also proposed in the IAA, as well as the introduction of quotas and product standards. Such instruments can shape market conditions in ways that support the uptake of decarbonised production while limiting the risk of carbon leakage. In addition, de-risking mechanisms and improved access to finance play a central role in enabling capital-intensive investments in electrified and low-carbon technologies, thereby addressing barriers that electricity price support alone cannot overcome.

As illustrated in Section 2 and according to the analysis by Compass Lexecon, under existing support frameworks, the primary aluminium sector in France and Greece displays total production costs that are very similar to the United States or China. However, it faces structural challenges related to supply overcapacities in particular from China. Addressing such issues will require trade-related measures such as quotas or local content policies.

Climate policy, and most notably carbon pricing, will also remain central to the intersection of competitiveness and decarbonisation. CBAM, which is being gradually introduced since 1 January 2026, has the potential to provide greater investment certainty for producers of decarbonised and electrified products, provided it is implemented effectively. By levelling the carbon cost playing field, CBAM can protect European electrified industries from competition with fossil-based production abroad. Depending on the sector, its implementation could, on its own, close the cost-competitiveness gap for electrified industrial processes, as highlighted in Figure 5 of this study.

However, important challenges remain, in particular regarding the ability to address indirect (scope 2) emissions related to electricity generation for industrial processes in Europe and abroad. Indeed, the inclusion of scope 2 emissions in CBAM is considered uncertain and complex. Furthermore, the future of indirect carbon cost compensation also raises a number of questions regarding its compatibility with CBAM, its relevance in the context of the decarbonisation of the EU power generation mix and its disparate implementation by EU Member States. While the debate remains largely open, a potential compromise solution might combine the integration of indirect emissions into CBAM based on the average emission intensity of the respective electricity mixes and a reformed ICCC focused on compensating the difference between average and marginal power prices for genuinely decarbonised production.[14]

Next to the inclusion of scope 2 emissions and their interaction with existing ICCC schemes, key open issues around CBAM include the risk of circumvention and the treatment of exports, the phase-out of EU ETS free allowances and the scope of sectoral coverage. Interactions between carbon pricing,

13 Agora Energiewende (2026): Why electrification is Europe's no-regret move – even with the current power mix (Link)

14 Sandbag (2025): Extending the CBAM to indirect emissions (Link)

CBAM, potential CCfDs and other support mechanisms should be assessed jointly. Well-aligned instruments can reinforce investment signals, while poorly coordinated ones risk overcompensation or contradictory incentives. Ensuring such coherence is therefore a necessary condition for the effectiveness of the measures discussed above.

5 Reconciling competitiveness and decarbonisation: guiding principles for efficient policies

As highlighted in the previous section, addressing current competitiveness concerns while progressing on the necessary transformation of industry remains a complex endeavor. This study identifies four areas where common principles across European countries could help bridge the gap.

a. Targeting financial support efficiently

In a context of increasingly constrained public resources, improving the efficiency and strategic focus of policy interventions becomes imperative. Dispersed and thinly allocated financial support within a fragmented landscape will not fund a coherent and forward-looking European industrial policy. Seriously bringing the vision of a decarbonised and competitive EU industry into reality demands both increased public support for decarbonisation investments and a clear strategy for efficiently allocating resources to transform Europe's industrial base. As highlighted in section 2, for some industrial sectors, an effective CBAM might be sufficient to close the competitiveness gap for decarbonised processes by 2035 while for others, specific support measures (including preferential access to electricity) might be needed.

Most existing support instruments are designed to assist industries that are already electricity-intensive. However, accelerating the electrification of currently fossil-based sectors, while simultaneously addressing their competitiveness challenges, requires a broader and more differentiated approach across sectors. This applies both to the range of policy instruments deployed, which must address CAPEX as well as OPEX barriers, and to eligibility criteria.

Value-chain analyses incorporating economic and geopolitical dimensions such as resilience criteria already today help identify the emerging clean technology industries that are critical to the low-carbon economy, including critical raw materials extraction and processing, battery manufacturing and circular economy activities. The same reasoning should apply to identify strategically relevant existing industries that are yet to electrify, and "electro-sensitive" industries also exposed to electricity price levels and volatility alongside electro-intensive industries if slightly less so. These sectors may require targeted support even at an early stage of electrification.

