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WORKING DOCUMENT

From:	Presidency
To:	Delegations
Subject:	Proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors (Industrial Accelerator Act) - Second Presidency compromise text (compare version of doc ST 12236/26 REV1 to the Commission proposal in doc ST 7009/26 + ADD 1)

2026/0068 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a framework of measures for the acceleration of industrial capacity and

decarbonisation in strategic sectors and amending Regulations (EU) 2018/1724, (EU) 2024/1735 and (EU) 2024/3110 (Text with EEA relevance)

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Whereas:

(1) The global COVID-19 pandemic, Russia's illegal and unprovoked war of aggression against Ukraine, hostile economic actions, cyberattacks, foreign interference, the weaponisation of Union economic dependencies, arbitrary deployment of trade measures, the increasing effects of climate change and rising geopolitical tensions have exposed the Union's vulnerabilities and **dependencies, which can** pose a serious threat to the Union's ~~societies, economies, and undertakings~~**economic security**. The Union's economic security is ~~therefore inextricably linked to its capacity to strengthen resilience and mitigate risks arising from hostile~~**essential for the Union to maintain its values, its principles and the wellbeing of its citizens, as well as to reinforce its territorial, social and** economic ~~interconnections~~**cohesion**.- The Union is committed to protecting its economic security and addressing threats to its supply chains, infrastructure, key technologies and threats coming from the weaponisation of its economic dependencies[1]. The Union's economic security ~~and social cohesion are~~**is** inextricably linked to its capacity to strengthen its resilience and mitigate the risks arising from **hostile** economic interconnections. ~~That requires the strengthening of~~**It is, therefore, appropriate for the Union to take measures to strengthen** the resilience of its supply chains and ~~the safeguarding of~~**safeguard** its internal market and industrial capacity, while maintaining territorial, social and economic

[1] https://www.consilium.europa.eu/en/policies/european-economic-security/

cohesion, ~~including by fostering~~**by promoting** a strong and competitive industrial base in selected strategic sectors~~, such as clean and digital technologies, energy-intensive industries and the automotive sector, to secure access to strategic materials and technologies and retain high-quality jobs in the Union~~ **and by protecting its security and economic independence**.

(2) The European Economic Security Strategy[2], and the Economic Security Communication of 3 December 2025[3] clearly set the Union's pathway towards addressing geo-economic tensions and technological shifts**. It seeks to reduce current** ~~to avoid~~ economic **high-risk** dependencies **in the single market and counter efforts to create new ones, and avoid a single point of failure** in critical industrial supply chains, technologies and infrastructures which can lead to local shortages and threaten the Union's competitiveness, economy and ultimately its **security and** social cohesion.

(3) ~~Despite the Union's objectives of economic security, resilience, quality jobs and climate neutrality, manufacturing capacity has decreased over the last 20 years.~~ The share of manufacturing in total GDP has declined from 17.4% to 14.3% between 2000 and 2024. ~~It is therefore necessary~~**In order** to strengthen economic resilience, competitiveness and job creation, while also ensuring that the Union's climate and energy targets are met~~.~~**, the European Union, working in close cooperation with Member States should seek to boost the value of** the Union's manufacturing ~~capacity should aim to account for at least 20% of the Union's gross domestic product~~**sector by 30%** by 2035. The development of industrial manufacturing projects within the Union should be facilitated ~~to contribute~~**as one of the measures contributing** to that objective.

(4) The challenges posed by the need for industrial decarbonisation and for a resilient industrial production **in the Union** are complex and transcend national borders. Fragmented national measures aimed at tackling those challenges risk undermining the functioning of the internal market. Measures adopted by individual Member States could lead to divergent requirements imposed on market operators, inconsistent procurement practices ~~and~~**,** divergent permit-granting procedures **and divergent foreign investment conditions** across Member States. Such measures could create obstacles to cross-border

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2 Joint Communication to the European Parliament, the European Council and the Council on "European Economic Security Strategy" (JOIN/2023/20 final).

3 Joint Communication to the European Parliament and the Council on Strengthening EU economic security (JOIN(2025)977 final).

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trade within the Union and distortions on the internal market, undermining investor confidence, increasing costs, and redirecting investment flows within the Union. It is therefore necessary to establish harmonised measures to ensure the proper functioning of the internal market.

(5) To ensure legal certainty, reference should be made to the most recent revision of the European Classification of Economic Activity (NACE, Rev. 2). In order to ensure consistency with existing Union legislation and enable the uniform application of this Regulation across the Union, industrial manufacturing as well as energy-intensive industries should be defined by referring to the NACE classification codes[4].

(6) Energy-intensive industries are a key pillar of the Union's prosperity. They enable a wide range of downstream industries and contribute to the Union's economy by creating jobs, supporting growth and fostering innovation. However, they also account for around 22.3% of the Union's greenhouse gas emissions and require substantial investments in decarbonisation, leading also to reduced pollution. The **recycling, resource circularity and resource efficiency activities within those sectors have a vital role to play in reducing their carbon footprint and are considered essential elements of those sectors for the purposes of this Regulation. The** combination of high energy prices, the need for large-scale decarbonisation investments**, coupled with increased regulatory requirements and pressure from** ~~and~~ unfair global competition places energy-intensive industries at a competitive disadvantage, and there are growing signs of industrial decline.

(7) Net-zero technologies are pivotal to achieving the Union's energy and climate targets. They play a crucial role in reducing greenhouse gas emissions and enabling the decarbonisation of a wide range of economic sectors, including building, transport and the industry. They are also key in advancing sustainable energy solutions, by enabling the decarbonisation of the energy supply and providing innovative solutions to enable the needed expansion and digitalisation of electricity grids and the energy system as a whole. However, the Union's net-zero technology manufacturing sector faces significant challenges, including increasing global competitive pressures and supply chain vulnerabilities which endangers the Union's competitiveness and economic resilience.

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[4] With the exception of NACE Code C12, e-liquids used in vaping devices and nicotine-containing products under C20.59 and manufacture of electronic cigarettes and tobacco heating devices under C32.99 (unless they are authorised as medicinal products or certified as medical devices).

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(8) The bioeconomy is able to provide sustainable biomass and bio-based solutions for industrial production. The Commission communication "A Strategic Framework for a Competitive and Sustainable EU Bioeconomy"[5] identifies lead markets, such as **sustainable** bio-based plastics and polymers, bio-based chemicals and biobased construction products, as well as lead technologies that can support the Union's strategic autonomy and the **sustainable** decarbonisation of the industrial sectors identified in this initiative.

(9) The automotive industry is a cornerstone of the Union economy. With a view to delivering on the Union's climate **and environmental** policy objectives, over the past years, the European automotive industry has been investing heavily in the development of cleaner vehicles and innovative components. Electric vehicles and electric vehicle components, including traction batteries, e-powertrain components and electronic systems, are essential technologies for advancing the decarbonisation of road transport. However, as a result of costs disadvantage and the transformation of the value chain with an increasing value share for batteries, e-powertrain and electronics, the level of Union content in vehicles produced in the Union is decreasing. It is no longer possible to postpone effective measures to avoid the risk of local production being displaced. In the absence of such measures, the current circumstances would lead to a full reliance on third countries for key vehicle components. That would be a serious threat to the Union's economic security and future resilience, as well as for its climate **and environmental** goals.

(10) The unpredictability, complexity and, at times, excessive length of national permit-granting procedures undermine the cost-effectiveness of investments necessary for the development of industrial activities. Therefore, and in order to ensure and speed up the effective implementation of industrial manufacturing activities, Member States should apply streamlined and digitalised permit-granting processes **and ensure that application procedures for industrial manufacturing projects are simplified, without undermining the Union's climate and environmental objectives. The permit-granting procedure in this Regulation refers to any administrative authorisations required for the completion of a project that are issued by Member States'**~~. A~~ competent ~~authority~~**authorities including any potential prerequisites or authorisations needed to**

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[5] Communication from the Commission to the European, the Council, the European Economic and Social Committee and the Committee of the Regions, A Strategic Framework for a Competitive and Sustainable EU Bioeconomy (COM(2025)960).

request or obtain the grid connection. However, the process for connecting to the grid which is handled by the system operators and their final agreement to connect to the grid are not covered in this regulation. In order to ensure streamlined and simplified permit-granting procedures, a single application procedure covering all relevant permits should ~~coordinate all permit granting processes and issue a comprehensive decision~~**be provided for industrial manufacturing projects, except for the tobacco manufacturing sector. It should not apply where specific permit-granting or licensing procedures or requirements are established in Union legislation for other manufacturing sectors such as, but not exclusively to Regulations (EU) 2024/1735 and (EU) 2024/1252 of the European Parliament and of the Council. Sectorial Union legislation governing medicines and medical devices has recently undergone or is undergoing further streamlining of harmonised rules and timelines for authorisations and certifications, with options to speed up the process if necessary. Those rules should therefore not be considered permit-granting procedures** within the ~~applicable time limit~~**context of this initiative**.

(10a) **Member States should designate at least one coordinating authority to establish and maintain, through a single digital access point, a permitting application procedure that enables a single submission of the information required to apply for all permits relevant to a specific industrial manufacturing project. Enabling the designation of more than one coordinating authority reflects the needs for Member States to be able, in light of their internal organisation, to choose whether to designate coordinating authorities at local, regional or national level, or at any other relevant administrative level. The designation by a Member State of a coordinating authority, for the purposes of the single application for permitting, should not confer on that authority any decision-making power in the permit-granting procedure. The coordinating authority may, however, also be a competent authority with decision-making powers for specific permit-granting procedures.**

(10b) **Digitalisation is a key tool to speed up procedures and to increase efficiency for all parties involved. It allows for a faster handling of applications by the relevant authorities, and it allows project promoters to have quick access to clear information on process steps and requirements from the outset, therefore ensuring transparency and monitoring. However, progress on digitalisation of permit-granting procedures is lagging behind, and application steps are often spread across different competent authorities. In most Member States there is no unified digital process. To reduce**

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administrative burden and streamline application procedures, Member States should set up or make available a digital single access point to serve as the entry point for the single submission of the information required to apply for all permits relevant to industrial manufacturing projects. It should contribute to more uniform digitalisation, accountability and transparency across different permitting authorities in Member States and ultimately speed up permit-granting procedures.

(11) The ~~implementation of~~**digital** single access ~~points~~**point** should ~~be based one~~**enable the use of** the European Business Wallets established pursuant to [Proposal for a Regulation on the establishment of European Business Wallets[6]], as ~~they provide a secure, standardised, and interoperable platform for businesses to interact with~~**part of the underlying technical infrastructure for authorities and applicants to check the status of the application and identify delays, as well as verify compliance with any applicable permitting deadlines. By channelling these interactions through the European Business Wallets,** public sector bodies **can advance digitisation, streamline processes and reduce unnecessary administrative burden while allowing businesses to use a singular tool for permit-granting procedures across the internal market. In addition, the digital single access point**~~. This~~ should enable the ~~efficient and effective~~**interoperable and automated data exchange between authorities and re-use of data already held by public authorities, in line with the once-only principle for the** submission of applications, while ensuring a high level of data protection, cybersecurity, and integrity of information. The ~~European Business Wallets will also enable the streamlining of investments that were made and the avoidance of unnecessary duplications, allowing for the optimisation of resources and the reduction of administrative burdens for businesses. The~~ implementation of **digital** single access points should ~~also~~, to the extent possible, use existing Union digital infrastructures, catalogues and building blocks, including those developed under the Once-Only Technical System and its implementing acts. This would promote complementarity, interoperability and the efficient use of public resources, while avoiding duplication of existing digital solutions.

(12) ~~In order to ensure streamlined and simplified permit-granting procedures, a single application covering all necessary permits should be provided for all industrial manufacturing projects except for the manufacturing sector under the C12 code. It should~~

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6 Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets (COM/2025/838 final).

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~~not apply where specific permit-granting or licensing procedures or requirements are established in Union harmonisation legislation for industrial manufacturing projects, such as pursuant to Regulations (EU) 2024/1735[7] and (EU) 2024/1252[8] of the European Parliament and of the Council. Sectorial Union legislation governing medicines and medical devices has recently undergone or is undergoing further streamlining of harmonised rules and timelines for authorisations and certifications, with options to speed up the process if necessary. Those rules should therefore not be considered permit-granting procedures within the context of this initiative.~~

(13) Regulation (EU) [202X/XX] of […][9] establishes a common acceleration framework for environmental assessments ~~in order to boost the Union's roll-out of key technologies, reduce dependencies and strengthen competitiveness~~. Procedures linked to environmental assessments should be accelerated and streamlined for plans, programmes and projects across all sectors of the economy while maintaining high levels of protection of human health and of the environment. Some sectors may, however, require yet faster environmental assessments. Therefore, and in order to safeguard the coherence of the legal framework of environmental assessments, while allowing for the additional needs for acceleration in certain strategic sectors, Regulation (EU) [202X/XX] establishes a dedicated toolbox that should therefore be used in the context of this Regulation. Given their essential role in ensuring the achievement of the Union's climate objectives, and their contribution to the Union's resilience and economic security, energy-intensive industry decarbonisation projects, industrial manufacturing projects located in industrial manufacturing acceleration areas, and net-zero technology projects should be considered strategic projects within the meaning of Regulation (EU) [202X/XX] and therefore benefit from the dedicated toolbox established under that Regulation.

~~7~~ ~~Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 (OJ L, 2024/1735, 28.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1735/oj).~~

~~8~~ ~~Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020 (OJ L, 2024/1252, 3.5.2024, ELI: http://data.europa.eu/eli/reg/2024/1252/oj).~~

9 Proposal for a Regulation of the European Parliament and of the Council on speeding-up environmental assessments (COM/2025/984 final, 10.12.2025).

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(14) Regulation (EU) 2024/1735 sets out provisions that streamline administrative and permit-granting processes for net-zero technology manufacturing projects. Some specific components in the supply chain of net-zero technologies are produced through energy-intensive production processes. Energy-intensive industry decarbonisation projects fall within the scope of Regulation (EU) 2024/1735 **only** where the relevant facilities produce components that are part of the supply chain of a net-zero technology. However, energy-intensive facilities that do not produce components that are used in net-zero technologies are currently excluded from the scope of Regulation (EU) 2024/1735. This creates the risk of uneven conditions of between energy-intensive industries and slows down decarbonisation efforts. **This Regulation will ensure that** all energy-intensive **industry** decarbonisation projects ~~should therefore~~**will** be subject to the same permit-granting processes.

(~~53~~**14a**) Clustering industrial **manufacturing** activity can contribute substantially to achieving the objectives of this Regulation and to strengthening certain strategic sectors in the internal market. ~~It is therefore appropriate to promote the development~~**Enabling the voluntary designation** of industrial manufacturing acceleration areas **by Member States is intended to stimulate and concentrate manufacturing activity across the Union and boost the industrial manufacturing sector in the Union economy**. Such areas should be limited in geographical scope in order to foster industrial symbiosis. When designating ~~the~~**industrial manufacturing acceleration** areas, Member States should, in cooperation with regional authorities where appropriate, take into account industrial production (in particular for certain ~~strategic~~**priority** sectors) and their regions' general level of development, with a focus on the less developed regions and those in transition. ~~Furthermore, in order to strengthen the resilience, strategic autonomy and competitiveness of the Union's industrial base, the designation of~~**Member States may cooperate to designate cross-border** industrial manufacturing acceleration areas ~~should align with strategic projects and other Union~~**to aggregate the advantages of scale and collaboration and to ensure efficient allocation of resources. Such cross-border** initiatives ~~such as Net-Zero Acceleration Valleys~~**have the potential to become important instruments for speeding up industrial decarbonisation and strengthening resilience**.

