

Stockholm Region European Association's position on the Clean Industrial Deal

Considering the European Commission's presentation of the new European Growth Strategy in the form of the Clean Industrial Deal within the first 100 days of its term of office, the Stockholm Region European Office hereby presents the position of the Stockholm Region Association for European Affairs about the strategy.

Overall perspective

From a Swedish metropolitan perspective, the Stockholm Region Association for European Affairs sees the Deal as an important opportunity to promote economic growth, strengthen sustainable supply chains and develop long-term climate-smart solutions. At the same time, the strategy can help to address the social and environmental consequences of the transition at the local and regional level. The Association, therefore, welcomes the vision presented by the European Commission and stresses the importance of the EU continuing to pursue an ambitious climate policy that aims at climate neutrality by 2050.

Successful implementation of the Deal, which includes a local metropolitan perspective, would not only support the competitiveness and resilience of European industry but also help to:

- Complete the energy transition through a systems perspective and local collaboration. Local and regional actors contribute with site-specific solutions and knowledge that enable the efficient use and storage of renewable energy.
- Strengthen competitiveness in circular economy and clean technology development. Cities and regions are testbeds for innovation and play key roles in driving developments from idea to implementation.
- Streamline procurement and adapt regulations. Local and regional actors can promote sustainable and competitive value chains through strategic procurement.
- Enable a just and sustainable transition that is linked to the EU's climate objectives. Direct funding to local and regional efforts increases implementation power and anchors the EU's climate ambitions in practice.

The position of the Stockholm Region European Association summarised in 6 key points

- 1. The Deal creates opportunities, but it must be operated fairly and according to the 'polluter pays' principle.** Climate goals must not be compromised for short-term economic gains. Success requires legal certainty and the inclusion of local and regional perspectives from the outset.
- 2. Energy efficiency is crucial for Europe's industrial competitiveness.** District and combined heat and power strengthen the stability of the energy system and require fair rules. Predictable production, carbon capture, co-operation and better grid capacity are necessary for climate neutrality.
- 3. Sustainable public procurement is important for increasing European competitiveness and innovation.** Simplification of rules and flexibility in procurement legislation are needed to facilitate this. The Stockholm region's experience shows that sustainability requirements create efficiency, savings and target control.
- 4. The Deal supports sustainable investments, and regions must be given funding to contribute according to their strengths.** Local and regional industry and infrastructure are key to decarbonisation and EU competitiveness. The Association calls for incentives for sustainable leadership and investment in high-performing regions.
- 5. The Stockholm metropolitan area and surroundings are driving the circular transition through innovation and sustainable business models.** The construction sector needs to reduce emissions through efficient resource use and renovation. Targeted incentives should particularly strengthen the role of SMEs in industrial ecosystems for the green transition.
- 6. Skills provision and lifelong learning are central to the EU's green and digital transitions.** Local and regional initiatives and data are needed to address skills shortages, especially in STEM. The Association welcomes EU initiatives that strengthen labour mobility, talent attraction and job creation.

Purpose, Scope and Application

Ensure a sustainable industrial transition through balanced governance and long-term investment

- The Association welcomes the Deal, which brings significant opportunities in industrial development, innovation and energy transition. For the Deal to fully strengthen the Stockholm region's already ambitious climate work and other leading regions in Europe in the field of sustainability, **future initiatives and solutions should ensure a fair and sustainable transition for everyone, following the polluter pays principle.**
- The Association **emphasises that strengthening competitiveness through industry engagement must not be at the expense of already legislated climate targets.** Overly strong economic incentives and accelerated simplification processes without impact assessments of policy amendments can lead to significant compromises in environmental requirements and sustainability standards. In the long run, these risks undermine the desired competitiveness and emphasise the importance of a long-term approach and predictability.
- Legal certainty, multi-level and collaborative governance and ownership by citizens and society play a crucial role in the implementation of the Deal, its objectives and success. To succeed in the transition, **a balanced decision-making process and policy design that considers the local and regional perspective from the start is crucial.**

Affordable Energy

Realising a clean, resilient and integrated energy system for Europe's sustainable competitiveness

- The Association emphasises that access to clean and secure energy is a prerequisite for Europe's industrial competitiveness and sustainable growth. Promoting sustainable competitiveness requires energy savings, reduced consumption and integration of energy-efficient solutions into new technologies for cleaner forms of energy. The Association therefore stresses **the importance of a system perspective, ensuring that all factors that can support progress are considered to enable optimal investments in the energy sector.**
- **District heating and CHP have an important role in the energy system of the future, contributing to a more balanced electricity system and strengthening local energy supply.** It enables predictable and more efficient electricity and heat production, which frees up electricity for other purposes and counteracts the cannibalisation effect. The association also emphasises the central role of CHP in strengthening preparedness and the importance of competition-neutral regulations for fossil-free power sources.
- To achieve the goal of climate neutrality, the association emphasises the need for complementary measures in the form of technology for carbon capture and permanent storage. With support from the Innovation Fund, Stockholm Exergi has successfully developed bio-CCS technology and has begun the construction of a full-scale facility, with the goal of being operational before 2030. **Further success requires a framework where public and private capital can co-finance the industry, reduce costs for taxpayers and apply the polluter pays principle.**
- An important step towards a more integrated and resilient energy market is being taken with the introduction of the European Grids Package. The Association **welcomes the package's focus on grid reinforcement, shorter authorisation processes and solutions such as energy storage and flexible demand.** This creates better conditions for efficiency, security of supply and competitiveness, which benefits both the Stockholm region and European regions where the risk of power shortages and lack of transmission capacity is more tangible.

