

# Cities for the Clean Industrial Deal

Cities, the economic engine of Europe's green transition



Cities have a strategic role to play in implementing the Green Deal and advancing the Clean Industrial Deal objectives by ensuring that climate and competitiveness ambitions are not only coordinated at the EU level, but also supported through concrete actions at the local level, including collaboration with the private sector, procurement policies, innovation policies, job creation and the skills agenda.

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**C40**  
CITIES

Cities are ideally positioned to lead programmes and policies that advance the Clean Industrial Deal.

Local leaders play a key role in advancing climate and social objectives, ensuring that sustainable growth is embedded within urban development strategies and that communities and workers most impacted by the transition are included and protected. While national governments provide essential resources, city governments are uniquely placed to support SMEs, labour organisations, and local businesses, facilitating a just transition that leaves no one behind.

As economic powerhouses, cities generate more than 80% of global GDP (World Economic Forum). In Europe, urban areas have been key drivers of demographic and economic growth for over two decades (OECD). Cities with over 500,000 residents now account for 60% of total employment and GDP growth since 2001. With city governments spending approximately \$6 trillion annually - 8% of global GDP - on goods and services, their procurement power is a game-changer for shifting markets, stimulating innovation, and scaling up SMEs and start-ups.

SMEs, which represent over **99% of EU businesses** and employ 85 million people (European Commission), are vital to Europe's economy. Cities act as innovation hubs, fostering ecosystems that support SMEs and start-ups through streamlined procedures, financial incentives, and tailored programs. For example, Paris, a leader in supporting start-ups, enables company registration in under four days with minimal bureaucracy.

As the closest level of government to these businesses, cities can also support SMEs in navigating the transition to a clean economy by providing capacity-building programmes, financial incentives, and an enabling environment for innovation. For instance, through the **Lisboa Sustentavel Empresas** programme, Lisbon has delivered free ESG reporting training to SMEs, helping them meet new climate-related requirements from customers and supply chains.

Cities also drive sustainable employment. According to C40 data, investing in green jobs could boost employment by 30% compared to business-as-usual approaches, with significant health and environmental benefits.

**C40 aims to drive the creation of**  
**50 million**  
**good green jobs globally by 2030**

Today, European C40 cities lead the way, with 2.3 million green jobs, which represent approximately 8% of all jobs in these cities, with 1.3 million jobs in sectors like renewable energy and waste collection, and nearly 1 million jobs indirectly supporting green industries (**C40 Green Jobs**).

Finally, European cities serve as critical transport and logistics hubs, enabling trade and connecting global markets. By prioritising low-carbon infrastructure and sustainable logistics, cities are ensuring that economic competitiveness and climate goals go hand in hand.

## Why are cities hubs of innovation?

- **Dense Population and Talent Pool:** City life fosters interaction and collaboration, leading to the exchange of ideas, knowledge and skills.
- **Access to Resources:** Cities provide access to funding, research institutions, universities, and infrastructure, which support the development and scaling of new ideas.
- **Networking Opportunities:** Proximity to other businesses, startups, and innovation networks facilitates partnerships and mentorship, accelerating growth and creativity.
- **Access to Markets:** Cities have large, diverse populations, allowing innovators to test and refine products and services in real-time based on direct feedback. Cities can provide living labs for innovators.
- **Cultural Hubs:** Cities promote creativity and inspire new ways of thinking, supporting the development of innovation and diverse groups working together.

# A Clean Industrial Deal that works for Cities and Citizens

For Europe to lead in sustainable industry and achieve its climate goals, the Clean Industrial Deal must be **bold, ambitious, and city-focused**. Cities have the potential to turn climate ambition into economic opportunity—but they need the right tools: direct funding, a strong governance role, and streamlined access to investment.

In order to fulfil these ambitious goals the Clean Industrial Deal must:

## 1. ALIGN EU CLIMATE AND INDUSTRIAL GOALS

Achieving at least a 90% net emissions reduction by 2040 demands a fully integrated Clean Industrial Deal that aligns climate policy with industrial strategy. This commitment should be backed by a clear fossil fuel phase-out strategy, prioritising clean energy investment and infrastructure. Cities are key actors in industrial decarbonisation, given their role in shaping land use, transport, and energy systems. Cities not only drive demand for clean technologies but also facilitate their deployment at scale, ensuring that industrial transformation delivers tangible economic and social benefits.

### ROTTERDAM

The **BRIDGE** programme supports schoolchildren to choose vocational studies in green areas, improving their access to good-quality jobs and helping companies find essential workers. Seven months after the BRIDGE career support began, all schools in Rotterdam South were taking part, with 1 800 9-year-olds starting the programme each year. Over 60 teachers are being trained in careers guidance, 1 300 older students are receiving mentoring and 300 have started training with a career start guarantee. Six employer associations are in BRIDGE, representing over 100 businesses, including major employers. Public procurement conditions and social impact bonds encourage more companies to contribute to BRIDGE, financially or through career start guarantees.

This is also in line with the principles of the **Coalition for High Ambition Multi-level Partnerships** (CHAMP), a 75-country strong Coalition, including 12 European Member States, launched at COP28. CHAMP seeks to strengthen the cooperation between local, regional governments and national governments to elevate national climate ambition and accelerate the delivery of collective action.