(~~54~~**14b**) The industrial acceleration measures within the acceleration areas should seek appropriate synergies with other Union initiatives, including strategic projects recognised in Union legislation, Net-Zero Acceleration Valleys **defined under the Net Zero Industry Act,** and Union funding opportunities, in order to align the strategic priorities in the internal market

and benefit industrial installations vital for the strategic autonomy and competitiveness of the Union. ~~Those~~**Where appropriate, Net-Zero Acceleration Valleys may also be designated as an Industrial Manufacturing Acceleration Area insofar as they meet the necessary conditions, whilst maintaining the multi-stakeholder approaches that define existing Valley initiatives, measures on attracting investments and project pipelines. The** benefits **of Industrial Manufacturing Acceleration Areas** should also apply to undertakings awarded with the competitiveness seal under Regulation (EU) XXXX/[XX] [10] (European Competitiveness Fund), unless specifically excluded by the Member State.

(~~55~~**14c**) ~~To enable an adequate supply of critical raw materials for projects in the acceleration areas, the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252 should provide a platform to exchange information on critical raw materials related supply chain bottlenecks in the acceleration areas. It should be possible for projects in relevant areas to benefit from the Joint purchasing mechanism established in Article 25 of Regulation (EU) 2024/1252 to aggregate their demand for strategic raw materials and increase their negotiating power with potential sellers, especially when they contain small or medium-sized enterprises (SMEs) and small mid-cap companies (SMCs).~~

(~~56~~**14d**) Sufficient and timely energy supply to the acceleration areas constitutes a fundamental enabling condition for their effective deployment and for the development of manufacturing activities~~. Reliable and accurate information on future energy demand contributes to cost-effective grid development~~. Member States should therefore prepare an analysis for each acceleration area, identifying its future energy needs. Such analysis should serve the purpose of providing information for the national grid planning **and the national network development plans** thereby contributing to purposeful anticipatory grid investments and faster energy connections for the acceleration area~~. When defining the scope, Member States should take into account the availability of relevant transport and network infrastructure. The results of these assessments should be reflected in national network development plans to adequately capture future points of energy demand in upcoming grid planning.~~

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[10] Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, repealing provisions of Regulations (EU) 2021/696, (EU) 2023/588, and amending Regulation (EU) (COM/2025/555 final, 16.7.2025).

(~~57~~**14e**) Where industrial manufacturing acceleration areas are set up, their designation should correspond to the potential to access or organise education and training opportunities to ensure the availability of skilled labour**, which is essential for developing manufacturing activity in line with the objectives of this Regulation**.

(~~58~~**14f**) **Where Member States decide to designate**~~To promote the development of~~ industrial manufacturing acceleration areas~~ and to expedite the permit-granting~~**, they will carry out all necessary assessments, planning** procedures ~~necessary for industrial activities within those areas, Member States should establish an aggregated baseline permit~~**and evaluations** reflecting the specific characteristics of each identified industrial acceleration area~~ and tailored to the industrial manufacturing sector or sectors to be deployed therein. That aggregated baseline permit issued by public authorities~~**. Member states** should ~~cover the~~**seek to secure approvals or authorisations for all** permits commonly required for such activities within the area **as well as cross-sectoral permits that a project developer should obtain irrespective of the specific sector. These may include, without being limited to, authorisations relating to building and construction, zoning and land-use planning and pre-conditions for business establishments such as depollution requirements or environmental assessments as referred in chapter I and II of [Regulation on Speeding Up Environmental Assessment]. As the required authorisations and approvals will necessarily align with Member States' respective permit-granting procedures, the scope and content of the permits secured may vary from one Member State to another. The authorisations and approvals cannot include~~, ~~excluding those~~ permits that are installation specific, such as those required under Directive 2010/75/EU of the European Parliament and of the Council[11] and the grid connection ~~permit~~. Consequently, project promoters should **only** be required to obtain ~~additional~~**relevant installation specific** permits ~~only for activities not covered by the aggregated baseline permit as well~~**or authorisation, such** as environmental **impact** assessments where required. ~~In case of~~**Where** activities ~~potentially affecting~~**have the potential to affect** Union and nationally protected sites, relevant permits should be granted only after having ensured that the activities are compatible with the conservation objectives of these sites. Such approach should significantly accelerate permit-granting procedures

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11 Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17, ELI: http://data.europa.eu/eli/dir/2010/75/oj).

and reduce the administrative burden ~~associated with them~~**for industry** whilst maintaining high ~~level~~**levels** of environmental standards.

(15) The Union should adopt a more strategic approach in leveraging its economic weight and the value of access to its internal market. In that context, the strategic use of public intervention is essential to prevent critical dependencies in the Union. Public procurement amounts to 15% of the Union's GDP. Contracting authorities and entities should therefore, where appropriate, ensure that public procurement requirements foster economic security and resilience of supply chains. Public support schemes also play an important role in stimulating demand in downstream sectors that account for a significant share of demand for certain strategic products and technologies. Such schemes should therefore favour beneficiaries that make a greater contribution to strengthening the Union's resilience and advancing its decarbonisation objectives. Auctions are crucial for the deployment of net-zero technologies and should be designed to foster demand for such technologies including components originating from the Union.

(16) The Union and Member States maintain an open investment environment, as enshrined in the Treaty on the Functioning of the European Union (TFEU) and embedded in their international commitments. This includes commitments under the World Trade Organisation Agreement on Government Procurement (GPA)[12], as well as bilateral trade agreements, to open public procurement procedures and other forms of public intervention. At the same time, the Union retains the right to apply general or security exceptions **and to take into account the reciprocity of access granted by third countries to Union products**. The Commission will regularly assess ~~whether the conditions for excluding a third country from the scope~~**the implementation** of the ~~provisions deeming content originating in third countries to be equivalent to Union origin, are in place, and will~~**relevant international agreements and** take appropriate action **when creating and maintaining the lists of third countries whose products will be considered of partner origin**. Economic security aims ~~at protecting and strengthening~~**to protect and strengthen** the internal market **vis-à-vis third countries**. Member States cannot rely on economic security to prevent, condition, or otherwise hinder in any way investments coming from other Member States.

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12 World Trade Organisation (WTO), Agreement on Government Procurement 2012, available at https://www.wto.org/english/docs_e/legal_e/rev-gpr-94_01_e.pdf.

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(17) The progressive integration of candidate countries and potential candidates into the Union's internal market, including through their gradual participation in Union policies and programmes, is essential to support their alignment with the acquis, strengthen their competitiveness, promote their deeper integration into Union value chains and enhance the Union's economic security. This Regulation should therefore contribute to fostering such gradual integration, including by facilitating the participation of economic operators from those countries in Union-wide value chains, Union public procurement, public support schemes and auctions where appropriate and in line with the Union's interests**, bilateral commitments,** and objectives.

(18) ~~Acknowledging the importance of the Union's advancing towards greater strategic autonomy and resilience, the Union should also recognise for reasons of coherence the proactive efforts of partner countries to prioritise domestic participation in economic activities, similar to the measures established within this Regulation. In the context of implementing Union origin requirements within certain categories of public procurement and public schemes procedures, the Union should thoughtfully consider partner countries' content conditions for strategic Union-funded or supported investments in these partner countries, accepting its presence. This strategic approach is expected to enhance mutual economic benefits, strengthen strategic partnerships, and align with the Union's overarching objectives of international partnerships.~~

(19) Demand-side measures should focus on establishing low-carbon requirements for steel, cement and aluminium used in buildings, infrastructure and motor vehicles, where appropriate, since those sectors are the most energy-intensive industries. Targeted Union wide demand-side measures can help create lead markets for low-carbon and Union-produced energy-intensive industrial products, supporting decarbonisation while strengthening the Union's industrial base.

(20) Downstream sectors that account for a large share of demand for certain energy-intensive materials, such as the construction and automotive sectors, should be prioritised under this Regulation when establishing low-carbon requirements, Union origin requirements, or both. That is particularly appropriate given that such sectors are significantly subject to public procurement and support schemes, while the share of energy-intensive input in total production value is relatively small and therefore minimises the impact of any price premium.

(21) In order to ensure regulatory consistency with existing Union product legislation, steel, concrete and aluminium in construction should be considered low-carbon in compliance with the requirements set out in the implementing measures adopted pursuant to Regulations (EU) 2024/3110[13] and (EU) 2024/1781[14] of the European Parliament and of the Council.

(22) The Clean Industrial Deal Communication[15] highlighted the need to create lead markets for industrial products with a low greenhouse gas emissions intensity, including by promoting such products on the internal market through the establishment of a Union labelling scheme, starting with the steel sector. That should be seen in the context of Union products legislation already designed to introduce labelling and information requirements, including comprehensive product labelling requirements to be established under the delegated acts pursuant to Regulations (EU) 2024/3110 and (EU) 2024/1781**. The relevant delegated acts and harmonised technical specifications or European Technical assessments are anticipated to be in place at least six months prior to the application of those requirements under this Regulation. Should those delegated acts and relevant technical specifications and assessments be delayed, the application of their requirements should be postponed until six months after their entry into force**. Considering the importance of both primary and secondary steel production for the long-term resilience of the Union industrial base, such requirements should be based on classes of performance that acknowledge the different decarbonisation effort of the technologies' routes, also rewarding circularity, adjusting emission intensity thresholds based on percentage of scrap metal used in production for those product categories that typically require primary steel production, as necessary. It should also be possible to complement the delegated acts adopted pursuant to Regulations (EU) 2024/3110 and (EU) 2024/1781 in

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13 Regulation (EU) 2024/3110 of the European Parliament and of the Council of 27 November 2024 laying down harmonised rules for the marketing of construction products and repealing Regulation (EU) No 305/2011 (OJ L, 2024/3110, 18.12.2024, ELI: http://data.europa.eu/eli/reg/2024/3110/oj).

14 Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC (OJ L, 2024/1781, 28.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1781/oj).

15 Communication From the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of The Regions, A Green Deal Industrial Plan for the Net-Zero Age (COM/2023/62 final, 1.2.2023).

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order to support the creation of lead markets by informing investment decisions towards products granted a lower greenhouse gas intensity performance class, for industrial products not yet regulated by a Delegated Act under Regulation (EU) 2024/1781, or covered in the scope of products included in the working plan adopted in accordance with that Regulation. To do so, it should be possible to establish voluntary classification systems based on the greenhouse gas intensity of industrial products. **Methodologies to define low-carbon requirements should**~~To provide environmental integrity and administrative feasibility, it is important to~~ rely on well-established and monitored emissions accounting ~~methodologies. For domestic installations and sub-installations,~~**frameworks, making use of emissions data reported under** the EU Emissions Trading System (~~EU ETS) provides relevant products benchmarks and system boundaries in Annex I to Commission Delegated Regulation (EU) 2019/331~~[16] ~~and sound emissions accounting rules in Commission Implementing Regulation (EU) 2018/2066~~[17]~~. Concerning imported products, in order to limit administrative burden, it is appropriate to enable the use of data already verified in the context of the~~**ETS) and** Carbon Border Adjustments Mechanism (CBAM)~~, in accordance with implementing rules adopted pursuant to Article 7(a) of Regulation (EU) 2023/956 of the European Parliament and of the Council~~[18]~~. In view of reflecting accurately the greenhouse gas intensity of the industrial product, in addition to covering the direct emissions typically related to the installation's activities covered by Annex I of Directive 2003/87/EC of the European Parliament and of the Council~~[19]~~, it is appropriate to also account for the most important sources of indirect emissions, including those from electricity, hydrogen and heat production used in the

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~~16~~ ~~Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8, 27.2.2019, ELI: http://data.europa.eu/eli/reg_del/2019/331/oj).~~

~~17~~ ~~Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1, 31.12.2018, ELI: http://data.europa.eu/eli/reg_impl/2018/2066/oj).~~

~~18~~ ~~Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, 16.5.2023, ELI: http://data.europa.eu/eli/reg/2023/956/oj).~~

~~19~~ ~~Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, 25.10.2003, ELI: http://data.europa.eu/eli/dir/2003/87/oj).~~

~~manufacturing process.~~ **where available and relevant** to ensure consistency and limit administrative burden~~, methodologies used to define low- carbon requirements under this Regulation should make use of emissions of data reported under the EU ETS and CBAM, where available and relevant~~.

(23) In order to ensure the attainment of the objectives of this Regulation, in particular the creation of lead markets for European low-carbon industrial products, **while ensuring a higher degree of harmonisation across the Union,** minimum mandatory technical specifications should be provided for low-carbon and Union origin requirements in public procurement procedures**.** Those requirements should apply to the procurement of those products in public supply contracts and in public works, public services contracts and concessions, where those products will be used for activities conducted under those contracts. In compliance with the public procurement framework, those minimum mandatory technical specifications should avoid artificially restricting competition and avoid favouring a specific economic operator. Contracting authorities and contracting entities should conduct the public procurement procedures in compliance with Directives 2014/23/EU[20], 2014/24/EU[21] and 2014/25/EU[22] of the European Parliament and of the Council and applicable sectoral legislation. The Union origin of products and components should be determined in accordance with the Union customs legislation.

(24) In order to ensure the feasibility of the requirements at reasonable cost and avoid restricting competition, it is necessary to lay down the conditions under which contracting authorities may, on an exceptional basis, decide not to apply the low-carbon and Union origin requirements. Those conditions should cover cases where the application of such requirements would result in technical incompatibilities in the operation or maintenance of a project such as situations where the use of such products would risk compromising the fulfilment of basic requirements for construction works of the building or infrastructure, set out in Regulation (EU) 2024/3110. The requirements laid down in this Regulation

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20 Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, pp. 1-64, ELI: http://data.europa.eu/eli/dir/2014/23/oj).

21 Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65, ELI: http://data.europa.eu/eli/dir/2014/24/oj).

22 Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

should apply exclusively to procurement procedures falling within the scope of Directive 2014/23/EU, Directive 2014/24/EU and Directive 2014/25/EU, that is, to procedures whose estimated value reaches or exceeds the thresholds set out in those Directives. Accordingly, procurement procedures not covered by those Directives, including those below the applicable thresholds, should not be subject to the requirements established by this Regulation, thereby avoiding disproportionate obligations for low-value procurements carried out by contracting authorities, including at local level.

(25) The Automotive package adopted on 16 December 2025 includes a proposal to amend Regulation (EU) 2019/631 of the European Parliament and of the Council[23] to provide, inter alia, for the granting of super-credits for small affordable electric vehicles made in the Union prior to 2035 and amends the 2035 emissions reduction target, with the remaining emissions to be compensated through the use of low-carbon steel made in the Union or renewable and low-carbon fuels. The Automotive package also includes a [proposal for a Regulation on clean corporate vehicles] which limits financial support for corporate vehicles to zero- and low-emissions corporate vehicles 'made in the European Union'. In order to ensure legal certainty and consistency with Regulation (EU) 2019/631 as amended and the [proposal for a Regulation on clean corporate vehicles], this Regulation should lay down definitions of 'small affordable electric vehicles made in the Union', 'low-carbon steel made in the Union' and 'corporate cars and vans made in the European Union'.

(26) In order to simplify procedures and reduce administrative burden, the verification of compliance with the requirements laid down in this Regulation should not impose a disproportionate burden on economic operators or contracting authorities. The verification system should therefore be based on a self-declaration by economic operators. Such approach is consistent with the general framework for public procurement established by Directive 2014/24/EU, in particular Article 59 thereof, which provides for self-declaration of compliance, subject to subsequent verification of the successful tenderer. For **construction products placed on the market in accordance with Regulation (EU) 2024/3110, the Declaration of Performance and Conformity should serve as such a self-declaration and form part of the documentary evidence demonstrating compliance with the requirements set out in this Regulation. For** vehicles,

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23 Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011 (OJ L 111, 25.4.2019, p. 13, ELI: http://data.europa.eu/eli/reg/2019/631/oj).

