Warsaw Declaration 2026

European Industry amid Geopolitical Challenges: Safeguarding and Strengthening Competitiveness and Economic Security

Joint statement by the Ministers of Industry of Austria, Bulgaria, Croatia, Czech Republic, France, Germany, Greece, Hungary, Italy, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia

European industry is facing increasing competitive pressures driven by geopolitical tensions, global overcapacity, supply-chain disruptions, strategic dependencies, high energy and regulatory costs as well as the challenges of adapting to industrial decarbonisation. A strong, innovative and competitive industrial base, rooted in Europe's established industrial strengths and expertise, is essential for economic security, resilience and strategic autonomy and future growth. Safeguarding existing industrial capabilities, including in energy-intensive sectors that underpin strategic value chains, must go hand in hand with strengthening Europe's capacity to invest, innovate and scale.

Economic security and competitiveness must reinforce each other. Europe should become more resilient without becoming more protectionist and thus remaining open to global trade and investment. This requires reducing excessive dependencies, strengthening critical capabilities and acting decisively against unfair practices and vulnerabilities that threaten its industrial base.

A coherent industrial policy developed in synergy with other relevant policy areas, is therefore necessary to strengthen Europe's industrial competitiveness, remove barriers to investment, address market distortions, protect critical industrial capabilities and deepen cooperation with reliable international partners.

Against this background, the signatories of this Declaration identify the following priorities and key measures:

1. Competitiveness by design

Europe's ability to deliver on its strategic ambitions depends on a strong and globally competitive industrial base. Building on the European Council's call to ensure that new EU initiatives contribute to the Union's competitiveness goals, competitiveness should be embedded by design in all EU initiatives affecting industry, across all policy areas and Council configurations. Their impact on Europe's capacity to invest, produce, innovate and compete globally should be considered from the outset and alongside their specific policy objectives.

Key measures:

- making competitiveness a core design principle for all EU initiatives affecting industry, from the earliest stages of policy development;
- strengthening industrial competitiveness monitoring and the competitiveness check with a robust industrial and global dimension, assessing impacts on operating costs, investment, production, innovation, security of supply and jobs, benchmarking Europe against major global competitors and ensuring that its results are effectively reflected in the design and revision of EU initiatives;
- systematically assessing the cumulative impact of EU policies on industrial sectors, including the combined effects of regulatory, energy and transition costs, taking into account national specificities where relevant, with particular attention to SMEs.

2. Unlocking the scale of the Single Market

The Single Market is a foundation of European prosperity and should be treated as the greatest competitive advantage in global competition. Unfortunately, persistent fragmentation, particularly in industrial services, prevents European companies from fully benefiting from its scale. For European industry, completing the Single Market is essential to building scale, strengthening European value chains and competing globally. Europe should therefore move decisively towards a genuine One Market, reducing fragmentation and enabling companies to operate, collaborate, invest and scale more easily across the Union. Our Single Market must be underpinned by fair competition and consistent enforcement of EU product rules for all products, including those imported from third countries. This requires stronger market surveillance, particularly in e-commerce, to prevent non-compliant products from entering the EU market and better protect our consumers and companies – the challenges that must be addressed by the upcoming European Product Act.

Key measures:

- accelerating the removal of barriers to completing the Single Market under the One Europe, One Market agenda, with particular focus on the most harmful barriers identified in the Single Market Strategy – the "Terrible Ten";
- reducing fragmentation caused by divergent national implementation through further harmonisation in the application of EU rules, so that businesses face more consistent requirements and procedures across the Single Market;
- stepping up action against gold-plating as a shared responsibility of the Commission, the European Parliament and Member States, to secure coherent regulatory framework across the Union, with unambiguous, requirements in EU proposals and any additional national obligations clearly justified.

