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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	Proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors (Industrial Accelerator Act) -Guidance for further work

Background

The Industrial Accelerator Act (IAA) adopted by the Commission on 4 March, 2026, aims at improving the functioning of the internal market by speeding up the decarbonisation and expansion of Europe's industrial capacity while strengthening supply chains in strategic sectors.

At the European Council in March 2026, leaders highlighted that to drive growth in Europe it is critical to improve the conditions for a sustainable and productive industrial base and to that end called on the co-legislators to agree the IAA by the end of 2026. The Council, the European Parliament and the Commission agreed that objective in the One Europe, One Market Roadmap in April 2026.

The Permanent Representatives Committee is invited to express views on the questions posed below which call for consideration of how best to simplify and streamline the proposal while retaining its overall ambition.

This discussion will provide timely strategic input to the development of the second compromise text which will be delivered by the Presidency at the end of July, allowing the focus to shift to the more strategic elements of the proposal after the summer break.

Objectives of the Accelerator Act

The IAA proposes measures aimed at improving the functioning of the internal market by increasing the scale of resilient and decarbonised industrial manufacturing in the EU, with a focus on Energy-Intensive Industries (EIIs), net-zero technologies, and the automotive industry. It seeks to secure the contribution of these strategic sectors to Europe's competitiveness, economic security, and sustainable growth. The approach proposed by the Commission rests on achieving three aligned policy outcomes:

(i) creation of lead markets for clean industrial products;

(ii) strengthening resilient investment in strategic sectors; and

(iii) faster permitting and improved enabling conditions for industrial projects, including through the creation of Industrial Manufacturing Acceleration Areas.

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Toward each of these outcomes, the IAA proposes a set of policy interventions. Briefly these are:

(i) The proposal seeks to establish lead markets through the targeted application of 'Union origin' and low-carbon criteria in markets influenced by public intervention, thereby strengthening the business case for investment, and developing economies of scale for steel, aluminium and cement, components for automotive and net-zero technologies. In March 2026, the European Council highlighted the importance of establishing a targeted and proportionate 'European preference' in strategic sectors and technologies. The Commission estimates that low-carbon demand measures alone could generate more than EUR 600 million of additional value in the steel, aluminium, and cement industries by 2030, and up to EUR 10.5 billion across the automotive value chain.

(ii) To strengthen resilient investment in strategic sectors, a mechanism to approve foreign direct investments in Solar, Batteries, EV and Critical Raw Materials sectors is proposed. The proposal aims to ensure that inward investments are additive to Union manufacturing capabilities, by attaching conditions if the value of investment exceeds EUR 100 million and more than 40% of global manufacturing is held by the third country of which the foreign investor is a national undertaking.

(iii) To speed up the permitting of industrial manufacturing projects, it is proposed that each Member State shall establish a digital single permit-granting procedure covering all permits required for industrial manufacturing projects, which project developers will access via a digital Single Access Point. The proposal further extends the streamlined administrative and permit-granting process of the Net-Zero Industry Act (NZIA) to all energy-intensive decarbonisation projects. Member States shall also designate at least one industrial manufacturing acceleration area (IMAA) within their territory. Each IMAA shall provide enabling conditions to industrial manufacturing activities, including benefits on financing, energy infrastructure and skills development. In addition, each IMAA shall be covered by an aggregated baseline permit covering the permits and administrative authorisations required for industrial manufacturing projects and excluding those that are installation specific.

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Simplification

During the Ministerial debate at the Competitiveness Council in May, and subsequent discussions in the Working Party on Competitiveness and Growth (Industry), Member States were generally supportive of the proposal's objectives, while raising concerns regarding the complexity of the Commission's proposal. There is a strong consensus to simplify the text and ensure that the final measures can be implemented in a clear and consistent manner across the Union.

In this regard, the recent Communication from the Commission, "*A Simpler, Clearer and Better Enforced EU Rulebook*" provides a useful lens through which measures can be examined. The "simplicity by design" principle aims to deliver legislation where those impacted easily understand what is required of them and when and how new rights and obligations interact with existing ones, how compliance is achieved, and what happens if obligations are not met.

Regulatory discipline is also a key dimension of the "simplicity by design" principle. In line with this Communication, it is important that Member States are satisfied that the IAA proposes policy intervention only where EU-level action is necessary, brings added value, and that the principles of subsidiarity and proportionality are applied in a manner consistent with Union law. The Commission's IAA proposal foresees the necessity of nine pieces of secondary legislation (six Delegated Acts and three Implementing Acts). Regulatory discipline ensures the choice of legal instrument is well founded, based on the aim and content of the measure and takes into account the need for legislative efficiency.

The Communication also advances that leaner and more accessible legislation requires a clear relationship between laws and the elimination of overlaps and redundant provisions. Given the significant level of interaction between the IAA and other legislation, both existing (e.g. NZIA, Foreign Investment Screening Regulation, Construction Products Regulation) and proposed (e.g. CO_2 Emission Standards Regulation, Clean Corporate Fleets, Speeding Up of Environmental Assessments Regulation), full consistency and clarity should be ensured between it and the wider Union legislative framework as well as with international obligations.

There is wide support for the objectives set out in the IAA, though many Member States continue to have reservations about its complexity, and the additional burden of regulation on public bodies, manufacturers, and consumers. Some Member States have doubted its practicality and questioned the credibility of implementation timelines. Equally, Member States expressed support for taking action that can be consistently implemented, monitored and enforced whilst ensuring a level playing field among the Member States. Similarly, there is recognition of the need to reduce the potential for circumvention while avoiding disproportionate enforcement burdens. Before fine-tuning the policy interventions included in the proposal, it is vital to establish an agreed understanding of how the Council intends to strike an appropriate balance between achieving the IAA's policy objectives and simplification.

Q1. In establishing lead markets through 'Union origin' and low carbon requirements, how can the IAA minimise the administrative burden placed on public bodies and industry, while promoting European manufacturing, incentivising decarbonisation, and enhancing its resilience?

Q2. In applying conditionalities on foreign direct investment from third countries with dominant positions in emerging strategic manufacturing sectors, what balance should the regulation seek to find between ensuring that foreign investments in emerging strategic sectors significantly bolster Union production capability and the risk of dampening investment through the creation of additional administrative barriers?

Q3. Where can the IAA effectively strengthen enabling conditions for industrial activity clustered in acceleration areas and add most value in facilitating the streamlining of permitting processes and speeding up of approvals processes to enable efficient delivery of industrial manufacturing projects?