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manufacturers should, at the time of issuing the certificate of conformity in accordance with Regulation (EU) 2018/858 of the European Parliament and of the Council[24], provide an accompanying document certifying for the vehicles that comply with the relevant Union origin requirements. This document should be equivalent to a self-declaration and form part of the documentary evidence demonstrating compliance with the requirements set out in this Regulation.

(26a) The Digital Product Passport, established pursuant to Regulation (EU) 2024/1781, is a digital container which will store relevant information for products, components, and materials to support their sustainability, promote their circularity and strengthen and facilitate legal compliance. The information requirements set out pursuant to Regulations (EU) 2024/1781 and (EU) 2024/3110 include information pertaining to products covered by this Regulation for the purposes of demonstrating compliance with the low-carbon and Union-origin requirements laid down therein. That information will be made accessible to the relevant economic operators and public authorities via the Digital Product Passport. Where the Digital Product Passport is available for the product groups covered by this Regulation and contains the information necessary to demonstrate compliance with the requirements set out therein, the information made available through the Digital Product Passport should serve as such self-declaration and form part of the documentary evidence demonstrating compliance with the requirements set out in this Regulation.

(27) To ensure that the requirements established by this Regulation remain appropriate even as market conditions, technological developments and the climate and internal market policy objectives of the Union continue to evolve, the Commission should be empowered to ~~revise the~~**amend the timeframe of application and percentage shares of low-carbon, Union origin or Union and partner origin** requirements based on **the** objective criteria ~~and monitoring results.~~**set out in this Regulation** When assessing whether to revise ~~Union origin~~**these** requirements~~, low-carbon requirements, or both~~, the Commission should take into account ~~developments in the relevant legislative frameworks, including the customs legislation on rules of origin~~**the evolution of the markets for products in scope, their**

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[24] Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (OJ L 151, 14.6.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/858/oj).

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economic and technological progress, market availability, the contribution of the requirements to the EU's economic and climate objectives, **and the requirements' impacts on competitiveness and greenhouse gas** emissions ~~Trading System laid down in Directive 2003/87/EC the Carbon Border Adjustment Mechanism laid down in Regulation (EU) 2023/956, and trade defence instruments~~.

(28) **The attraction of** investment, including from foreign entities, plays a critical role in fostering a strong internal market and territorial cohesion, particularly by promoting innovation and driving economic growth in the Union which is essential for its competitiveness. However, in exceptional circumstances, particularly large investments originating from third countries that hold a very significant **global** market position ~~in the global~~ risk disrupting important supply chains and the security of ~~emerging strategic~~**targeted** sectors that are of particular importance in the development of the internal market~~. Divergent conditions applied by Member States for such investments fragment the internal market by creating unequal conditions for investors allowing investments that do not contribute genuine added value to the Union economy while creating significant risk for the development and supply security in these sectors and creating an incentive for "regulatory arbitrage" by investors~~. Allowing such investments to proceed without any conditions could mean that the added value creation associated with selected strategic technologies and innovative manufacturing activities remains outside the Union~~, which have~~ **resulting in** detrimental ~~effect for~~**effects on** the Union's supply security and technological development in ~~emerging strategic~~**those** sectors. Moreover, unconditional exposure of the internal market to such large investments risks putting into question the Union's technological advancements necessary for its twin transition**. The absence of a harmonised approach would allow large investments to 'forum-shop' and exploit the specific circumstances of individual Member States** ~~and defence capabilities. Therefore~~, **ultimately undermining the level playing field among Member States and the functioning of the internal market.** The provisions of this Regulation should ensure that such large investments coming from third countries ~~that hold a particularly significant~~**increase meaningful employment of Union workers, facilitate the Union's technological advancement and support the functioning of the internal** market ~~position do not disrupt~~**while avoiding disruption to** the Union's supply security and economic security~~, and ensure its technological advancement in emerging strategic sectors. If such investments do not provide for sufficient Union participation and technology transfer, the long-term supply security of emerging strategic sectors is~~

~~hampered due to lack of Union capacities independent from the country holding a significant share of relevant global supply. Furthermore, it has been observed that certain of such investments do not involve meaningful employment of Union workers, which jeopardizes the development of skills crucial for the development of emerging strategic sectors in the internal market.~~

(29) ~~In order to ensure that the internal market remains attractive for investment, and that investment adds value~~**The targeted sectors are sectors whose contribution is essential** to the Union's ~~economy and society, it is necessary to establish common conditions for foreign direct investment in manufacturing emerging strategic sectors. Those sectors should be~~**decarbonisation objectives. or** manufacturing sectors with innovative potential where Union entities are not at or near the global innovation frontier, and where **the development and competitiveness of such sectors should be ensured through** appropriate Union capacities and participation ~~should be ensured~~. Harmonised criteria should apply to foreign investors ~~of~~**whose beneficial owner is from** a third country which holds over 40% of the global manufacturing capacity in ~~emerging strategic~~**the targeted** sectors **or who are controlled by entities from such a country, as determined on the basis of verifiable and regularly updated data and a publicly available methodology**. To ensure the effectiveness of the provisions of this Regulation, the Commission should monitor the global manufacturing capacity of those sectors and publish the results **together with the methodology used and the date of the most recent update**.

(30) ~~Greenfield foreign investments occur where the foreign investor or a foreign investor's subsidiary in the Union sets up new facilities or a new undertaking in the Union.~~ Both Greenfield and Brownfield foreign investments should fall within the scope of this Regulation to the extent that they involve the acquisition of control over a Union target or Union asset, as they both have the possibility to impact the well-functioning internal market.

(31) The review of the investments and application of the harmonised conditions should be carried out in accordance with this Regulation. It should take into account all information available and adhere to the principle of proportionality. Moreover, all measures taken by national authorities or the Commission with respect to the review of foreign investments should comply with Union law, and in particular with Articles 49 and 63 TFEU.

(32) ~~Therefore,~~ The provisions of this Regulation should apply to foreign direct investments in ~~emerging strategic~~**targeted** sectors **falling under the scope of this Regulation** in

accordance with the thresholds established by this Regulation, notwithstanding the screening mechanism established under Regulation (EU) 2019/452 of the European Parliament and of the Council[25]. Moreover, the provisions of this Regulation should also apply without prejudice to Union competition law instruments, including Regulation (EU) 2022/2560 of the European Parliament and of the Council[26] and Council Regulation (EC) No 139/2004[27].

(33) The foreign direct investment criteria should capture ~~emerging~~**targeted** strategic sector investments in the Union by third-country investors ('foreign investors') in the Union. However, it could also be necessary to include investments in the Union by entities that are controlled, directly or indirectly, by a third-country person or entity regardless of the ultimate owner's location ('foreign investor's subsidiary'), as they are equally capable of disrupting the functioning of the internal market, including its supply and economic security, due to the control exercised from the third country having a significant market share~~ Therefore, Investment Authorities should apply the~~**. The potential for foreign investors' subsidiaries to be used as a means to circumvent efforts to ensure foreign direct** investment ~~criteria where they are clearly needed to effectively ensure the protection of public security, the supply and economic security, and environmental sustainability in~~**adds value to** the Union~~, and where it is essential for the technological advancements of the internal market for the green and digital transition and defence purposes. Moreover, to prevent the circumvention of the Regulation's provisions, where no alternative measures are reasonably available. To ensure the proportional application of conditions prescribed to investments made by the foreign investor's subsidiary, the Commission~~ should ~~have the opportunity to assess the notification and request the Investment Authority to prescribe certain conditions~~**be carefully guarded against**. Apart from review of foreign direct investments made by the foreign investor's subsidiary as established by this Regulation, investments coming from other Union Member States should not be conditioned or deterred.

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25 Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union (OJ L 79I, 21.3.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/452/oj).

26 Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg/2022/2560/oj).

27 Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (OJ L 24, 29.1.2004, p. 1, ELI: http://data.europa.eu/eli/reg/2004/139/oj).

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(34) ~~It is necessary to ensure a lasting link between~~ The foreign ~~investor and the Union target, whether it is carried out directly by a foreign investor or through an entity established in the Union and controlled by a foreign investor. However, that~~**direct investment criteria** should not apply to the acquisition of company securities that are intended purely for financial investment and without any intention to influence the management or control of the company ('portfolio investments').

(35) Restructuring operations within a corporate group and investments made in financial institutions in application of a resolution tool as well as of write down and conversion powers should fall outside of the scope of this Regulation. Internal restructurings should only be excluded from the scope of application to the extent that they are conducted solely for the purpose of the internal reorganisation of a Union target or of the corporate group to which the Union target belongs, without resulting in any changes in the beneficial ownership or control of the Union target. In particular, internal restructurings should be excluded where they do not result in a situation where a new foreign investor acquires ownership or control over the Union target or over a company that directly or indirectly owns or controls that Union target, where there is an increase in the shares held by foreign investors, or where the transaction results in additional rights for foreign investors that may lead to a change in the effective participation of one or more foreign investors in the management or control of the Union target.

(36) The foreign direct investment criteria should only apply to ~~emerging strategic sector~~ foreign direct investments ~~reaching an~~**that meet the three conditions set out in this Regulation. Firstly, the investment should be in one of the targeted sectors defined in this Regulation. Secondly, the** investment value **should reach a** threshold ~~that is able to disrupt~~**of EUR 100 million; such an amount is capable of disrupting** the functioning of the internal market~~. A threshold of EUR 100 million should be considered as having potential for to impact the well-functioning of the internal market in emerging strategic~~ **in the targeted** sectors. ~~Such~~**Finally, the** foreign direct investment ~~covered by the scope of this Regulation would bear~~**should be made by investors who either have beneficial owners from a third country responsible for 40 % of the global manufacturing capacity in the sector, or who are controlled by entities from such a country, if those investors alone or collectively reach 30 % or more of share capital, voting rights, or ownership of a Union asset. Such foreign direct investments could present a** high risk ~~on the security and environmental sustainability of~~**to** the Union**'s economic security**, while not ~~producing~~**delivering** enough added value ~~including ensuring Union contribution in the~~

~~investment, enhancement of~~**to** the Union~~'s technological development, employment of Union workers and contribution to Union value chains for the internal market without compliance with the harmonised conditions~~.

(37) In order to ensure the effective application of this Regulation, each Member State should designate ~~an~~**at least one** investment authority responsible for assessing the conditions of investment by foreign entities in ~~emerging strategic~~**targeted** sectors. Moreover, it should be equipped with the legal, administrative, and financial resources to carry out its tasks effectively and independently, with due regard to the authorities already responsible for implementing Regulation (EU) 2019/452. **The investment authority appointed under this Regulation can be the same body responsible for implementing Regulation (EU) 2019/452.**

(38) To enable Member States to effectively identify the investments defined in this Regulation, foreign investors should notify ~~competent~~**relevant Investment** Authorities prior to acquiring or establishing significant stakes in undertakings or assets within the Union. Setting a threshold at 30 percent ownership or other rights ~~establishing control~~ for both undertakings and assets should ensure that the mechanism captures investments capable of impacting the well-functioning of the internal market.

(39) To minimise the risk of circumvention through fragmented or indirect acquisitions, **this Regulation is intended to apply** where several foreign investors **whose beneficial owners are from third country in scope** act in concert, or where investments are made through affiliated entities or complex ownership structures~~,~~**.** Their respective interests should be aggregated ~~by the Investment Authority~~ for the purpose of determining **the stake acquired or established,** the investment value and the notification threshold. Aggregation should also apply to existing holdings in the same Union undertaking or asset, whether direct or indirect, individual or joint, to ensure that successive transactions leading to significant influence or control are duly notified.

(39a) In order to be approved, a foreign direct investment should ensure a proportion of the average annual full-time equivalent workforce employed in the context of the foreign direct investment to be composed of Union workers. To promote sustainable integration of investments by foreign entities to the internal market and the development of skills in emerging strategic sectors, and to ensure meaningful social contribution at the place of the investment, such investments should require 50% of employees to be Union workers as defined by this Regulation and should provide

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appropriate training and capacity-building measures, involving education and training providers, as well as social partners. The foreign investor should ensure that the thresholds established in this Regulation are fulfilled across all categories of workforce, including the operational, technical, supervisory, and managerial positions. In order to avoid the risk of circumvention of that condition by the foreign investor, the 50% threshold should exclude those third country nationals who obtained the status of Union worker only due to the foreign investment at issue.

(39b) Investors should select and meet three additional conditions from a set of harmonised criteria.

(40) In order to ensure Union participation in large foreign direct investments originating from third countries having a significant global position, ~~this Regulation~~**one of those criteria** should ~~establish limits on~~**be to limit** the extent of ownership and control that foreign investors can acquire in Union undertakings and assets. Accordingly, foreign investors **selecting this condition** should not, whether directly or indirectly, establish, acquire, hold, or exercise ownership interests exceeding 49% of the share capital, voting rights, or equivalent ownership interests in any Union target**. Furthermore, they should not**~~, nor~~ establish or obtain equivalent ownership, leasehold, or other rights conferring control over a Union asset.

(41) To ensure that foreign investors and Union entities cooperate in ~~emerging strategic~~**targeted** sectors while ensuring sufficient participation of Union partners, **the use of** joint venture requirements should be ~~prescribed, which~~**incentivised and** should include contractual arrangements. ~~In~~**Where** the joint venture **condition is selected**, the foreign investor should not hold more than 49 % of the share capital, voting rights, or equivalent ownership interests or other rights conferring control in any of the Union entities participating in the joint venture. That condition should also contribute to the strategic autonomy of the Union and ensure value added to the internal market.

(42) ~~It is necessary to assess~~**Where relevant**~~, as part of the conditions for approval of a foreign direct investment, whether the transfer of technology can contribute to achieving the objectives of this Regulation. To that end, the~~ foreign investors should be encouraged to license to the Union Target, the joint venture or the legal entity acquiring or owning the Union asset the relevant intellectual property rights~~,~~ and know-how, which are necessary for carrying out the concerned economic activity in the context of the foreign direct investment. **Where the intellectual property condition is selected,** appropriate

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intellectual property licensing agreement(s) should ~~therefore~~ be granted by the foreign investor to the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. The scope and conditions of these agreements, such as the exact IP rights concerned, the exclusive nature of the license, the duration of the license or confidentiality-preserving measures, should be appropriate to the circumstances and to the objective pursued under this Regulation and the relevant investment. ~~The foreign investor~~**They** should commit to granting the appropriate licenses of intellectual property rights and relevant know-how they hold, as required for the economic activity concerned. That could be achieved by providing a description of the main aspects of the possible licensing agreements, on a confidential basis, with the Investment Authority.