3. Energy competitiveness and security of raw materials

Competitive and secure access to energy and critical raw materials are fundamental conditions for maintaining and expanding industrial production in Europe. High energy costs and concentrated supply chains directly affect investment decisions, industrial competitiveness and the resilience of European value chains. Europe's industrial competitiveness is also affected by the structural gap in energy costs compared with major global competitors, which cannot be addressed through energy supply measures alone. Europe needs to increase its security and independence and reduce its overreliance on external suppliers of energy and raw materials by improving financial and regulatory frameworks for investments and competitive electrification, while maintaining technological neutrality, well-functioning markets and coherent and predictable regulations.

Key measures:

- strengthening Europe's energy supply and infrastructure, through increased low-carbon and renewable generation and energy storage[1], stronger grids and cross-border interconnections, to support competitive, predictable and affordable energy costs for industry;
- addressing the structural elements of high energy prices for industry at EU level, including wholesale electricity prices, carbon emission allowances, taxes, levies and

[1] In accordance with Article 194(2) TFEU, Member States retain the right to determine their national energy mix. The references to low-carbon energy and related technologies throughout this Declaration are without prejudice to Member States' respective positions on nuclear energy, including with regard to its financing through EU funds.

regulatory costs, to reduce the structural and persistent energy-cost gap between European industry and its global competitors;

- accelerating strategic energy and infrastructure projects, including through faster permitting and deployment, while ensuring that grid enhancement aligns pace with the electrification of industry and the deployment of new generation capacity;
- ensuring energy security and resilience against further global shocks by guaranteeing adequate and reliable power generation capacity reserves and fuel reserves;
- accelerating the development of competitive European capacity for critical raw materials, covering exploration of potential deposits across the EEA, extraction, processing, recycling, including from closed landfills rich in waste containing CRMs, and the development of substitutes, while fostering cooperation between Member States, including through the establishment of the CRM Centre and its European added value policy;
- ensuring the availability of critical secondary raw materials for European industry, by promoting waste prevention, reuse, repair, remanufacturing and high-quality recycling, strengthening European markets for secondary raw materials, and examining targeted, proportionate and WTO-compatible measures to support European value chains of secondary raw materials, including those at risk of massive exports, such as metal scrap and black mass, including European processing, recycling or industrial capacity, while preventing circumvention;
- ensuring that the benefits of expanding low-cost, clean electricity generation can be effectively transmitted to industrial consumers, including through appropriate long-term contracting and market-based instruments, fair remuneration of industrial demand-side flexibility, and accelerated grid connection of industrial self-generation and storage;
- diversifying external supplies through reliable international partnerships and stronger European value chains, while reducing excessive dependencies on individual suppliers.

4. Technological sovereignty and industrial AI

Technological sovereignty is a condition for Europe's competitiveness, resilience and capacity to act. Europe must be able to develop, deploy and maintain critical technologies without excessive external dependencies, while remaining open to global markets and reliable partners. Cybersecurity should be embedded by design, strengthening trust and the competitiveness of European technologies. Building on its strong industrial base, research excellence and high-quality data, Europe should establish Industrial AI as a core European industrial capability, translating technological innovation into productivity gains and global competitiveness. Achieving technological sovereignty also requires secure access to high-performance semiconductors.

Key measures:

- scaling up European industrial AI, including access to computing, industrial data, advanced frontier models and skills, while ensuring the sustainability of AI and building on relevant ongoing initiatives, such as the IPCEI on AI, as appropriate;
- designing trusted and secure digital systems to prevent irreversible dependencies, through interoperability, open standards, modularity, open-source solutions and effective switching between providers;
- building trusted digital infrastructure as a foundation of the European digital value chain, strengthening European technological capabilities, reducing excessive dependencies on non-European providers and fostering cooperation with trusted partners, including through the Cloud and AI Development Act, in coherence with Chips

Act II and the EU Open Source Strategy, while preserving effective national control over critical systems and data and ensuring access to energy and connectivity;