Leading markets

Develop and strengthen measures to secure sustainable demand and scale up clean production

- The Association welcomes the **visibility of sustainable and innovative public procurement as a strategic tool for increasing European competitiveness**. Updating current procurement legislation is crucial to make it easier and more cost-effective for public actors to purchase goods, services or works with reduced environmental impact.
- The Association stresses in particular the importance of **regulatory simplification through harmonisation and clarification of sustainability aspects**. This will improve the competitiveness of both public actors and SMEs and the local and regional innovation climate in the long term. Current legislation, to some extent, impedes the application of innovative technologies to achieve set goals. Digitalisation, automation and access to reliable data are key components of knowledge acquisition and dissemination.
- **Public actors in the Stockholm region conduct extensive procurement and purchasing work with one of Sweden's largest procurement volumes**. Local and regional experiences show that it is possible to achieve concrete savings and efficiencies by integrating category management, sustainability, supply and preparedness, and social and environmental requirements into procurement and purchasing requirements. Scalable good practices include, for example, specific requirements for efficient and sustainable energy and water use, materials in construction, renewable fuels in vehicles and machinery, and reduced climate impact through the value chain.
- To strengthen competitive and sustainable procurement at the European and global level, the association calls for the update of the legislation **to look at flexibility aspects and amendment possibilities, for innovation-driven amendments to existing contracts to promote innovation with new technologies such as electrification and chemical use**.

Sustainable finance

Realising industrial decarbonisation through enhanced financing and strategic investments

- The association believes that the industrial gift indicates a clear support for industrial investments in sustainable competitiveness in the next EU budget. The Association emphasises the role of regions as knowledge carriers on issues of needs, conditions and ecosystems linked to the Deal and **underlines the importance of allocating funding that enables regions to contribute to EU growth based on their respective strengths**. It is essential that funding is also made available to public actors at the local and regional level, as private-public partnerships together with legislation, economic instruments, market integration and political leadership are an important key to transformation.
- Local and regional industry, transport, energy and research and innovation infrastructure are crucial for industrial decarbonisation. High-performing growth regions with high performance are crucial for the EU's global competitiveness and act as a lever for less developed regions. The Association, therefore, **calls for incentives for sustainable leadership in industrial transition and support to further attract investments**.

Circularity and access to materials

Accelerating the transition to a circular economy through innovative and competitive clean technologies

- The Association welcomes **the focus on technological innovation and the aim to steer the single market towards more sustainable goods and services**. Stockholm is an innovation-leading metropolitan region and welcomes the priority to accelerate the transition to a circular economy, which is expected to be strengthened by the Circular Economy Act. Metropolitan areas like Stockholm and its surroundings are driving the circular transition by creating demand and paving the way for new technologies, competitive business models and sustainable regulations.
- Europe's capital regions face the challenge of meeting the needs of a growing population for climate-smart housing, infrastructure and excellence while contributing to the green and digital transitions. The construction sector's emissions need to be significantly reduced by 2030, especially in the concrete and cement industry. The Association therefore emphasises the need to **further strengthen the sector's decarbonisation and promote complementary efforts on resource efficiency, reduced demolition and careful renovation**.
- The Stockholm region is an innovative tech hub where global companies and local start-ups are a vital driver of the green transition. The association emphasises the importance **of industrial ecosystem initiatives with targeted incentives to develop sustainable business models and value chains** that safeguard and leverage the innovative ideas, new technologies and smart solutions of industrial SMEs, start-ups and scale-ups, as well as larger international companies.

Skills and quality jobs

Shaping a just transition through sustainable and strategic investments in skills and quality jobs

- The Association emphasises that **skills and quality jobs are crucial for the EU's competitiveness and the green and digital transition**. Meeting skills needs requires access to data on skills shortages, labour markets and education and training provision, especially in technical and scientific fields (STEM). Local and regional initiatives such as Teknikcollege, which is a form of cooperation between municipalities, education providers and companies to certify training programmes, play a key role together with further training and retraining to match the requirements of the transition. The Association welcomes EU initiatives such as the Union of Skills, the Skills Portability Initiative and the Quality Jobs Roadmap, which promote labour mobility and recognition of qualifications across borders.
- **Transition-oriented investments and ambitious support measures that promote sustainable growth at local, regional, national and European levels are welcomed by the Association**. The European Growth Strategy is seen as a key opportunity to create new jobs and strengthen the competitiveness of local and regional businesses. This is confirmed by initiatives such as Choose Europe for Science, which strengthens talent attraction and free research, as well as funding opportunities through the European Regional Development Fund.