(43) Where **foreign investors chose, as one of the conditions, to enter into intellectual property agreements,** the Union Target or the legal entity acquiring or owning the Union asset owns intellectual property rights in an invention, a work or any other asset subject to intellectual property protection prior to the foreign investment, those intellectual property rights should fully and exclusively remain under the control of the Union Target or the legal entity acquiring or owning the Union asset~~. The foreign investor should not claim any intellectual property right nor undertake any activity that would affect the ability of the Union Target or the legal entity acquiring or owning the Union asset to own and exercise the intellectual property rights on their inventions, works, trademarks, designs or any other relevant asset obtained prior to the foreign investment~~. Where an invention, a work or any other asset subject to intellectual property protection is the result of a collaborative work between the Union Target or the legal entity acquiring or owning the Union asset and the foreign investor or as a result of the joint venture, the intellectual property rights should be owned jointly by the foreign investor, the Union Target or the legal entity acquiring or owning the Union asset, depending on the circumstances. The conditions accompanying the co-ownership of intellectual property rights should, to the extent possible, be defined and communicated to the Investment Authority, ahead of the approval of the foreign direct investment.~~ These conditions should include clarifications as to the possibility for one co-owner to grant a licence and start infringement procedures as well as the financial agreements as regards the filing and registration of intellectual property rights and licensing agreements. In the case of a joint venture without a legal personality, clarifications should be provided to the Investment Authority regarding the ownership of intellectual property.~~

(44) It is necessary to ensure that the foreign investors' expertise of the large foreign direct investment under the scope of this Regulation should contribute to enhancing the Union's technological development both within and outside the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. To that end, foreign investors should **be able to select to** invest in research and development projects ~~to be~~ executed within the Union ~~while~~**,** ensuring that the Union will benefit from the results produced. It is therefore necessary to assess, as part of the conditions to be considered for having a foreign direct investment approved, whether the foreign investors' research and development investments are adequate to achieve that objective. Such investments could be directed to the benefit of research institutions established in the Union, including in the context of joint projects with the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. Those investments could also be made within the Union target, the joint venture or the legal entity acquiring or owning the Union asset, for developing or executing specific research and development activities. These investments could also consist ~~in the training of Union workers, or~~**of** direct or indirect financial support to research and development projects within the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. Any assessment performed in relation to investments in research and development projects to be executed within the Union should be without prejudice to Union competition law instruments, including Regulations (EU) 2022/2560 and (EC) No 139/2004.

(45) ~~To promote sustainable integration of investments by foreign entities to the internal market and the development of skills in emerging strategic sectors, and to ensure meaningful social contribution at the place of the investment, such investments should employ a proportion of Union workers and should provide appropriate training and capacity-building measures, involving education and training providers, as well as social partners. The foreign investor should ensure that the thresholds established in this Regulation are fulfilled across all categories of workforce, including the operational, technical, supervisory, and managerial positions.~~

(46) To strengthen the industrial capacity of ~~emerging strategic~~**targeted** sectors and to integrate foreign direct investment into the Union's industrial ecosystem, **foreign investors should be able to choose as one of conditions to endeavour to source** a certain share of inputs ~~manufactured in~~**from** the Union ~~should be included in~~**for** products placed on the Union market by such investments.

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(47) In order to ensure that foreign direct investments fulfil ~~at least 4~~**the mandatory condition and three** of the ~~6~~**remaining five** conditions established by this Regulation, the competent Investment Authority should examine each notification and issue a reasoned decision on its approval or rejection. Investment Authorities should establish the fulfilment of the conditions, or as appropriate, the intent of the foreign investor to comply with the conditions. Such investments should not be implemented without the explicit approval of the Investment Authority. Accordingly, foreign investors should comply with a set of conditions before starting their economic activity regarding the relevant foreign direct investment. Investment Authorities should decide in a timeframe ensuring both procedural efficiency and legal certainty. Where justified by the complexity of the case or the need for additional information, that timeframe could be extended, for justified and duly substantiated reasons.

(48) Member States should inform the Commission about notifications received to allow the Commission to effectively monitor the investment landscape and ~~ensure a~~**the application of the** harmonised investment framework across the internal market.

(49) In order to ensure the horizontal application of this Regulation in the internal market, the Commission should be able to provide an opinion on whether the investment fulfils the conditions set out in this Regulation. Such opinion should be made publicly available. ~~If the Investment Authority intends to diverge from~~**The publication of** the Commission**'s** opinion ~~in its decision, it~~ should ~~extend the approval process for two additional months in order to properly assess the Commission's arguments~~**help in particular to ensure Investment Authorities across the Single Market are aware of the market situation in other Member States and the potential risks of circumvention by third country investors**. When taking a decision, Member States should ~~justify~~**indicate** how they took the Commission's opinion into account.

(50) ~~In order to ensure the horizontal application~~**Investment Authorities may request the Commission to undertake an assessment of whether an investment falls within the scope** of this Regulation**, and if so, to also undertake the approval process.** ~~on the Single Market,~~ The Commission ~~should be able to review foreign direct investments, based on its own initiative or on the initiative of a Member State affected by the foreign direct~~**may choose to decline this request. In such cases, the responsibility rests with the** Investment~~. That should be particularly the case for investments~~ **Authority to undertake the admissibility assessment, and** where ~~several member states are impacted~~**necessary**,

~~as well as high value investments and investments with particular strategic importance for the Union due to their effect on the Single Market~~ **the approval process**.

(51) The Investment Authorities should not only ensure compliance with the conditions at the time of the foreign direct investment's notification, but also throughout its operation, as appropriate, to ensure that the benefits of the foreign direct investment are maximised on the internal market.

(51a) In order to ensure the effective and harmonised implementation of this Regulation, the Commission should adopt an implementing act following the entry into force of the Regulation that should set out the rules for Investment Authorities to verify the compliance of foreign investors with the conditions applicable at the point of notification and to ensure ongoing compliance thereafter. The foreign investor should report on its ongoing compliance with the conditions every two years, and these reports should be reviewed by the relevant Investment Authority. After ten years of demonstrated continued compliance, Investment Authorities may choose to waive the application of the conditions.

(52) To ensure that foreign direct investment criteria for the ~~emerging strategic~~**targeted** sectors remain appropriate even as market conditions, technological developments and the competitiveness policy objectives of the Union continue to evolve, the Commission should monitor the global manufacturing trends of strategic sectors and be empowered to adopt ~~implementing~~**delegated** acts imposing foreign investment criteria to additional ~~strategic~~**sectors which are critical to the Union's economic security including specific net zero technologies and a limited list of** sectors~~. The Commission should assess in particular the threshold value, as well as whether all of the investment criteria referred to in this regulation are appropriate and necessary to meet the objectives of this regulation~~ **included in the Annex to the European Economic Security Strategy of 2023**.

~~(53) Clustering industrial activity can contribute substantially to achieving the objectives of this Regulation and to strengthening certain strategic sectors in the internal market. It is therefore appropriate to promote the development of industrial manufacturing acceleration areas. Such areas should be limited in geographical scope in order to foster industrial symbiosis. When designating the areas, Member States should, in cooperation with regional authorities where appropriate, take into account industrial production (in particular for certain strategic sectors) and their regions' general level of development, with a focus on the less developed regions and those in transition. Furthermore, in order to~~

~~strengthen the resilience, strategic autonomy and competitiveness of the Union's industrial base, the designation of industrial manufacturing acceleration areas should align with strategic projects and other Union initiatives such as Net-Zero Acceleration Valleys.~~

~~(54) The industrial acceleration measures within the acceleration areas should seek appropriate synergies with other Union initiatives, including strategic projects recognised in Union legislation, Net-Zero Acceleration Valleys and Union funding opportunities, in order to align the strategic priorities in the internal market and benefit industrial installations vital for the strategic autonomy and competitiveness of the Union. Those benefits should also apply to undertakings awarded with the competitiveness seal under Regulation (EU) XXXX/[XX] [28] (European Competitiveness Fund), unless specifically excluded by the Member State.~~

~~(55) To enable an adequate supply of critical raw materials for projects in the acceleration areas, the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252 should provide a platform to exchange information on critical raw materials related supply chain bottlenecks in the acceleration areas. It should be possible for projects in relevant areas to benefit from the Joint purchasing mechanism established in Article 25 of Regulation (EU) 2024/1252 to aggregate their demand for strategic raw materials and increase their negotiating power with potential sellers, especially when they contain small or medium-sized enterprises (SMEs) and small mid-cap companies (SMCs).~~

~~(56) Sufficient and timely energy supply to the acceleration areas constitutes a fundamental enabling condition for their effective deployment and for the development of manufacturing activities. Reliable and accurate information on future energy demand contributes to cost-effective grid development. Member States should therefore prepare an analysis for each acceleration area, identifying its future energy needs. Such analysis should serve the purpose of providing information for the national grid planning thereby contributing to purposeful anticipatory grid investments and faster energy connections for the acceleration area. When defining the scope, Member States should take into account the availability of relevant transport and network infrastructure. The results of these~~

~~[28] Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, repealing provisions of Regulations (EU) 2021/696, (EU) 2023/588, and amending Regulation (EU) (COM/2025/555 final, 16.7.2025).~~

~~assessments should be reflected in national network development plans to adequately capture future points of energy demand in upcoming grid planning.~~

~~(57) Where industrial manufacturing acceleration areas are set up, their designation should correspond to the potential to access or organise education and training opportunities to ensure the availability of skilled labour.~~

~~(58) To promote the development of industrial manufacturing acceleration areas and to expedite the permit-granting procedures necessary for industrial activities within those areas, Member States should establish an aggregated baseline permit reflecting the specific characteristics of each identified industrial acceleration area and tailored to the industrial manufacturing sector or sectors to be deployed therein. That aggregated baseline permit issued by public authorities should cover the permits commonly required for such activities within the area, excluding those permits that are installation specific, such as those required under Directive 2010/75/EU of the European Parliament and of the Council[29] and the grid connection permit. Consequently, project promoters should be required to obtain additional permits only for activities not covered by the aggregated baseline permit as well as environmental assessments where required. In case of activities potentially affecting Union and nationally protected sites, relevant permits should be granted only after having ensured that the activities are compatible with the conservation objectives of these sites. Such approach should significantly accelerate permit-granting procedures and reduce the administrative burden associated with them whilst maintaining high level of environmental standards.~~

(59) In order to establish a framework to ensure the Union's strategic autonomy and economic security through access to a secure, sustainable and resilient supply of relevant manufacturing products, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of changes to the list of third countries ~~whose~~**that provide** content ~~is not treated as equivalent to Union~~**of partner** origin, the introduction or amendment of Union **or partner** origin and low-carbon requirements, including for additional net-zero technologies and for products and services listed in Annexes II and III, ~~laying down Union-level demand-side measures~~**as well as including Union and partner origin and sustainable carbon sources requirements** for products

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~~29~~ ~~Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17, ELI: http://data.europa.eu/eli/dir/2010/75/oj).~~

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~~from the chemical industry~~**and mixtures**, taking into account, among others, recommendations from the Critical Chemicals Alliance. **For the chemical industry, it is appropriate to refer to sustainable carbon sources requirements, because the industry will continue to require carbon as an essential feedstock, therefore 'sustainable carbon' refers to shifting from fossil fuels to non-virgin fossil sources, meaning waste, biomass, recycling, and carbon capture and utilisation. For this sector, climate neutrality is therefore not only about reducing carbon dioxide emissions, but also about reducing carbon embedded in the products as a feedstock, not as an energy input. Moreover, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect to** the extension of foreign direct investment criteria to additional ~~emerging strategic~~**targeted** sectors, the specification of common procedural rules for foreign direct investment criteria, and establishing classification systems based on the greenhouse gas intensity for products. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement of 13 April 2016 on Better Law-Making[30]. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(60) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission ~~as regards~~ specifying the method for calculating the proportion of volume of products and components originating in the Union and for verifying the compliance with the conditions laid down in Article 15. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[31].

(61) The Commission should evaluate this Regulation based on the information provided by Member States. Pursuant to paragraph 22 of the Interinstitutional Agreement on Better

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30 OJ L 123, 12.5.2016, p. 1, http://data.europa.eu/eli/agree_interinstit/2016/512/oj.

31 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: http://data.europa.eu/eli/reg/2011/182/oj).

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Law-Making of 13 April 2016, such evaluation should be based on the five criteria of efficiency, effectiveness, relevance, coherence and Union value added. **The evaluation of this Regulation should consider progress made in achieving its objectives and, in particular, its contribution to the functioning of the internal market, as well as the resilience, economic security and decarbonisation of industrial production, and related costs and impacts.** It should also **assess how effectively the measures streamlining permit-granting procedures have accelerated the permit-granting procedures and reduced administrative burden for project promoters. The evaluation should** serve as the basis for impact assessments of possible further measures.

(62) To ensure compliance with the obligations laid down in this Regulation, Member States should provide for penalties to be imposed on undertakings that do not comply with their obligations. Such penalties should be without prejudice and in addition to specific penalty requirements set out by this Regulation, for instance on foreign direct investments. It is therefore necessary that Member States lay down effective, proportionate and dissuasive penalties in national law for failure to comply with this Regulation. It is also necessary for Member States to ensure that project promoters have access, where relevant, to administrative or judicial review in accordance with national law.

(63) When reviewing this Regulation, the Commission should assess the need to amend the provisions ~~included in~~**of this Regulation, and in particular** Chapters III and IV. ~~In particular, it~~**The Commission** should consider introducing targeted Union origin in transport sectors critical to the Union's economic security, notably building of ships and building of rail rolling stock. ~~The Commission should also consider introducing an enhanced review of foreign direct investments for aeronautical products and parts.~~

(64) Regulation (EU) 2018/1724 of the European Parliament and of the Council[32], which established the Single Digital Gateway, provides general rules for the online provision of information, procedures and assistance services that are relevant to the functioning of the internal market. In order to allow businesses and manufacturing industry project promoters, including for cross-border projects, to directly enjoy the benefits of the internal market without incurring an unnecessary additional administrative burden, the information

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32 Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012 (OJ L 295, 21.11.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1724/oj).

that needs to be submitted to any relevant authorities as part of the permit-granting process under this Regulation is that set out in Annex I to Regulation (EU) 2018/1724. The related procedures are included in Annex II to that Regulation to ensure that project promoters can benefit from fully online procedures and the Once-Only Technical System Services. In particular, promoters of manufacturing industry projects should be able to fully access and complete any procedure related to the permit-granting process online, in accordance with Article 6(1) of Regulation (EU) 2018/1724 and Annex II of that Regulation. Regulation (EU) 2018/1724 should therefore be amended accordingly.

(65) Regulation (EU) 2024/1735 introduces resilience requirements for a range of net-zero technology final products. Those requirements aim at reducing dependencies on individual third countries of supply, but they are not sufficient to enable Union industries to scale up the potential of the internal market and carry a risk of circumvention. Therefore, in order to address such challenges, the legislative framework should ensure the need to attract and retain technological know-how within the Union, through targeted additional intervention.

(66) The provisions on public procurement laid down in this Regulation should build on the provisions of Regulation (EU) 2024/1735 on resilience; and complement them by introducing additional requirements for battery energy storage systems, solar photovoltaic technologies, heat pumps, onshore and offshore wind technologies, electrolysers and nuclear fission energy technologies. Such additional requirements should ensure that a certain share of the products and their main specific components originate in the Union. That approach should ensure sufficient diversification while strengthening strategic manufacturing capacity and technological sovereignty within the Union. The system for verification of compliance with the requirements should limit the administrative burden and align with common public procurement practice as well as the existing system of verification of compliance under Regulation (EU) 2024/1735. It should therefore rely on a self-declaration by economic operators.

(67) In addition to complementing the public procurement provisions of Regulation (EU) 2024/1735, this Regulation should also amend them to provide greater legal certainty. The scope of Article 25 of Regulation (EU) 2024/1735 should be limited to those net-zero technologies for which public procurement of a relevant scale is expected to take place, thereby enhancing the clarity of the provision.

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(68) In line with the same policy objective pursued for renewable energy auctions under Regulation (EU) 2024/1735, this Regulation should extend the additional Union origin requirements to renewable energy auctions for certain renewable energy technologies, in order to contribute to strengthening the Union's industrial base and ensuring resilience of net-zero technology supply chains. To reflect the specific characteristics of renewable energy auctions, the additional requirements should apply to the net-zero technologies that are most relevant in the context of auctions, which are battery energy storage systems, solar photovoltaic technologies, electrolysers, as well as on- and offshore wind technologies. Where Union origin requirements apply to auctions, other provisions setting similar requirements for public **procurement or public** support schemes should not apply to those auctions.