- scaling up European semiconductor capabilities by focusing on the conquest of new value creation in high-strategic areas such as Industrial AI, photonics, design, advanced packaging and defence;
- strengthening European enablers in net-zero energy systems, including renewable and low-carbon power generation, energy storage, smart grid infrastructure and decarbonised industrial processes, while reducing strategic dependencies on third-country providers and securing European energy sovereignty;
- fostering resilient, sustainable and inclusive European technology value chains across the Single Market, strengthening critical capabilities and diversifying sources of supply;
- turning European research excellence into industrial capabilities, strengthening the links between research, industrial deployment, cybersecurity, standardisation and scale-up, including through industrial elements of the forthcoming Quantum Act;
- accelerating the deployment of innovative technologies in the Single Market and the implementation of industry-led strategic investment projects in critical technologies, by improving investment conditions through coordinated action by Member States and the European Commission, as well as by simplifying and shortening approval, authorisation and certification procedures, enabling European innovation to move faster from research and demonstration to industrial deployment and scale;

5. Safeguarding Europe's industrial base in global competition

Growing global macroeconomic imbalances are increasingly affecting European industry. Global overcapacity and unfair trade practices stemming from non-market policies are putting pressure on European production and contributing to a broader industrial shock affecting key sectors of the European economy. Enhancing the EU's competitiveness should be accompanied by ensuring a global level playing field. Trade policy should combine effective protection against unfair practices with preventive action to reduce critical dependencies and prevent irreversible losses of strategic industrial capacity, while respecting the EU's international obligations.

Key measures:

- ensuring faster, broader and more strategic use of trade defence instruments (anti-dumping, anti-subsidy and safeguard measures) with adequate resources and streamlined proceedings, including the prompt imposition of provisional measures where warranted, to enable action before strategic production capacity is lost;
- establishing risk-based prioritisation based on objective and transparent criteria, and an effective early-warning system supported by import surveillance, taking into account impacts across EU value chains, economic security, import dependency, global overcapacity and the risk of losing critical EU production capacity;
- improving access to trade defence instruments, in particular for SMEs, both as complainants and as interested parties, by simplifying procedures, questionnaires and data requirements where possible, while preserving the robustness of investigations;
- considering the use of *ex-officio* measures, particularly where there is a risk of targeted retaliation;
- strengthening action against circumvention, absorption and trade diversion, including trade diversion resulting from third-country tariff measures, through a value-chain approach, taking into account shifts and interdependencies between raw materials,

intermediate goods and final products, while balancing effective protection of upstream production with the competitiveness of downstream industries;

- tailoring trade defence measures to market and value-chain conditions, including through minimum import prices and tariff-rate quotas, while taking into account their effectiveness and proportionality, security of supply, critical production capacity and impacts on downstream industries, including SMEs, based on reliable data and analysis;
- shaping DiversifyEU to derisk and reduce excessive dependencies and supply-chain concentration and to prevent emerging concentration risks through sector-specific plans supporting supply diversification, trusted partnerships and stronger EU production, processing and recycling capacities, complemented in parallel by a resilience tool enabling proportionate and temporary measures where critical supply risks cannot be adequately addressed through diversification or existing instruments;
- preparing against unjustified or disproportionate retaliatory measures through effective deterrence in line with international rules and obligations and based on reliable data and analysis;
- using demand-side instruments that contribute to creation of European lead markets under the Industrial Accelerator Act, including through proportionate Union-origin criteria that strengthen European production capabilities in targeted sectors, while ensuring a level playing field and safeguarding the integrity of the Single Market.

6. Reconciling industrial competitiveness and decarbonisation

Decarbonisation must remain compatible with maintaining a strong, competitive and sustainable European industrial base. The ETS and CBAM should provide predictable investment conditions, effective protection against carbon leakage and a level playing field for European producers competing globally. Any policy instruments aimed at advancing decarbonisation that affect access to the EU Single Market must safeguard a level playing field, duly taking into account the different starting points of Member States in their energy transition and the conditions necessary to ensure an economically viable industrial transition that generates value.