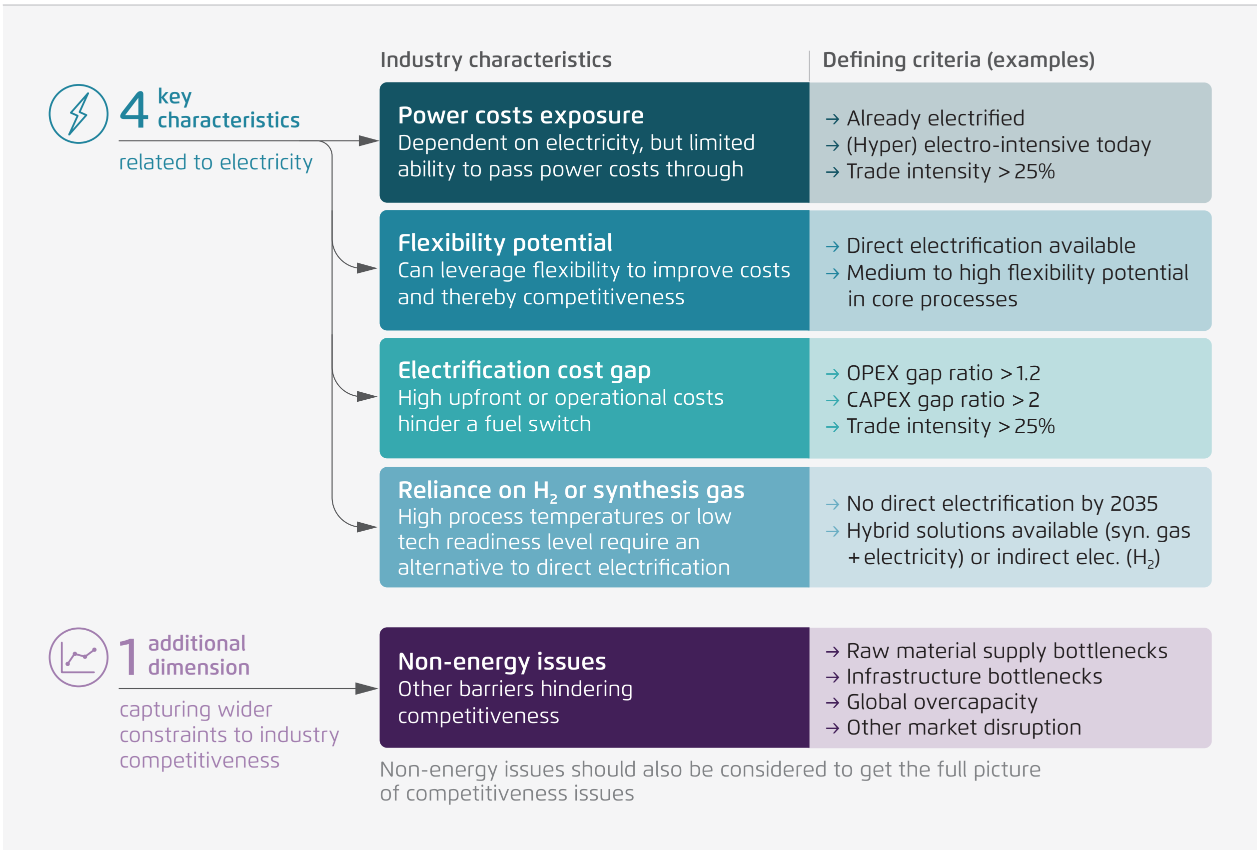
b. A harmonised EU methodology to assess the competitiveness challenge

A harmonised methodology at the EU level would enable policymakers to assess and differentiate the nature and magnitude of competitiveness and electrification cost gaps across sectors and Member States. Such an approach would facilitate tailored support, avoiding one-size-fits-all schemes that risk generating windfall profits.

To this end, common criteria should be developed to assess industries' exposure to structural competitiveness pressures and decarbonisation challenges in a sector-by-sector assessment framework. We have identified 5 core characteristics allowing to differentiate action levers when it comes to electricity cost support for each industry (Figure 7):

→ Exposure to power prices: level varies with volume of electricity consumed by the sector, but also its ability to pass costs through to customers;
→ Electrification cost gap: where an electrified technology exists, but it remains costlier than conventional assets, the level varying with the cost gap;
→ Reliance on hydrogen or synthetic gases: for industries depending on indirect electrification in the absence of alternatives, the level depending on the magnitude of dependence for the decarbonisation of production processes;

A practical framework to guide electricity-related policy choices for competitiveness and climate neutrality → Fig. 7



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- → Flexibility potential of the core production process: some electrified industries have the capacity to modulate their production processes to adapt to higher power prices, which should be incentivised;
- → Non-energy issues: other barriers to competitiveness, such as overcapacities, must be addressed, which cannot be compensated for with power cost compensation.

A systematic assessment of those criteria would help clarify what each industrial sector needs, and how this could be solved – or not – through power price support.