(69) To reinforce the effectiveness of the framework, and to reflect recent increases in geopolitical risks and global market distortions, the share of auctions covered by the requirements should be increased and a higher cost threshold for the opt-out from those requirements should be established. That should also prevent excessive use of exemptions and provide an effective incentive to boost Union production of renewable energy technologies.

(70) Businesses and households are an essential part of the demand for net-zero technologies in the Union. Public support schemes designed to support consumer demand for such products are important tools for strengthening the Union's economic security and accelerating the green transition. In order to build on the provisions of Regulation (EU) 2024/1735 on resilience, it is necessary to complement those provisions introducing additional requirements for battery energy storage systems, solar photovoltaic technologies and heat pumps. Such additional requirements should ensure that certain main specific components and, in some cases, the whole final product, originate in the Union. That approach is in line with the general objective of support schemes to promote socially-desirable outcomes, in view of making progress on the ambitions of the European Pillar of Social Rights as well as environmental and climate objectives. Furthermore, it should ensure sufficient diversification while strengthening strategic manufacturing capacity and technological sovereignty within the Union. Public authorities in charge of support schemes should have the possibility either to condition the eligibility of the scheme to the fulfilment of the requirements, or to grant additional financial compensation when the requirements are fulfilled. In the latter case, the additional financial compensation should have an incentivising effect. However, if State aid is involved, the additional financial

compensation should not exceed the applicable maximum aid intensity. **The requirements should apply to new schemes as well as to schemes that are being updated after the entry into force of this Regulation. A scheme should be considered 'updated' when it undergoes any modification that would require new approval of the scheme by an authority or legislator. This includes significant changes to the allocated budget, scope, eligibility criteria or application process. It also covers renewals, extensions or any changes significant enough to require new approval of the scheme by an authority or legislator.**

(71) Digital technologies continue to transform the way we generate, distribute, and consume energy. Such digital evolution, while presenting unprecedented opportunities, has also introduced complexity and interdependence within modern energy systems, which are now susceptible to a growing array of cyber threats. The integration of digital technologies into energy systems increases the attack surface for malicious actors, who can exploit vulnerabilities to disrupt operations, steal sensitive data, or manipulate energy markets. Such disruptions not only threaten the security and stability of our energy infrastructure and continuous supply of energy but also have cascading effects on all sectors of the economy that rely on stable energy inputs. Furthermore, energy system disruptions could undermine investor confidence and deter investment in essential modernisation and decarbonisation efforts. Therefore, safeguarding the cybersecurity of these systems is paramount to ensuring economic security, maintaining trust, and fostering resilience against future challenges.

(72) To ensure a high level of cybersecurity, it is necessary to prevent high-risk suppliers, as identified in accordance with [the proposal for a revised Cybersecurity Act] from supplying critical components to bidders of renewable energy auctions, tenderers of public procurement procedures, and final products supported by government intervention in the scope of this Regulation.

(73) Furthermore, the cybersecurity provisions of Article 26 of Regulation (EU) 2024/1735 should not only apply to 30%, but to all renewable energy auctions in light that cybersecurity is essential to the stability and integrity of the Union's energy system as a whole. A gap even in just one element of an energy system's cybersecurity could endanger the stability of the whole system. In addition to the high level of cybersecurity ensured in critical sectors by Directive (EU) 2022/2555 and in products with digital elements under Regulation (EU) 2024/2847, extending the scope of the cybersecurity requirements of

Regulation (EU) 2024/1735 to all renewable energy auctions should further reduce the vulnerabilities of the Union's energy system and contribute to securing energy and economic stability.

(74) The application of the requirements on Union origin and cybersecurity for net-zero technologies should complement the requirements on sustainability and resilience set out in Regulation (EU) 2024/1735. They should therefore be inserted in that Regulation to ensure consistency and simplify implementation by the relevant authorities.

(75) In line with the measures for public procurement, auctions and public support schemes, this Regulation should also complement Regulation (EU) 2024/1735 with Union origin requirements for Member State support to the construction of nuclear power plants and to the manufacturing of hydrogen electrolysers. To secure long term Union sovereignty, energy security, and sector resilience, it is essential that the new nuclear plants, both large scale reactors and small modular reactors, prioritise as much as possible Union sourced technologies and components while maintaining the highest quality standards. Such strategy will not only boost domestic capabilities but also position the Union as a reliable, competitive player in the global nuclear market. However, in order to prevent risks related to technological lock-in, the Union origin requirements for nuclear power plants should only apply to new-builds, excluding refurbishments and lifetime extensions of existing nuclear power plants.

(76) Regulation (EU) 2024/1735 should therefore be amended accordingly.

(77) Hydrogen is a crucial energy carrier for the energy transition in many industry applications and is instrumental in driving the transition to cleaner energy systems. To accommodate the emergence of gigawatt scale electrolyser deployments in the Union, it is essential to have a concerted, enhanced support system ~~is essential~~.

(78) Where Union **origin or Union and partner** origin requirements require that a certain number of components should originate in the Union without specifying which ones, the choice should be left to the economic operators. This ensures sufficient competition among suppliers of the required components and enables economic operators to make the most cost-efficient choices while applying the requirements.

(79) Regulation (EU) 2024/3110 empowers the Commission to adopt delegated acts to establish environmental sustainability labelling requirements for specific product categories and

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families of construction products, provided that a product is typically chosen by consumers and does not have a different overall environmental performance over its life cycle depending on its installation. Such strict conditions should be removed in order to enable the Commission to set requirements for the labelling of construction products on the basis of their carbon intensity, including for those products that are not typically sold to end consumers. Regulation (EU) 2024/3110 should therefore be amended accordingly.

(80) To the extent that any of the measures envisaged by this Regulation constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU.

(81) Since the objective of this Regulation, namely to support resilient and decarbonised industrial production, cannot be sufficiently achieved by the Member States and can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

CHAPTER I
GENERAL PROVISIONS

Article 1

Subject matter and scope

1. This Regulation aims ~~at improving~~**to improve** the functioning of the internal market **and ensure a level playing field** by establishing a **harmonised** framework to support the development, competitiveness and resilience of the Union's manufacturing sector, with a focus on selected strategic sectors, while contributing to the Union's climate objective, economic security**, the attractiveness of investment conditions in the Union** and the creation, retention of, and transition into high-quality jobs**, while avoiding unnecessary administrative burden**.

2. To achieve the general objective referred to in paragraph 1, this Regulation lays down measures aiming to

(a) speed-up permit-granting procedures for industrial manufacturing projects, including energy-intensive industry decarbonisation projects;

(b) create lead ~~market~~**markets** for certain products in strategic sectors, by laying down Union origin requirements, low-carbon requirements, or both, in the context of public procurement, **auctions and** public support schemes;

(c) ~~set~~**establish a Union framework setting** conditions ~~on~~**for the development of** foreign direct investments in ~~emerging~~**targeted** strategic sectors;

(d) ~~designate~~**set common conditions for the development of** industrial manufacturing acceleration areas by Member States ~~for the purposes of boosting industrial activities~~.

This Regulation contributes to the shared objective of the Union and Member States of increasing the manufacturing sector's share of the Union's GDP by 2035.

Article 2

~~**Industrialisation objective**~~

~~The Union and Member States shall seek to ensure that by 2035 the manufacturing industry of the Union accounts for at least 20% of the Union's gross domestic product.~~

Article 3

Definitions

For the purposes of this Regulation, the following definitions apply:

(1) 'industrial manufacturing project' means the construction, conversion or extension of an industrial site intended for carrying out an economic activity classified under NACE Code C (Manufacturing), with the exception of NACE Code C12;

(2) 'energy- intensive industries' means the industries listed in point 1 of Annex I**, including recycling, resource circularity and resource efficiency activities within those sectors**;

(3) ~~'energy~~'energy-intensive industry decarbonisation projects' means the construction or conversion of the commercial facility of an energy-intensive business as defined in Article

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17(1), point (a), of Council Directive 2003/96/EC[33] in the energy- intensive industries listed in point 1 of Annex I to this Regulation that reduce emission rates of CO2 -eq of industrial processes significantly and permanently to an extent which is technically feasible;

(3a) 'coordinating authority' is an administrative body designated by each Member State to ensure project promoters have access to a digital single access point that enables a single submission of the information required to apply for all permits relevant to a specific industrial manufacturing project;

(4) 'permit-granting procedure' means a process **at the appropriate administrative level within each Member State** that covers all relevant permits to build, expand, convert and operate industrial manufacturing projects, including building, chemical and grid connection permits as defined in Article 1 of [the Proposal for a Directive amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures[34]], and environmental assessments and authorisations**,** where required, and encompassing all applications and procedures from the acknowledgement that the application is complete to the notification of the ~~comprehensive decision on the~~ outcome of the procedure;

(5) ~~'comprehensive decision' means the decision or set of decisions taken by a Member State authority or authorities, that determines whether or not a project promoter is authorised to build, expand, convert and operate an industrial manufacturing project;~~

(6) 'contract' means public contract as defined in Article 2(1), point (5), of Directive 2014/24/EU[35], supply, works and service contracts as defined in Article 2, point (1), of Directive 2014/25/EU[36], and concessions as defined in Article 5, point (1), of Directive 2014/23/EU;

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33 Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283, 31.10.2003, pp. 51–70, ELI: http://data.europa.eu/eli/dir/2003/96/oj).

34 Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures ((2025/0400 (COD)).

35 Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, pp. 65–242, ELI: http://data.europa.eu/eli/dir/2014/24/oj).

36 Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services

(7) ‘contracting authority’ means a contracting authority as defined in Article 6 of Directive 2014/23/EU, Article 2(1), point (1), of Directive 2014/24/EU and Article 3 of Directive 2014/25/EU;

(8) ‘contracting entity’ means a contracting entity as defined in Article 7 of Directive 2014/23/EU and Article 4 of Directive 2014/25/EU;

(9) ‘economic operator’ means the manufacturer, the authorised representative, the importer, the distributor, the dealer and the fulfilment service provider and, for the purposes of public procurement procedures, it means economic operator as set out in Article 5, point (2), of Directive 2014/23/EU, Article 2(1), point (10), of Directive 2014/24/EU and Article 2, point (6), of Directive 2014/25/EU;

(10) ‘public procurement procedure’ means either of the following:

(a) a procedure for the award of works or a service concession covered by Directive 2014/23/EU;

(b) any type of award procedure covered by Directive 2014/24/EU for the ~~conclusion~~**award** of a public contract or Directive 2014/25/EU for the ~~conclusion~~**award** of a supply, works and service contract **with the exception of procedures concerning lots according to Article 5(10) of Directive 2014/24/EU and Article 16(10) of Directive 2014/25/EU**;

(10a) 'motor vehicle version' means a ‘version’ within a variant that groups vehicles that have features in common as defined in Annex I, Part B, point 2.2 of Regulation (EC) Regulation 2018/858.

(11) ‘greenhouse gas intensity’ means emissions (measured in tCO2eq) released during the production of industrial products referred to in Article 10(2);

(12) ‘manufacturer’ means any natural or legal person that manufactures a product**, a substance or a mixture,** or that has a product designed or manufactured, and markets that product under their name or trademark;

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sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, pp. 243–374, ELI: http://data.europa.eu/eli/dir/2014/25/oj).

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(13) ‘system boundary’ means the group of chemical or physical processes included in the calculation of the greenhouse gas intensity of products;

(14) ‘precursor’ means any input material into a production process that is part of the system boundaries.

(15) ‘chemical industry’ means activities classified under NACE Rev. 2, Code C20 (Manufacture of chemicals and chemical products), carried out by manufacturers established in the Union;

(16) ‘sustainable carbon sources’ means biomass that complies with the sustainability criteria laid down in Article 29 of Directive (EU) 2018/2001, waste and carbon from capturing carbon dioxide emissions.

(17) ‘substance’ means substance as defined in Article 2, point (7), of Regulation (EC) No 1272/2008;

(18) ‘mixture’ means a mixture as defined in Article 2, point (8), of Regulation (EC) No 1272/2008;

(19) ‘made available on the market’ means any supply of a product for distribution, consumption or use on the Union market during a commercial activity, whether against payment or free of charge;

(20) ‘fuel cell vehicle’ or ‘FCV’ means a vehicle equipped with a powertrain containing exclusively energy converters transforming chemical energy (input) into electrical energy (output), or vice versa, and electric machines as propulsion energy converters;

(21) ‘motor vehicle’ means any vehicle of categories M and N referred to in Article 4(1), points (a) and (b), of Regulation (EU) 2018/858 of the European Parliament and of the Council[37];

(22) 'off-vehicle charging hybrid electric vehicle' or 'OVC-HEV' means a vehicle equipped with a powertrain containing at least two different categories of propulsion energy converters

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37 Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (OJ L 151, 14.6.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/858/oj).

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where one of the propulsion energy converters is an electric machine that can be charged from an external source';

(23) 'pure electric vehicle' or 'PEV' means a vehicle equipped with a powertrain containing exclusively electric machines as propulsion energy converters and exclusively rechargeable electric energy storage systems as propulsion energy storage systems;

(24) 'main specific components' means the main specific components as listed in the Annex to Commission Implementing Regulation 2025/1178[38];

(25) 'vehicle's traction battery' means the electric vehicle battery specifically designed to provide electric power for traction as defined in Article 3(14) of Regulation (EU) 2023/1542[39].

(26) 'e-powertrain components' means power electronics, transport propulsion electric motors and e-axles and their components, rotors and stators;

(27) 'main electronic systems' means advanced driver assistance systems (including lidars, radars, sensors, cameras, ECUs and integration platforms), central computing units, wireless access systems, in-vehicle infotainment head units and chassis electronics;

(28) 'vehicle component' means any part of a vehicle, including processed material;

(29) 'assembled' means the process of ~~the~~**carrying out body parts stamping, body-in-white assembly, body protection and painting, and** final assembly of the vehicle **in the manufacturing site**;

(30) 'vehicle manufacturer' means a natural or legal person who is responsible for all aspects of the type-approval of a vehicle, system, component or separate technical unit, or the individual vehicle approval, or the authorisation process for parts and equipment, for ensuring conformity of production and for market surveillance matters regarding that vehicle, system, component, separate technical unit, part and equipment produced,

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38 Commission Implementing Regulation (EU) 2025/1178 of 23 May 2025 on laying down rules for the application of Regulation (EU) 2024/1735 of the European Parliament and of the Council as regards the list of net-zero technology final products and their main specific components for the purposes of assessing the contribution to resilience (OJ L, 2025/1178, 18.6.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/1178/oj).

