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Port of Fujairah



Port of Fujairah
United Arab Emirates

The background of the central text area is a blue field with twelve yellow stars arranged in a circle, resembling the European Union flag. Overlaid on this are black silhouettes of high-voltage power transmission towers and their connecting lines.

EUROPEAN ENERGY STRATEGY EU Must Replace Energy Idealism with Industrial Realism

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EU Must Replace Energy Idealism with Industrial Realism



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FETSA's roadmap urges Europe to pivot from symbolism to pragmatism—adopting flexible climate targets, welcoming foreign capital, investing in stockpiles, and embracing all viable technologies. By focusing on affordability, partnership, and implementation, the EU can reverse deindustrialization, secure energy supplies, and rebuild the foundations of European industrial competitiveness.

Europe's industrial competitiveness is being quietly dismantled by well-intentioned but self-defeating energy and climate policies. The European Commission's Clean Industrial Deal and Affordable Energy Package promise transformation, yet deliver symbolism. If Europe wishes to preserve its industrial base, it must abandon ideological rigidity and embrace pragmatic reform.

At the heart of the problem lies a disconnect between climate ambition and economic reality. Europe's decarbonization targets were designed for boom times, not an era of weak growth and fiscal strain. Linking emissions goals dynamically to GDP would allow industry breathing space during downturns and ensure environmental progress doesn't come at the cost of mass deindustrialization.

Equally damaging is the EU's growing hostility toward foreign investment. The bloc's foreign subsidy regulations have created barriers for trusted partners such as the UAE, whose capital could modernize Europe's aging infrastructure. Rather than punishing investors under the guise of "strategic autonomy," Brussels should welcome responsible capital to revive terminals, pipelines, and

energy logistics networks essential for competitiveness. A pragmatic European energy strategy must start with the basics: energy security and affordability. Expanding national and regional stockpiles for fuels and feedstocks is one of the most tangible steps toward resilience. These storage investments, coupled with dual-use logistics and modernized pipelines, offer both commercial opportunity and geopolitical insurance.

Policy must also become technology-neutral. Europe's refusal to embrace nuclear power, carbon capture, and blue hydrogen has delayed progress and raised costs. Every credible pathway to net zero must include all technologies that cut emissions affordably and reliably. Sanctions and tariffs, meanwhile, should not be imposed without industrial affordability tests. Europe cannot afford policies that punish its own manufacturers more than geopolitical adversaries. A balance must be struck between moral leadership and material self-preservation.

Above all, the energy transition must be built with industry, not against it. Redirecting subsidies toward energy-intensive users, enhancing cross-border corporate cooperation, and improving labour productivity through targeted immigration and upskilling can all help re-anchor Europe's competitiveness. The European project has always thrived when driven by realism, not rhetoric. Its next chapter must return to that tradition—one of pragmatic leadership, open investment, and shared prosperity. Europe's energy future depends on whether it can bridge the gap between its ideals and its industries. ■

Top 10 Recommendations for fixing the EU's failing energy strategy and restoring industrial competitiveness

1. Realign Climate Targets with Economic Reality

Europe's climate ambitions must adapt to economic conditions rather than remain rigid. Linking emissions targets dynamically to GDP growth ensures that when economies can afford deeper decarbonization, they proceed—but during slowdowns, they prioritize jobs and competitiveness. This flexibility would prevent further deindustrialization and restore credibility to EU energy policy.

2. Reform Foreign Subsidy & Investment Screening Rules

The EU's aggressive enforcement of foreign subsidy regulations discourages much-needed investment from trusted partners like the UAE. Brussels should separate legitimate national security screening from protectionist barriers, encouraging strategic FDI into energy storage, terminals, and infrastructure. Revitalizing foreign capital inflows is essential to reindustrializing Europe's struggling energy base.

3. Establish Strategic Energy & Feedstock Stockpiles

Europe urgently needs to expand national and regional stockpiles of both fossil and low-carbon fuels. Building strategic reserves of crude, refined products, and biofuel feedstocks will enhance resilience, stabilize supply, and attract terminal investment. Stockpiles are tangible assets that strengthen energy security and reduce vulnerability to global disruptions or sanctions.

4. Adopt Technological Neutrality Across Energy Transition

Europe's fixation on renewables alone undermines practical decarbonization. A technology-neutral approach—embracing nuclear, carbon capture, e-fuels, and hydrogen—would unleash investment diversity and cost efficiency. Recognizing carbon capture and nuclear as solutions rather than threats can balance emissions goals with industrial competitiveness and ensure a realistic, affordable transition pathway.

5. Conduct Affordability & Impact Tests Before Sanctions

The EU should perform formal "Industrial Affordability Tests" before imposing sanctions or trade restrictions that impact energy flows. Current policies disproportionately hurt European industries and consumers. Testing the economic cost and competitiveness impact of sanctions ensures that geopolitical posturing does not translate into higher energy bills and job losses.

6. Strengthen Energy Partnerships with the UK & Turkey

Reinforcing energy and trade cooperation with immediate neighbours—particularly the UK and Turkey—would deliver faster results than negotiating distant alliances. Shared infrastructure, cross-border logistics, and pipeline connectivity can lower costs and secure supply chains. Pragmatic regional diplomacy must replace fortress-style protectionism to rebuild Europe's industrial energy competitiveness.

7. Redirect Subsidy Frameworks Toward Industrial Users

Energy subsidies should prioritize industrial users—the economic backbone of Europe—rather than primarily consumers. Redirecting funds to energy-intensive sectors like steel, refining, and chemicals would sustain jobs and competitiveness while still advancing low-carbon innovation. Support must balance environmental ambition with economic survival, ensuring industries remain globally viable.

8. Enhance Public-Private Cooperation Across Borders

Europe's fragmented corporate landscape weakens its policy influence. Governments and industry federations should foster stronger cross-border alliances among logistics, energy, and manufacturing players. A unified private-sector voice could counter bureaucratic inertia in Brussels, streamline permitting for major infrastructure, and champion pragmatic, industry-led solutions to energy and competitiveness challenges.

9. Improve Labour Productivity and Skilled Immigration

Europe's labour productivity crisis and restrictive migration policies are eroding competitiveness. Adopting targeted immigration reforms, vocational training, and upskilling programs—modeled on Spain's pragmatic approach—can revitalize its industrial workforce. A larger, more skilled labour base will attract investment, support industrial renewal, and offset demographic decline across EU economies.

10. Replace Symbolic Legislation with Deliverable Projects

Europe's "Clean Industrial Deal" and "Affordable Energy Package" are symbolic gestures lacking real impact. The EU must focus on deliverable projects—grid modernization, carbon-capture hubs, low-carbon fuel infrastructure—financed through blended public-private investment. Tangible results, not slogans, will rebuild trust in EU policymaking and demonstrate that Europe can still compete globally. ■