Key measures:

- ensuring a predictable and investment-compatible ETS, providing to a more gradual and measured emissions reduction trajectory for industry and the energy sector, while preserving environmental integrity of the EU ETS and its contribution to the Union's agreed climate objectives, with a view to providing long-term regulatory stability, mitigating excessive carbon-price volatility, supporting industrial investment, promoting technological modernization, resource efficiency and enabling sustainable value creation across Member States;
- preserving effective and targeted carbon-leakage protection, by maintaining free allowance allocations as a key safeguard against carbon leakage, considering modifications to calculation of the benchmarks and of the cross sectorial correction factor (CSCF), ensuring that the pace of their phase-out takes into account the effectiveness of CBAM;
- extending indirect ETS cost compensation after 2030 for sectors that are both energy intensive and exposed to international trade;
- ensuring a balanced and effective implementation of CBAM, by maintaining coherence between its phase-in and the phase-out of free allowances, while allowing for a reassessment of the pace of the phase-out in light of the evidence based assessment of

effectiveness of CBAM and sector-specific circumstances and ensuring effective protection against trade diversion for downstream industries as well as timely, WTO-compatible solutions to address carbon-leakage risks affecting EU exports;

- ensuring the contribution of ETS revenues to industrial transformation and to safeguarding investment leakage, by reinvesting them through relevant EU and national instruments, including the Innovation Fund, the Modernisation Fund and the Industrial Decarbonisation Bank and its Investment Booster, to support industrial decarbonisation and thereby reducing production and energy costs, improve energy and resource efficiency, foster innovation and develop the necessary enabling low-carbon infrastructure;
- simplifying RFNBO requirements in industrial sectors and exploring their adjustment in the context of the post-2030 framework with a view to ensuring cost-effective decarbonisation, while enabling investments into hydrogen production, infrastructure, use and imports;
- allowing Member States flexibility in implementing the RED III directive in line with the objectives of the existing legislation;
- emphasising the importance of the forthcoming impact assessment of the EU's post-2030 renewable energy framework;
- combining proportionate Union-origin requirements with low-carbon criteria in selected sectors covered by the Industrial Accelerator Act, that support decarbonisation and safeguard level playing field within the Single Market.

7. From regulation to results

European industry cannot afford to wait for successive new initiatives whose benefits may take time to materialise. With a comprehensive regulatory framework already in place, the priority must now shift to effective enforcement, implementation, continuous simplification and delivery of results. Europe needs a clear, predictable and simple regulatory environment that enables investment, innovation and industrial growth. Regulatory restraint must become a permanent principle of EU policymaking.

Key measures:

- shifting from commitments to delivery by ensuring the effective implementation of agreed policies and the adoption of initiatives set out in the One Europe, One Market Roadmap, as well as finalising the Automotive package, translating them into tangible improvements in investment, production, innovation and industrial capacity;
- adhering to the principle of regulatory self-restraint, combined with a proportionate assessment of the impacts of new initiatives, while placing greater emphasis on the implementation and simplification of the existing framework;
- sustaining the simplification drive until it delivers tangible regulatory relief for businesses, including by revisiting areas where previous measures have proved insufficient;
- simplifying and digitalising industrial permitting procedures to significantly shorten the time required to obtain permits, while maintaining high standards of environmental protection, health and safety;
- applying better regulations principles and simplicity by design consistently from the outset, starting with Commission proposals and carrying it through the entire legislative and implementation process;
- making Think Small First a core principle of EU policy making to eliminate disproportionate regulatory burdens on SMEs across EU legislation;

- strictly limiting the use of delegated and implementing acts to technical matters, ensuring that essential policy choices and substantial new obligations remain in the basic legislation and are subject to full scrutiny by the co-legislators.