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irrespective of whether or not that person is directly involved in all stages of the design and construction of that vehicle, system, component or separate technical unit concerned;

(30a) **'beneficial owner' means: (a) one or more natural persons: (i) who, directly or indirectly, own or control a foreign investor or Union target; (ii) who ultimately benefit from the foreign investment; or (iii) on whose behalf the foreign investment is made or on whose behalf the control over that foreign investment is exercised; or (b) where no natural persons are identified, a legal person, entity or trust which: (i) directly or indirectly owns or controls a foreign investor or Union target; or (ii) ultimately benefits from the foreign investment;**

(31) 'foreign direct investment' means an investment, including greenfield investments, into a Union target or a Union asset by a foreign investor or by the foreign investor's subsidiary aiming to establish or to maintain lasting and direct links between the foreign investor and the entrepreneur to whom or the undertaking to which the capital is made available, or at using an Union asset, in order to carry on an economic activity in a Member State, including investments which enable effective participation in the management or control of a company carrying out an economic activity;

(32) 'foreign investor' means a natural person ~~of a third country~~ who does not hold the nationality of a Member State or an undertaking **or entity established or otherwise organised under the laws** of a third country, intending to make or having made a foreign direct investment;

(33) 'foreign investor's subsidiary' means an undertaking controlled, directly or indirectly, by a foreign investor regardless of its place of establishment;

(34) 'Union target' means an undertaking established **or intended to be established** under the laws of a Member State;

(35) 'Union asset' means an immovable asset used or intended to be used for manufacturing products in the territory of the Union;

(36) 'Union worker' means any natural person who has an employment contract or employment relationship as defined by law, a collective agreement or practice in force in a Member State and is either a citizen of the Union or a third country national legally residing in a Member State with a valid work permit at the moment of recruitment;

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(37) ‘portfolio investment’ means the acquisition of company securities that are intended purely for financial investment and without any intention to influence the management or control of the company;

(38) ‘turnover’ means the amount derived by an undertaking within the meaning of Article 5(1) of Council Regulation (EC) No 139/2004[40];

(39) ‘active material’ means a material which reacts chemically to produce electric energy when the battery cell discharges or to store electric energy when the battery is being charged;

(40) ‘electric vehicle battery’ means an electric vehicle battery as defined in Article 3(1), point (14), of Regulation (EU) 2023/1542 of the European Parliament and of the Council[41];

(40a) 'ex-works price' means the price laid down in Annex 22-01 of the Delegated Regulation 2015/2446 as regards detailed rules concerning certain provisions of the Union Customs Code;

(41) ~~‘supplier’ means a manufacturer established in the Union, the authorised representative of a manufacturer who is not established in the Union, or an importer, who places a product on the Union market;~~

CHAPTER II

ENABLING CONDITIONS FOR INDUSTRIAL PRODUCTION AND DECARBONISATION

Article ~~53a~~

~~Permit-granting procedure~~Single application for permitting

1. ~~Member States shall establish a single permit-granting procedure based on a single application covering all permits required for industrial manufacturing projects.~~

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40 Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (OJ L 24, 29.1.2004, p. 1).

41 Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (OJ L 191, 28.7.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/1542/oj).**[**

2. Member States shall designate ~~a competent~~**at least one** authority to coordinate **with the relevant competent authorities to establish and maintain a permitting application procedure that enables a single submission of the information required to apply for all permits relevant to a specific industrial manufacturing project. The designation of the coordinating authority shall not confer decision-making power in** the permit-granting procedure ~~referred to in paragraph 1 in order to ensure the adoption and issue of a comprehensive decision within the applicable time limit~~.

2a. Project promoters shall access the permitting application procedure via the digital single access point referred to in Article 4. The use of the single submission shall be at the discretion of the project promoter.

3. No later than 45 days from the receipt of ~~the~~**an** application for a permit for industrial manufacturing projects, the **relevant** competent authority shall either acknowledge that the application is complete or request any missing information needed to process the application**, via the digital single access point**.

Where, after the submission of any missing information, the application is still deemed**, by the relevant competent authority,** to be incomplete, the competent authority may~~,~~ within 30 days of the submission of the requested missing information, make a second request for any **outstanding** information ~~still missing~~**via the digital single access point**. The competent authority shall not request information in areas not covered in the first request for additional information and shall request further information only as necessary to cover the missing information. **In duly justified circumstances, the relevant competent authority can request additional information not previously requested where not doing so would result in the rejection of the application.**

4. The provisions of this Article shall not apply where rules to streamline the administrative and permit-granting processes are established in other Union legislative acts for specific industrial manufacturing sectors.

Article 4

Digital single access ~~points~~point

1. Member States shall set up**, or make available through existing structures, including those established by Member States or Union law, a digital** ~~a~~ single access point ~~at~~

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~~national level~~ for the **single** submission **of information** by project promoters ~~of the single application for industrial manufacturing projects~~ referred to in Article ~~5(1)~~**3a**.

2. The **digital** single access ~~points~~**point** shall ~~automatically attribute the permit applications to the relevant authority, inform the applicant about all steps of the permit-granting procedure, the status of the procedure and of the decisions of the relevant authorities, and~~ enable ~~the applicant to check compliance with applicable deadlines. To that effect the single access points shall use the European Business Wallets established pursuant to [Proposal for a Regulation on the establishment of European Business Wallets].~~**:**

~~Through the use of European Business Wallets, the single access points shall enable:~~

(-a) permit applications to be routed to the relevant competent authority for assessment and decision making;

(-b) the applicant to be informed about the status of the permit-granting procedure and the decisions of the relevant competent authorities;

(-c) the applicant to check compliance with applicable deadlines;

(a) interoperability and automated data exchange between competent authorities;

(b) re-use of data and documents already held by public authorities;

(c) a high level of cybersecurity, and integrity of information; **and**

(d) transparency and accountability of the permit-granting procedure.

3. When ~~setting up the~~**providing the digital** single access ~~points~~**point**, Member States shall **enable the use of the European Business Wallet in accordance with [Proposal for a Regulation on the establishment of European Business Wallets], and**, where appropriate, make use of existing Union digital infrastructure, catalogues and building blocks established by Union law.

~~*Article 5*~~

~~**Permit-granting procedure**~~

~~1. Member States shall establish a single permit-granting procedure based on a single application covering all permits required for industrial manufacturing projects.~~

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~~2. Member States shall designate a competent authority to coordinate the permit-granting procedure referred to in paragraph 1 in order to ensure the adoption and issue of a comprehensive decision within the applicable time limit.~~

~~3.~~

~~No later than 45 days from the receipt of the application for a permit for industrial manufacturing projects, the competent authority shall either acknowledge that the application is complete or request any missing information needed to process the application.~~

~~Where, after the submission of any missing information, the application is still deemed to be incomplete, the competent authority may, within 30 days of the submission of the requested missing information, make a second request for any information still missing. The competent authority shall not request information in areas not covered in the first request for additional information and shall request further information only as necessary to cover the missing information.~~

~~4. The provisions of this Article shall not apply where rules to streamline the administrative and permit-granting processes are established in other Union legislative acts for specific industrial manufacturing sectors.~~

Article 6

Permit-granting procedure for energy-intensive industry decarbonisation projects

1. **Member States shall apply the streamlined administrative and permit-granting processes set out in** Chapter II, Section II, of Regulation (EU) 2024/1735 ~~shall apply to all~~**to** energy-intensive industry decarbonisation projects **as defined in Article 3, point (3) of this Regulation**.

2. ~~All~~ Energy-intensive industry decarbonisation projects **as defined in Article 3, point (3) of this Regulation** shall be considered strategic projects contributing to resilience and decarbonisation or resource efficiency for the purposes of [Article 14 of Proposal for a Regulation on speeding-up environmental assessment]. **[**Points 1, 2 and 3 of the Annex**]** in that Regulation shall apply.

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*Article ~~25~~**6a***

~~Designating national~~ Industrial manufacturing acceleration areas

1. Member States ~~shall~~**may** designate ~~at least one~~ industrial manufacturing acceleration ~~area~~**areas** on their territory ~~by [OP please insert date: 12 months following the entry into force of this Regulation]~~ to cluster industrial manufacturing projects**. Those areas shall include, but are not limited to, projects from at least one** ~~in one or several~~ of the ~~strategic~~**priority** sectors listed in Annex I. **Member States may cooperate to designate cross-border industrial manufacturing acceleration areas.**

1a. When designating industrial manufacturing acceleration areas, Member States shall:

(a) define a clear geographic scope for the acceleration area taking account of the Member States' regions' levels of development, including least developed areas, regions in transition, and those undergoing industrial transformation;

(b) consider the infrastructural and supply chain needs of the acceleration area, with particular attention to the feasibility of connecting the industrial manufacturing acceleration area with sufficient low carbon energy supply for the industrial manufacturing activities foreseen;

(c) prioritise locations outside Natura 2000 sites and outside areas designated under national protection schemes for nature and biodiversity conservation, as well as other areas identified on the basis of sensitivity maps and outside protected areas as referred to in Article 6 of Directive 2000/60/EC, and take into account climate risks in the areas designated;

(d) prioritise artificial and built surfaces, industrial sites and brownfield sites, as well as already identified strategic projects pursuant to other Union legislation.

2. ~~Member States shall designate industrial manufacturing acceleration areas by decision, on the basis of the following elements:~~

(a) ~~the impact of the industrial manufacturing acceleration area's production on the security of the Union's supply for the strategic sectors listed in Annex I;~~

(b) ~~the potential of the industrial manufacturing acceleration area to support the deployment of production capacity in the strategic sectors listed in Annex I, to strengthen Union value chains and the Union's innovation potential to accelerate~~

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sustainable manufacturing industrial activities, including decarbonisation and circular business practices, and to foster the functioning of the internal market, in alignment with strategic projects and other initiatives, including as Net Zero Acceleration Valleys, carried out pursuant to other Union legislation;

(c) the number of SMEs and SMCs that would benefit from the provisions of this Chapter within the industrial acceleration area;

(d) the Member State's regions' level of development, including least developed areas, regions in transition, and those undergoing industrial transformation.

3. When designating industrial manufacturing acceleration areas, Member States shall:

(a) define a clear geographic scope for the acceleration area;

(b) prioritise locations where the deployment of a specific sector or sectors of industrial manufacturing projects is not expected to have a significant environmental impact;

(c) prioritise locations outside Natura 2000 sites and outside areas designated under national protection schemes for nature and biodiversity conservation, as well as other areas identified on the basis of sensitivity maps and outside protected areas as referred to in Article 6 of Directive 2000/60/EC;

(d) take into account climate risks in the areas designated;

(e) prioritise artificial and built surfaces, industrial sites, and brownfield sites, as well as already identified strategic projects pursuant to other Union legislation.

4. When designating industrial manufacturing acceleration areas, Member States shall take into account, as relevant, the following considerations:

(a) the infrastructural needs of the acceleration area;

(b) the financing needs of manufacturing industry located in the acceleration area and the possibility to support that industry, where applicable, in accordance with applicable State aid rules;

(c) the supply chain needs within the acceleration area and the essential materials, particularly secondary materials, necessary for manufacturing activities;

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(d) ~~the feasibility of connecting the acceleration area with sufficient low-carbon energy supply for the acceleration of industrial manufacturing activity;~~

(e) ~~skill needs, the shortages and employment trends and support measures to achieve the adequate reskilling and upskilling of the local workforce;~~

(f) ~~the need, as relevant, for depollution of the acceleration area to facilitate the commencement of new industrial activities;~~

(g) ~~research and innovation needs for accelerating the manufacturing industrial activity in the area;~~

(h) ~~relevant location-specific information made publicly available by industry, including corporate climate transition plans, related targets and actions, investment needs, and required enabling policy frameworks.~~

5. Before their adoption, ~~the plans or programmes on~~ the designation of the industrial manufacturing acceleration areas shall be subject to ~~an~~ environmental assessment ~~pursuant to Directive 2001/42/EC of the European Parliament and of the Council[42], and, if they are likely to have a significant impact on Natura 2000 sites, to the appropriate assessment pursuant to Article 6(3) of Council Directive 92/43/EEC[43] and, where~~**in accordance with the** applicable~~, to the relevant assessment to comply with Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council[44]~~ **Union legislation**.

6. Member States shall inform the Commission of the designation of an industrial manufacturing acceleration area~~,~~ within 30 days from the adoption of the relevant decision.

~~42~~ ~~Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30, ELI: http://data.europa.eu/eli/dir/2001/42/oj).~~

~~43~~ ~~Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7, ELI: http://data.europa.eu/eli/dir/1992/43/oj).~~

~~44~~ ~~Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1, ELI: http://data.europa.eu/eli/dir/2000/60/oj).~~

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*Article ~~266~~**b***

Enabling conditions for Industrial Manufacturing Acceleration Areas

Where appropriate for the long-term development and effective operation of industrial activities within the industrial manufacturing acceleration areas, Member States shall take the following measures~~, where appropriate, to facilitate the development of industrial manufacturing acceleration areas~~:

(a) facilitate **access to** financing of projects **and infrastructure** in the acceleration areas by ensuring coordination between authorities and streamlining internal procedures, ~~in synergy with~~**prioritising the use of** Union programmes and in accordance with existing State aid rules where applicable, taking into account the participation of SMEs and SMCs;

(b) promote research and innovation investments**, including investments in technology testing and demonstration facilities,** to accelerate the innovative potential and **the** Union's competitiveness and technology leadership in the acceleration areas;

(c) conduct~~, and review at least every three years,~~ a comprehensive analysis of the **immediate and long-term** energy needs of each acceleration area and ~~identifying~~ the required energy infrastructure capacity for the proper functioning and development of industrial manufacturing projects ~~located~~ in the acceleration area**, in line with the Union's decarbonisation pathway, and review the analysis, when appropriate**.

~~Such analysis shall be conducted, at least, when designating the industrial acceleration area and for the milestones of years 2030, 2040 and 2050, ensuring alignment with the Union's decarbonisation pathway;~~

(d) ensure that the network development plans prepared by transmission system operators pursuant to Article 51 of Directive (EU) 2019/944 of the European Parliament and of the Council[45] and distribution system operators pursuant to Article 32 of Directive (EU) 2019/944 take due account of the analysis prepared pursuant to point (c) of this paragraph, considering the potential of anticipatory investments to accommodate future system needs **in accordance with existing Union electricity market legislation and national regulatory approval frameworks**;

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[45] Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125, ELI: http://data.europa.eu/eli/dir/2019/944/oj).

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(e) ~~exchange information on relevant supply chains, identify potential bottlenecks, and strengthen coordination between acceleration areas on critical raw materials issues within the framework of the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252;~~

(f) ~~promote entities in the acceleration areas and facilitate their participation, where relevant, in the joint purchasing mechanism established by Article 25 of Regulation (EU) 2024/1252, including by providing guidance, support, and information to ensure effective engagement;~~

(g) support the development and availability of a highly skilled workforce and provide appropriate training and apprenticeship opportunities, thereby contributing to high-quality employment within those acceleration areas;

(h) ~~exchange information on the necessary skills, potential shortages of those skills and best practices applied in the acceleration areas within the framework of the Industrial Forum expert group established by COM/2020/102~~[46]~~;~~

(i) ~~ensure synergies and promote the benefits provided under the Pact for Skills~~[47] ~~or entities established in the acceleration areas, with particular attention to Large-Scale Skill Partnerships and Regional Skills Partnerships included therein.~~

*Article ~~27~~**6c***

Permit-granting procedures in Industrial Manufacturing Acceleration Areas

1. ~~For each designated industrial manufacturing acceleration area, Member States shall prepare and issue an aggregated baseline permit authorising industrial activities located within that area. This aggregated baseline permit shall cover the permits and administrative authorisations required for the industrial manufacturing projects located within the acceleration area, excluding those permits that are installation specific.~~

~~46~~ ~~Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions a New Industrial Strategy for Europe (COM/2020/102 final).~~

~~47~~ ~~Communication from the Commission to the European Parliament, the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, European Skills Agenda for sustainable competitiveness, social fairness and resilience ((COM(2020) 274 final).~~

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2. ~~Before issuing the aggregated baseline permit referred to in paragraph 1,~~ Member States shall carry out all necessary ~~assessments, including relevant environmental~~ assessments, planning procedures and evaluations applicable ~~at the level of the~~**to the location of each industrial manufacturing** acceleration area~~. Member States shall take into account the assessment carried out pursuant to Article 25(5)~~**, excluding those that are installation specific**.