To achieve this the EU must:

- Provide direct funding for city-led industrial decarbonisation projects, bypassing national bureaucratic delays.
- Establish structured city-EU dialogues to ensure industrial policies reflect urban economic needs.
- Strengthen multilevel governance frameworks, ensuring that local, national, and EU policies are harmonised, giving businesses the certainty they need to invest in infrastructure and workforce upskilling for the long term.
- Guarantee funding conditionality, ensuring that public investments support sustainability and do not undermine climate commitments.

### LONDON

London is supporting adult learning, workforce development and inclusion to meet the needs of the green sector. The Mayor's **Green Skills Academies** and **Skills Bootcamps** bring together employers and training providers to deliver industry relevant training to ensure Londoners have the skills they need to enter good green work. While the **Workforce Integration Network** works with green employers to support them to create pathways for underrepresented groups into the workplace, particularly for residents who may have traditionally been excluded from these opportunities, such as women and Londoners from Black, Asian, and minority ethnic backgrounds.

## 2. STRENGTHEN INNOVATION HUBS AND PUBLIC-PRIVATE COLLABORATIONS

Creating an environment to foster urban innovation is key to delivering clean industrial transformation. However, the current EU industrial framework does not provide adequate support, to rectify this we need to see:

- Expansion of direct funding for city-led innovation hubs and SME support programs.
- Enhanced public-private partnerships (PPPs) to accelerate renewable energy, circular economy solutions, and green infrastructure. These partnerships should be designed to attract private capital while ensuring that public interests remain protected.
- Streamlined access to funding for city-business collaborations, cutting red tape that slows innovation.
- Supporting urban circular economy initiatives, ensuring sustainable material use and waste reduction in industrial supply chains, this should be built into all future industrial policies.

### MADRID

Madrid's TándEM project, on skills development and labour inclusion, provides professional training in building retrofit and renewable energy installation to 61 people from vulnerable groups – migrants, unemployed youth and women.

### VISIBLE

By learning from diverse stakeholders about the social and economic barriers to a just transition, the cities of London, Madrid and Oslo are piloting **clean construction practices** that aim to mainstream social equity and economic viability.

## 3. MOBILISE PUBLIC AND PRIVATE CAPITAL FOR CLIMATE ACTION

Industrial transformation is capital-intensive. The EU must ensure that the next Multiannual Financial Framework (MFF) enshrines climate and biodiversity spending targets to align funding with the European Green Deal. A central component of this should be a dedicated competitiveness fund accessible to cities, ensuring they can scale climate solutions at the local level. To ensure sufficient investment, the EU must:

- Expand the Social Climate Fund and the Just Transition Fund to support communities most affected by the green transition.
- Develop new EU own-resource strategies for stable, long-term financing of clean industrial investments. Long-term, predictable funding streams are essential to de-risking clean industrial investments.
- Ensure that accessing EU funding is conditional on delivering clear climate and social benefits. Industrial subsidies should not be used to prop up fossil fuel-dependent sectors.
- Promote blended finance models, leveraging private capital alongside public investment to de-risk sustainable projects. The EU should play a proactive role in shaping financial markets to favour climate-friendly investments.

### AMSTERDAM

Through its Circular Economy 2025 strategy, Amsterdam aligns its local policies with EU sustainability goals by fostering resource efficiency and supporting local circular businesses. This creates an integrated framework for decarbonising industries while boosting economic resilience.

## 4. ENSURE A JUST TRANSITION AND SUPPORT SKILLS AND QUALITY GREEN JOBS

Decarbonisation must uplift workers, not leave them behind. It is important to be upfront about the fact that some jobs will be lost - but far more will be created - and to demonstrate that there is a plan to mitigate job losses. To achieve a socially fair transition, the EU must:

- Fund workforce upskilling and reskilling programmes in clean and circular industries. This would have the added benefit of ensuring climate projects have the skilled workforce in place to deliver them. Currently, more than three quarters of companies in the EU **report difficulties** in finding workers with the necessary skills.
- Prioritise stable, high-quality jobs and ensure fair wages in the green economy.
- Strengthen social protections, integrating cities and unions into workforce transition planning.
- Support cities in addressing social inequalities through investments in affordable and sustainable housing and green job access.
- Leverage the clean investment funding as an opportunity to do things differently e.g. support decent jobs, support access for young people to skills, create policy responses to growing informality and cost of living challenges.

## 5. LEVERAGE PUBLIC PROCUREMENT FOR INNOVATION AND CLEAN INVESTMENT

Public procurement must shift from a cost-driven approach to a sustainability-focused model. The EU should:

- Establish EU-wide green procurement guidelines to drive clean industrial demand.
- Support cities in innovative procurement models, such as collaborative purchasing and pre-commercial procurement, to scale clean solutions.
- Encouraging cities to integrate sustainability criteria into all public procurement processes
- Prioritise SME-friendly procurement, ensuring local businesses benefit from the green transition.
- Support collaborative procurement models: Cities can work together to adopt common standards and pool resources for procurement, enhancing their purchasing power and accelerating green transitions.

For Europe to lead in sustainable industry, cities must be **central architects, not just implementers** of the Clean Industrial Deal. The EU must provide them with the **funding, governance role, and procurement frameworks** necessary to drive industrial transformation.



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