Regular updates of cost-gap analyses are essential to reflect rapidly evolving economic conditions, including shifts in international competition, energy price dynamics, technological innovation, learning-curve effects that reduce CAPEX for decarbonisation technologies, and ongoing price volatility. A structured methodology would also allow for a better alignment between different public policy instruments, financial and non-financial, and the specific challenges identified.

c. Increased transparency on industrial energy and power costs

A robust assessment of electricity-related competitiveness gaps is currently constrained by limited data availability. The industrial electricity price data published by Eurostat is highly aggregated and does not permit a sufficiently granular comparison within Europe and with other major manufacturing economies. This limitation has been repeatedly highlighted by organisations analysing the relationship between power and energy costs and industrial competitiveness.

In practice, the structure of industrial power prices varies significantly across Member States. The composition of wholesale costs, network charges, taxes and levies differs by jurisdiction, and exemptions or reductions are often granted based on sectoral classification or a company's electricity intensity. In addition, temporary support measures, such as those introduced in response to recent crises, further modify effective price levels. As a result, the headline electricity price data fails to capture the actual costs borne by specific industrial subsectors in different regions.

Greater transparency regarding the effective power costs paid by industrial subsectors and across Member States would therefore enhance the analytical basis for evaluating competitiveness gaps and tailor support policies accordingly. More detailed and harmonised reporting would allow policymakers to distinguish structural price differentials from the effects of national policy choices or temporary interventions. Such transparency should also extend to financial support mechanisms granted to industrial consumers. A clearer overview of the magnitude and structure of public support would improve comparability, facilitate policy evaluation and strengthen the coherence of the broader industrial policy framework.

d. Leveraging conditionalities

The design of industrial decarbonisation and financial support policies should systematically integrate requirements that promote electrification and enabling technologies. This includes, where relevant, the deployment of flexibility solutions such as thermal energy storage, batteries, energy efficiency measures and investments in electrification. Existing conditionalities, including those embedded in the Clean Industrial Deal State Aid Framework (CISAF), would need to be strengthened and applied more generally to other schemes such as reduced grid charges and tax exemptions. Where necessary, targeted CAPEX support could be used to facilitate the integration of flexibility options, for example the installation of thermal storage systems for industrial heat applications.

Finally, industrial competitiveness depends not only on electricity price levels but also on overall consumption volumes. Support measures aimed at reducing power prices should therefore preserve incentives for efficiency improvements and demand optimisation. Instruments that dampen price signals without safeguards risk weakening incentives to reduce consumption, thereby increasing system costs and undermining the broader objectives of decarbonisation and cost efficiency.

Generally, public support should be limited in time and degressive and attributed based on competitive tendering to allow for the most efficient use of available funds.

Those principles could be operationalised through the Competitiveness Coordination Tool proposed under the EU Competitiveness Compass in 2025, providing a framework to integrate competitiveness and decarbonisation considerations within a harmonised assessment structure. The Electrification Action Plan and the Industry Decarbonisation Bank offer additional opportunities to align eligibility criteria and ensure a consistent approach to industrial support for electrification across the EU.

6 Conclusion: towards a coherent European strategy for competitive electrification

The debate on industrial electricity price support in Europe remains largely framed through a national lens. Public discussions often focus on perceived competitive advantages between Member States – for example, German industry pointing to more favourable electricity prices in France, while French stakeholders highlight the scale of electricity price support available to industry in Germany. While such comparisons are politically understandable, they risk occulting the broader strategic challenge: maintaining Europe's global competitiveness vis-à-vis major industrial powers such as the United States or China.

As in 2022, the global energy system is once again facing a fossil fuel supply crisis. In such circumstances, governments often resort to national short-term responses, and pressures to weaken existing climate policies increase. However, as this paper shows, electrification is an opportunity for long-term economic resilience and competitiveness. The challenge lies in efficiently supporting and accompanying the transformation of European industries in the short term while long-term investments take effect.

A universal "industrial electricity price for all" would neither be efficient nor sufficient to address the structural challenges facing European industry. Fragmented national interventions also carry significant risks. They can dampen price signals and encourage excess consumption at times when energy resources are scarce. They also create uncertainty for industrial actors, potentially undermining billions of euros of investments that have already been made or are currently planned. Diverging national support schemes may further distort investment decisions, including by encouraging suboptimal industrial location choices within the internal market. Over time, such fragmentation can generate internal market distortions and weaken the European Union's collective competitiveness in global markets.