3. **Once all necessary assessments, planning procedures and evaluations applicable to the location of the industrial manufacturing acceleration area have been approved,** industrial manufacturing projects located within an industrial manufacturing acceleration area shall **only** be required to obtain ~~only those additional~~**relevant installation specific** permits or authorisations ~~that fall outside the scope of the aggregated baseline permit referred to in paragraph 1~~.

4. The information used in the assessments, procedures and evaluations referred to in paragraph 2 shall be available for use in subsequent installation specific permits or authorisations.

~~4~~**5**. All industrial manufacturing projects located within an **Industrial Manufacturing** Acceleration Area shall be considered strategic projects contributing to resilience and decarbonisation or resource efficiency for the purposes of [Article 14 of Proposal for a Regulation on speeding-up environmental assessment]. **[**Points 1, 2 and 3 of the Annex**]** to that Regulation shall apply.

CHAPTER III
STRENGTHENING THE UNION'S STRATEGIC INDUSTRIAL VALUE CHAINS

Article 6d

Scope

This chapter shall apply to, as relevant;

(a) steel, and any product the performance of which depends mainly on steel, intended for use in buildings, infrastructure and new motor vehicles for civil purposes;

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(b) **concrete and mortar, and any product the performance of which depends mainly on concrete and mortar, intended for use in buildings and infrastructure for civil purposes;**

(c) **aluminium, and any product the performance of which depends mainly on aluminium, intended for use in buildings, infrastructure and new motor vehicles for civil purposes;**

(d) **new pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV), fuel cell vehicles (FCV), small electric vehicles, corporate zero- and low-emission vehicles as referred to in [Proposal for a Regulation of 16 December 2025 on clean corporate vehicles] and small zero-emission vehicles as referred to in [Proposal for a Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO2 emission standards for new light duty vehicles and vehicle labelling]].**

The Commission will provide guidance on the list of products laid down in points (a) to (c).

Article 7

Union origin

1. For the purposes of this Chapter, content of Union origin refers to content originating in the Union.

2. The origin of products and components shall be determined in accordance with **Article 60 of** Regulation (EU) No 952/2013 of the European Parliament and of the Council. **The origin of steel products shall be determined on the basis of the country of "melt and pour", as defined in Article 4 of Regulation (EU) of the European Parliament and of the Council addressing the negative trade-related effects of global overcapacity on the Union steel market and amending Regulation (EU) 2020/2170, and consistent with its associated implementing acts.**

Article 7a

Partner origin

1. **For the purposes of this Chapter, content of partner origin refers to content originating in:**

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(a) a third country that is Party to the GPA, provided that the procurement of the product in question falls within the scope of covered procurement under the Union's Appendix I to the GPA, taking into account the applicable Annexes;

(b) a third country with which the Union has concluded an agreement establishing a free trade area or a customs union, under the conditions laid down in that agreement, provided that relevant obligations of the Union exist under the agreement for the product in question.

The origin of products and components shall be determined in accordance with Article 60 of Regulation (EU) No 952/2013 of the European Parliament and of the Council.

2. The Commission shall adopt ~~delegated~~**implementing** acts in accordance with Article ~~30 to exclude, in whole or in part, a~~**31(3) to establish and maintain the lists of** third ~~country from the scope of~~**countries that provide content of partner origin. In preparing those implementing acts, the Commission shall assess the implementation of the agreements set out in** paragraph 1 ~~based on any~~**, on the basis** of the following criteria:

(a) addition or removal of a third country is justified where that third country has provided or failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the sectors listed in Annex I;

(b) addition or removal of a third country is justified to avoid high-risk dependencies or any other developments that are likely to threaten the security of supply in the Union of the products in question;

(c) removal of a third country is justified under any other exception under the applicable agreement;

The implementing acts shall align with the dispute settlement procedures under the relevant agreements concluded between the Union and a third country establishing a free trade area or a customs union.

3. The Commission shall subsequently amend the lists of countries if required, through additional implementing acts in accordance with Article 31(3), where a third country becomes a party to an existing agreement or concludes a new agreement falling

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within the categories of agreements listed in paragraph 1 and/or an amendment is justified by an assessment of the criteria set out in paragraph 2.

4. Those implementing acts shall set out the procedure for the regular monitoring of the criteria set out in paragraphs 2 and 3. The first implementing act that establishes the lists of countries that provide content of partner origin shall be adopted within [OP: Please insert the date = 6 months after entry into force of this Regulation].

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Article 7b

Low-carbon products

1. For the purposes of this Chapter, a product covered by Annex II shall be considered low-carbon when it complies with the requirements set out in delegated acts, as follows:

   (a) for construction products referred to in Regulation (EU) 2024/3110 and covered by **either** a harmonised technical specification or a European Technical Assessment, the delegated acts adopted pursuant to Article 5(5) or Article 22(9) of Regulation (EU) 2024/3110;

   (b) for all other products, delegated acts adopted pursuant to Article 4 of Regulation (EU) 2024/1781, as applicable.

Article 8

~~**Content equivalent to Union origin in** ~~**Public procurement**

1. ~~With respect to the Union origin requirements referred to in~~**Notwithstanding** Article ~~11, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union, or that are parties to the Agreement on Government~~**7, for the purposes of public** procurement, ~~where relevant obligations of the Union exist under that agreement~~**partner origin, as defined in Article 7a**, shall be ~~deemed to be of~~**treated as** Union origin.

~~2. The Commission shall adopt delegated acts in accordance with Article 30 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~

~~(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the sectors listed in Annex I;~~

~~(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

~~(c) such exclusion is justified under any other exception under the applicable agreement.~~

2a. From the date of entry into force of the implementing act referred to in Article 7a(4), the Commission shall make available and maintain, through the Access2Markets portal, a freely accessible digital tool that lists by product the relevant partner origin countries referred to in paragraph 1, in order to assist contracting authorities, contracting entities and economic operators with the implementation of this Article. Incorrect determination of coverage arising solely from the use of the digital tool shall not be considered as an infringement of Union law in the field of public procurement.

~~1~~**2b**. Contracting authorities and contracting entities shall exclude ~~from~~ access to procurement procedures referred to in Part I of Annex II and Part ~~I~~**III** of Annex III ~~tenders submitted~~ by economic operators owned or controlled **within the meaning of Article 3(2) of Regulation 139/2004** by an entity established in third countries which have not concluded an international agreement with the Union guaranteeing such access.

~~2~~**2c**. For public procurement procedures referred to in Part I of Annex II and Part ~~I~~**III** of Annex III, contracting authorities and contracting entities shall apply the Union origin requirements and low-carbon requirements laid down therein in accordance with ~~Articles 8 and 10~~**paragraph 1 of this Article and Article 7b**.

~~3~~**2d**. Contracting authorities and contracting entities may decide not to apply the requirements set out in ~~Annexes II and III~~**this Article** where any of the following conditions are fulfilled:

(a) the required products or **works, work concessions or transport** services can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;

(b) no suitable tenders or no suitable requests to participate were submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;

(c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 25%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.

(d) the contract in question is governed by Article 32(2)(c) of Directive 2014/24/EU and Article 50(d) of Directive 2014/25/EU.

47. Contracting authorities and contracting entities shall require economic operators supplying products or services to submit a self-declaration, or an equivalent document, demonstrating compliance with the requirements set out in this Article.

Legal remedies against the award decision of a third party shall not have any suspensive effect within the meaning of Article 2(1) point a and Article 3(3) of Directive 89/665/EEC as far as the compliance with the requirements of this Article covered by the self-declaration, or an equivalent document is concerned.

Article 9

~~Content equivalent to Union origin in~~ Other forms of public intervention

-1. Without prejudice to Articles 107 and 108 TFEU, **when deciding to set up new public support schemes or to update existing schemes,** Member States shall design ~~public support~~**those** schemes ~~in a way that they~~**to** contribute to the objective of strengthening the Union's strategic industrial value chains through the **application of** Union origin ~~requirements,~~**or** low-carbon ~~content~~ requirements, or both, laid down in Part II of Annex II and Part ~~H~~**III** of Annex III, in accordance with ~~Articles 9 and 10 and~~**paragraphs 1 and 2 of this Article and Article 7a. This is** without prejudice to Article 13.

Member States shall apply the requirements referred to in the first subparagraph to public support schemes accounting for at least 45% of the total national budget allocated to the public support schemes covered by Part II of Annex II and accounting for 100% of the

total national budget allocated to the public support schemes covered by Part ~~H~~**III** of Annex III.

1. ~~With respect to the Union~~**Notwithstanding Article 7, for the purposes of public support schemes partner** origin ~~requirements set out~~**content**, **as defined** in Article ~~12~~**7a**, ~~content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union~~ shall be ~~deemed to be oft~~**reated as** Union origin.

1a. The digital tool referred to in Article 8(2a) shall assist relevant public authorities with the implementation of this Article.

2. ~~The Commission shall adopt delegated acts in accordance with Article 30 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~

(a) ~~that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the sectors listed in Annex I;~~

(b) ~~such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

(c) ~~such exclusion is justified under any other exception under the applicable agreement.~~

The competent authority may ~~still~~ implement support schemes that do not meet the requirements laid down in Part II of Annex II and Part ~~H~~**III** of Annex III, in whole or in part, if the application of such requirements:

(a) would lead to significant delays due to the unavailability of the required components or final products. Estimated delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant;

(b) would incur disproportionate costs. Disproportionate costs shall be presumed to exist where, based on objective, transparent and verifiable data, compliance would increase the cost of the underlying final product or technology by more than 30%.

~~2~~**2b**. When designing and implementing a public support scheme covered by Part II of Annex II and Part ~~H~~**III** of Annex III, the competent authority shall assess the contribution of

products and technologies to the overall target laid down therein on the basis of an open, non-discriminatory and transparent process.

Article 10

~~Low-carbon products~~[paragraph 1 moved to Article 7b; paragraph 2 moved to Article 15b]

~~1.~~ ~~For the purposes of this Chapter, a product covered by Annex II shall be considered low-carbon when it complies with the requirements set out in delegated acts, as follows:~~

~~(a) for construction products referred to in Regulation (EU) 2024/3110 and covered by a harmonised technical specification or a European Technical Assessment, the delegated acts adopted pursuant to Article 5(5) or Article 22(9) of Regulation (EU) 2024/3110;~~

~~(b) for all other products, delegated acts adopted pursuant to Article 4 of Regulation (EU) 2024/1781, as applicable.~~

~~2.~~

~~To support the creation of lead markets by informing investment decisions towards products granted a lower greenhouse gas intensity performance class, the Commission is empowered to adopt delegated acts in accordance with Article 30 in order to supplement this Regulation by establishing voluntary classification systems based on the greenhouse gas intensity for products manufactured through activities listed in Annex I of Directive 2003/87/EC ('industrial products') when they are placed on the Union market, to the extent that these products are not already regulated by a Delegated Act under Regulation (EU) 2024/1781 or included in the working plans adopted in accordance with that Regulation.~~

~~Emissions and all other relevant data used for the calculation of the greenhouse gas intensity shall be verified by verifiers accredited under Commission Implementing Regulation (EU) 2018/2067 of the European Parliament and of the Council[48] or verifiers accredited under the delegated acts adopted pursuant to Article 18 of Regulation (EU) 2023/956, as appropriate. Emissions shall be monitored in accordance with the rules laid~~

~~48~~ ~~Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council (OJ L 334, 31.12.2018, pp. 94, ELI: http://data.europa.eu/eli/reg_impl/2018/2067/oj).~~

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down in Chapter III of Commission Implementing Regulation (EU) 2018/2066 and the data monitoring methods and quality requirements set out in Annex VII to Delegated Regulation (EU) 2019/331. For imported products, emissions may be monitored in accordance with Annex IV to Regulation (EU) 2023/956 and the data monitoring methods and quality requirements established by implementing acts adopted pursuant to Article 7(7), point (a), of Regulation (EU) 2023/956, where it provides for an equivalent dataset.

Such delegated acts shall specify, as appropriate, the following elements:

(a) the identification of the product for which a manufacturer may apply for a label on greenhouse gas intensity;

(b) the relevant system boundaries, covering emissions from the industrial manufacturing process, emissions from relevant precursors and emissions from electricity consumption. These emissions are considered independently of whether these emissions occur in the manufacturer's facility or in other facilities, recognising that certain precursors might be acquired from other installations;

(c) the methodology for the calculation of the greenhouse gas intensity of the product

(d) a classification with performance classes;

(e) complementary rules concerning the governance of the label, including competent entities; and

(f) complementary rules on accreditation, monitoring and verification,

In developing those rules, the Commission shall at least take into account:

(a) the latest applicable product benchmark values as defined under Directive 2003/87/EC;

(b) data already available under the EU ETS and CBAM;

(c) new Union rules concerning accounting for emissions, including from electricity consumption, low-carbon fuels and renewable fuels of non-biological origin;

(d) emerging low-carbon production technologies, as well as the estimated emissions' reduction potential of emerging technologies;

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(e) the need to incentivise the uptake of recycled materials in all production routes; and

(f) the alignment with climate neutrality objectives, as laid down in Regulation (EU) 2021/1119 of the European Parliament and of the Council[49].

Article 11

Public procurement[Paragraphs 1 to 4 were moved to Article 8 paragraphs 2b, 2c, 2d and 7]

1. Contracting authorities and contracting entities shall exclude from access to procurement procedures referred to in Part I of Annex II and Part I of Annex III tenders submitted by economic operators owned or controlled by an entity established in third countries which have not concluded an international agreement with the Union guaranteeing such access.

2. For public procurement procedures referred to in Part I of Annex II and Part I of Annex III, contracting authorities and contracting entities shall apply the Union origin requirements and low-carbon requirements laid down therein in accordance with Articles 8 and 10.

3. Contracting authorities and contracting entities may decide not to apply the requirements set out in Annexes II and III where any of the following conditions are fulfilled:

(a) the required products or services can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;

(b) no suitable tenders or no suitable requests to participate were submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;

(c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences

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49 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/1119/oj).

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~~exceeding 25%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.~~

~~4.~~ ~~Contracting authorities and contracting entities shall require economic operators supplying products or services to submit a self-declaration, or an equivalent document, demonstrating compliance with the requirements set out in this Article.~~

Article 12

~~Other forms of public intervention~~[Paragraphs (1) to (3) were moved to Article 9]

~~1.~~

~~Without prejudice to Articles 107 and 108 TFEU, Member States shall design public support schemes in a way that they contribute to the objective of strengthening the Union's strategic industrial value chains through the Union origin requirements, low-carbon content requirements, or both, laid down in Part II of Annex II and Part II of Annex III, in accordance with Articles 9 and 10 and without prejudice to Article 13.~~

~~Member States shall apply the requirements referred to in the first subparagraph to public support schemes accounting for at least 45% of the total national budget allocated to the public support schemes covered by Part II of Annex II and accounting for 100% of the total national budget allocated to the public support schemes covered by Part II of Annex III.~~

~~2.~~ ~~When designing and implementing a public support scheme covered by Part II of Annex II and Part II of Annex III, the competent authority shall assess the contribution of products and technologies to the overall target laid down therein on the basis of an open, non-discriminatory and transparent process.~~

~~3.~~ ~~The competent authority may still implement support schemes that do not meet the requirements laid down in Part II of Annex II and Part II of Annex III, in whole or in part, if the application of such requirements:~~

~~(a)~~ ~~would lead to significant delays due to the unavailability of the required components or final products. Estimated delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant;~~

~~(b) would incur disproportionate costs. Disproportionate costs shall be presumed to exist where, based on objective, transparent and verifiable data, compliance would increase the cost of the underlying final product or technology by more than 30%.~~

Article 13

Financial support for corporate vehicles

For the purposes of Article 4 of the [Proposal for a Regulation of 16 December 2025 on clean corporate vehicles], the 'made in the European Union' criterion for providing financial support for the uptake of **new zero- and low-emission** corporate cars and vans shall comply with the criteria set out in Part ~~II~~**I** of Annex III to this Regulation.