Limited public resources and the structural nature of the competitiveness challenge the EU industry is facing, and of the transition required, call for prioritisation and differentiated policy approaches:

- → Ensuring access to predictable and competitive electricity prices can play an important role in bridging the current transition period and facilitating the move towards a decarbonised industrial economy. Providing targeted power price support to strategic industries for the EU's long-term resilience or to sectors which primarily face a power cost issue – and attaching to it conditionalities to effectively incentivise electrification – will allow to better support industries while not spending more.
- → Instruments such as contracts for difference, power purchase agreements with public guarantees and carbon contracts for difference would reduce procurement costs and bring long-term investment security. They are essential to incentivise the investments required to reduce Europe's dependence on fossil fuels.

These measures must be embedded within a broader and more coherent European industrial strategy, aligned with energy and climate policy instruments. This includes aligning different support mechanisms and regulatory instruments such as subsidy schemes under the Clean Industrial Deal State Aid Framework, the EU ETS (including free allowances), the Carbon Border Adjustment Mechanism, and indirect carbon cost compensation, but also Made-in-Europe requirements as foreseen in the IAA. Those are key to improving both the competitiveness of European industry and government spending efficiency.

Assessing the strategic importance of different industries and value chains at the EU level is no simple task. But it should inform sector-specific policy packages that reconcile short- and long-term competitiveness, resilience and security of supply across value chains, and the decarbonisation of industrial production through electrification. A harmonised methodology to assess and differentiate the nature and magnitude of competitiveness and electrification cost gaps across sectors and Member States would significantly help policymakers in designing effective support instruments. Increased data transparency, notably on electricity prices, would help in this assessment.

In this regard, several new initiatives announced by the European Commission could provide the institutional basis for a more coordinated approach. Instruments such as the Competitiveness Coordination Tool, the Electrification Action Plan, and the Industry Decarbonisation Bank have the potential to align public policy interventions with European industrial objectives through clearly defined conditionalities. Only through such coordinated and strategic action can Europe strengthen the long-term resilience and competitiveness of its industrial base, by advancing the transition towards a decarbonised economy.

Annex

Main assumptions used for the quantitative analysis (more details in the Technical Appendix of the report by Compass Lexecon)

Applications and regions selected

→ Table 1

Applications	EU	USA	China
Primary aluminium	Greece & France	Kentucky	Inner Mongolia
Primary steel	Germany & Sweden	Indiana	Hebei
Steam supply for low temperature chemicals	Germany & Spain	Texas	Shandong
Paper drying	Poland & Italy (North)	Georgia	Shandong
Battery cell manufacturing	France & Hungary	Michigan	Henan

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Price assumptions

→ Table 2

Electricity (include network charge and tax rebates)		2024 (EUR_{2024}/MWh)	2035 (EUR_{2024}/MWh)
EU (selection) • Hungary (max) • Germany • France • Sweden 3 (min)	Hyper electro-intensive	• 136 • 87 • 62 • 45	• 104 • 85 • 71 • 69
	Electro-intensive	• 158 • 107 • 77 • 51	• 126 • 105 • 85 • 75
	Electro-sensitive	• 180 • 126 • 92 • 57	• 148 • 124 • 100 • 81
USA		58–76	53–70
China (subsidised)		72–86 (47)	80-95 (40)
Fossil gas		**2024 (EUR_{2024}/MWh)**	**2035 (EUR_{2024}/MWh)**
EU		45 (Greece) – 112 (Sweden)	40
USA		8–25	24,3
China		65	35
Carbon price		**2024 (EUR_{2024}/tCO_2)**	**2035 (EUR_{2024}/tCO_2)**
EU		65	130
USA		–	–
China		–	20

Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026). Several sources: Historical data from Eurostat and average yearly market data. 2035 data from International Energy Agency, World Energy Outlook 2024; EIA 2025 Energy Annual outlook. Chinese power prices adapted from Chinese provinces data for large industrials in 2021. More details in the Technical Appendix of the report by Compass Lexecon).

Publication details

About Agora Energiewende and Agora Industry
Agora Energiewende and Agora Industry develop scientifically sound and politically feasible strategies for a successful pathway to climate neutrality – in Germany, Europe and internationally. The organisations which are part of the Agora Think Tanks work independently of economic and partisan interests. Their only commitment is to climate action.

About IDDRI
IDDRI is a globally influential think tank that seeks to create the conditions for a just transition to prosperity compatible with the Earth's capacities. It focuses on two areas of action: international cooperation, and European policies. Created nearly 25 years ago by public authorities, research centres and major French companies, IDDRI is now recognized for its decisive contributions to the major multilateral agreements of the last 10 years (climate, biodiversity, high seas) and for its ability to facilitate multi-stakeholder debates on concrete development pathways compatible with these commitments in key countries and sectors.

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