For the purposes of this Article, the~~This~~ 'made in the European Union' criterion ~~shall be considered equivalent to~~**refers to content originating in** the ~~'~~Union ~~origin' referred to~~**as laid down** in Article 7~~ of this Regulation~~.

Article 14

CO2 emission performance standards credits

1. For the purposes of Article 5(1) and (2) of Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO2 emission performance standards for new light duty vehicles and vehicle labelling], the 'made in the EU' criterion for small zero-emission vehicles shall comply with the criteria set out in Part ~~III~~**IV** of Annex III to this Regulation.

   For the purposes of this Article,~~This~~ 'made in the EU' ~~criterion shall be considered equivalent to~~**refers to content originating in** the ~~'~~Union ~~origin' referred to~~**as laid down** in Article 7~~ of this Regulation~~.

2. For the purposes of Article 5b of Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO2 emission standards for new light duty vehicles and vehicle labelling], 'low-carbon steel made in the EU' shall be understood as follows:

   (a) 'low-carbon' shall comply with the conditions ~~referred to~~**laid down** in Article ~~10(1)~~**7b(1)** of this Regulation;

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(b) ~~'made in the EU' shall be equivalent to the '~~**'content of** Union origin~~' referred to~~**' refers to content originating in the Union laid down** in Article 7 of this Regulation.

Article 15

Certification of a motor vehicle's compliance with Union origin requirements

From [OP please insert date: six months after entry into force], when issuing a **motor** vehicle's certificate of conformity in accordance with Articles 36 and 37 of Regulation (EU) 2018/858, for **motor** vehicles in compliance with the relevant Union origin requirements laid down in ~~Annex~~**Annexes II and** III to this Regulation, **vehicle** manufacturers shall provide an accompanying document certifying the compliance of the **motor** vehicle **version with those requirements**. **Manufacturer-issued documentation shall be deemed sufficient evidence of compliance unless substantiated doubts arise over the correctness of the certificate.**

Article 15a

Flexibility mechanism

~~Upon request of a vehicle manufacturer~~**As an alternative to the requirements for motor vehicles set out in Annex III, Parts II and III and in Article 13**, all PEV, OVC-HEV or FCV from ~~that~~**a** vehicle manufacturer can be considered compliant, for a period of twelve months, with the ~~Un ion~~**Union** origin requirements if the manufacturer ~~demonstrates that all PEV, OVC-HEV~~**provides a self-declaration that the PEV, OVC-HEC** or FCV **vehicles** compliant with the Union origin requirements ~~that were~~ **set out in Annex III, Part I** assembled by that vehicle manufacturer during the period comprised between 1 January and 31 December (included) of the previous year represent a percentage equal or greater than 85% of the total number of PEV, OVC-HEV or FCV from the same vehicle manufacturer that were registered within the Union in the same period.

Article 15b

Classification systems for creating lead markets

~~2.~~ To support the creation of lead markets by informing investment **and purchasing** decisions towards products granted a lower greenhouse gas intensity performance class, the Commission is empowered to adopt delegated acts in accordance with Article 30 in order to supplement this Regulation by establishing voluntary classification systems based on the greenhouse gas intensity for products manufactured through activities listed in Annex I of

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Directive 2003/87/EC ('industrial products') when they are placed on the Union market, to the extent that these products are not already regulated by a Delegated Act under Regulation (EU) 2024/1781 or included in the working plans adopted in accordance with that Regulation.

Emissions and all other relevant data used for the calculation of the greenhouse gas intensity shall be verified by verifiers accredited under Commission Implementing Regulation (EU) 2018/2067 of the European Parliament and of the Council[50] or verifiers accredited under the delegated acts adopted pursuant to Article 18 of Regulation (EU) 2023/956, as appropriate. Emissions shall be monitored in accordance with the rules laid down in Chapter III of Commission Implementing Regulation (EU) 2018/2066 and the data monitoring methods and quality requirements set out in Annex VII to Delegated Regulation (EU) 2019/331. For imported products, emissions may be monitored in accordance with Annex IV to Regulation (EU) 2023/956 and the data monitoring methods and quality requirements established by implementing acts adopted pursuant to Article 7(7), point (a), of Regulation (EU) 2023/956, where it provides for an equivalent dataset.

Such delegated acts shall specify, as appropriate, the following elements:

(a) the identification of the product for which a manufacturer may apply for a label on greenhouse gas intensity;

(b) the relevant system boundaries, covering emissions from the industrial manufacturing process, emissions from relevant precursors and emissions from electricity consumption. These emissions are considered independently of whether these emissions occur in the manufacturer's facility or in other facilities, recognising that certain precursors might be acquired from other installations;

(c) the methodology for the calculation of the greenhouse gas intensity of the product

(d) a classification with performance classes;

(e) complementary rules concerning the governance of the label, including competent entities; and

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50 Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council (OJ L 334, 31.12.2018, pp. 94, ELI: http://data.europa.eu/eli/reg_impl/2018/2067/oj).

(f) complementary rules on accreditation, monitoring and verification,

In developing those rules, the Commission shall at least take into account:

(a) the latest applicable product benchmark values as defined under Directive 2003/87/EC;

(b) data already available under the EU ETS and CBAM;

(c) new Union rules concerning accounting for emissions, including from electricity consumption, low-carbon fuels and renewable fuels of non-biological origin;

(d) emerging low-carbon production technologies, as well as the estimated emissions' reduction potential of emerging technologies;

(e) the need to incentivise the uptake of recycled materials in all production routes; and

(f) the alignment with climate neutrality objectives, as laid down in Regulation (EU) 2021/1119 of the European Parliament and of the Council[51].

Article 16

Delegation of powers

1. **In order to enable the decarbonisation of the chemicals sector, while strengthening production capacity of substances of Union origin derived from sustainable carbon sources, and supporting the use of such substances in products and mixtures made available on the market,** the Commission is empowered to adopt delegated acts in accordance with Article 30 to supplement this Regulation by laying down ~~Union-level demand-side measures~~**Union-origin and sustainable carbon sources requirements** for products ~~from the chemical industry in order to promote the following activities:~~**and mixtures put on the Union market.**

   (a) ~~the production and sales of substances and mixtures of Union origin derived from sustainable carbon sources;~~

[51] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/1119/oj).

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(b) ~~the use in products made available on the market of substances and mixtures of Union origin derived from sustainable carbon sources.~~

In the preparation of the delegated acts, the Commission ~~should~~**shall** take into account **evidence, obtained through monitoring activities or input by relevant stakeholders, including Member States and the industry sector, demonstrating**:

(a) the contribution of the requirements to the Union's objective of economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;

(b) ~~the market situation at Union level, as identified through monitoring activities, including~~ declining Union market shares and Union industry producing at below capacity

(c) the impact of setting such measures on the overall competitiveness and greenhouse gas emissions of the relevant sectors, as well as on costs for downstream consumers and small and medium enterprises and public budgets.

2. **In order to enable the decarbonisation of the relevant sectors, while maintaining production capacity,** the Commission is empowered to adopt delegated acts in accordance with Article 30 in order to amend ~~Annex II or Annex III concerning~~**the timeframe of application and percentage shares of** the Union origin ~~requirements,~~**and** low-carbon requirements ~~or both set out for products referred to therein, taking into account~~**for steel, concrete and mortar and aluminium in Annex II of this Regulation, on the basis of** the following criteria:

(a) **Evolution of** the market situation **of steel, concrete and mortar, including market shares of cement, and aluminium** at Union level, ~~as identified through monitoring activities, including declining Union market shares and Union industry producing~~**and production** below **sustainable** capacity~~;~~ **utilisation rates, impacting the Union's dependencies and security of supply**

(b) **Economic viability and** technological progress~~;~~ **of the decarbonisation technologies for steel, concrete and mortar, including cement, and aluminium production**

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~~(c) the contribution of the requirements to the Union's objective of public order, economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;~~

(d) **the current and forecasted availability of the low-carbon [and of Union origin] steel, low-carbon and of Union origin concrete and mortar, including cement, low-carbon and of Union origin aluminium and their relative** demand ~~for the relevant products or technologies driven by the downstream sectors' growth~~**in buildings, infrastructure and motor vehicles**;

~~(c)~~**(da)** the contribution of the requirements to the Union's objective of ~~public order,~~ economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;

(e) ~~share of product or technology in total production value of the downstream sector;~~

(f) the impact of ~~setting~~ Union origin ~~requirements,~~**and** low-carbon requirements~~, or both~~ on the overall competitiveness and greenhouse gas emissions of the relevant ~~sectors~~**energy intensive industries**, including **impact** on costs for downstream **industries,** consumers ~~and~~**,** small and medium enterprises and public budgets.

2a. In order to enable the Union to meet its climate objectives, while maintaining production capacity, the Commission is empowered to adopt delegated acts in accordance with Article 30 in order to amend the timeframe of application and percentage shares of the Union origin requirements for vehicles set out in Annex III of this Regulation, on the basis of the following criteria:

(a) Evolution of the market situation at Union level for vehicle component manufacturing, in particular those specific to new pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV) or fuel cell vehicles (FCV) including market shares within the Union and production below sustainable capacity utilisation rates, impacting the Union's dependencies and security of supply;

(b) Technological progress affecting the value added creation of the automotive supply chain, in particular as regards battery cell chemistries;

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(c) the current and forecasted availability of Union origin battery components and their relative demand in motor vehicles;

(d) the contribution of the requirements to the Union's objective economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;

(e) the impact of Union origin requirements on the overall competitiveness of the automotive industry, including on costs for consumers, small and medium enterprises and public budgets.

3. The Commission is empowered to adopt implementing acts in accordance with Article ~~31(2)~~**31(3)** to specify the method for calculating the proportion of volume of products and components originating in the Union in accordance with Regulation (EU) No 952/2013, and where appropriate, to provide for the use of standardised templates for certificates of compliance.

Implementing acts referred to in subparagraph 1 may also establish the methods and procedures to be applied by the relevant competent national authorities, including contracting authorities and contracting entities, to verify compliance with the requirements laid down in this Regulation and, where appropriate, to make use of digital tools for the purposes of calculation, verification and demonstration of compliance.

CHAPTER IV
FOREIGN INVESTMENT CONTRIBUTION

Article 17

Scope

1. This Chapter shall apply to foreign direct investments ~~exceeding a value of EUR 100 million in the emerging strategic manufacturing sectors referred to in paragraph 2, where more than 40 %~~**that meet the conditions set out in each** of the ~~global manufacturing capacity is held by the third country of which the foreign investor is a national or undertaking~~**subparagraphs (a), (b), and (c) of this Article**.

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~~Such investments shall not be implemented unless explicitly approved by the Investment Authority or the European Commission, referred to in Article 19, in accordance with the provisions laid down in this Chapter.~~

(a) The foreign direct investment exceeds a value of EUR 100 million;

(b) The foreign direct investment relates to manufacturing in any of the following targeted sectors:

~~(a)~~**(i)** battery technologies ~~and its~~**, including the** value chain for battery energy storage systems;

~~(b)~~**(ii)** pure electric vehicles, off-vehicle charging hybrid electric vehicles and fuel-cell electric vehicles, including components related to electrification and digitalisation;

~~(c)~~**(iii)** solar PV technologies;

~~(d)~~**(iv)** extraction, processing and recycling of critical raw materials.

(c) The foreign direct investment results in investors, whose beneficial owners are from a third country which holds more than 40 % of the global manufacturing capacity of the sector in which the investment occurs or who are controlled by entities from such a country, alone or collectively reaching:

(i) 30 percent or more share capital or voting rights in a Union target; or

(ii) 30 percent or more of ownership of a Union asset, and leasehold or other rights conferring control over a Union asset.

2. ~~This chapter shall apply to foreign direct investment in manufacturing in any of the following emerging strategic sectors:~~**[content moved to paragraph (1), point b]**

~~(a) battery technologies and its value chain for battery energy storage systems;~~

~~(b) pure electric vehicles, off-vehicle charging hybrid electric vehicles and fuel-cell electric vehicles, including components related to electrification and digitalisation;~~

~~(c) solar PV technologies;~~

~~(d) extraction, processing and recycling of critical raw materials.~~

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3. This Chapter shall not apply to:

(a) investors and investments covered by economic partnership ~~and~~**or** free trade agreements in force or provisionally applied by the Union to the extent relevant commitments have been made under those agreements, including investments made by the Union subsidiaries of such foreign investors;

(b) investments targeted at providing services, including investments made by the Union subsidiaries of **foreign** investors;

(c) portfolio investments.

3a. The investments that meet the conditions set out in paragraph 1 shall not be implemented unless explicitly approved by the Investment Authority referred to in Article 17a, or the European Commission as per Article 21, in accordance with the provisions laid down in this Chapter.

Article ~~19~~17a

~~Prior~~ Notification of planned foreign direct investments

1. Member States shall, by [OP insert date: ~~1 month~~**6 months** after entry into force of this Regulation], designate ~~an~~ **one or more Investment Authorities (hereafter referred to as the '**Investment Authority**')** which shall perform the review of foreign direct investment and implement the provisions of this Chapter.

Member States shall provide that Investment Authority with the necessary resources, legal and administrative means for performing the tasks set out in this Regulation.

~~1~~**2**. A foreign investor**, or the foreign investor's subsidiary, from [OP insert date: 12 months after entry into force of this Regulation],** shall notify any planned direct investment within the scope of Article 17 to the Investment Authority of the Member State where the Union target or Union asset is located~~, and which would result in control over the Union target or Union asset as laid down in paragraph 3~~.

The notification shall contain all necessary information to allow the Investment Authority to perform the ~~investment review~~**assessment and approval process** pursuant to ~~Article 20~~**Articles 20 and 20a**.

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~~2~~3. For the purposes of determining whether ~~the investment value reaches the threshold~~**either of the thresholds** set out in Article ~~17(1), only previous investments of a~~**17(1)(c) have been reached collectively by** foreign ~~investor made in the same Union target or Union asset by the~~**investors or foreign investors' subsidiaries, interests held directly or indirectly, including through affiliates, chains of ownership or by** foreign ~~investor~~**investors acting in concert shall be aggregated** from [OP please insert the date = the date of the entry into force of this Regulation]~~ shall be aggregated~~.

~~3~~4. ~~Foreign investors shall be considered to have control, where the investment in question reaches either of the following threshold:~~**[moved to Article 17, paragraph 1, point c)]**

(a) ~~30 percent or more share capital or voting rights in a Union target;~~

(b) ~~30 percent or more of ownership of a Union asset, and leasehold or other rights conferring control over a Union asset.~~

~~4~~5. ~~Where a foreign investor's acquisition or establishment of an investment would result in foreign investors collectively holding more than the ownership or control thresholds laid down in paragraph 3, that acquisition or establishment shall be notified.~~

~~5~~6. ~~For the purposes of calculating whether either of the thresholds laid down in paragraph 3 have been reached, aggregated interests held directly or indirectly, including through affiliates, chains of ownership or by foreign investors acting in concert, shall be considered.~~

~~6~~7. Where the relevant Union targets or assets are located in more than one Member State, the foreign investor shall notify the competent Investment Authorities of all Member States concerned and the Commission on the same day with reference to the other notifications. ~~The Member States concerned shall coordinate the review of such notifications and agree on the conditions imposed with the other Member States concerned, as well as with the Commission.~~

Article 18

Value added foreign direct investment criteria

~~1.~~

~~Member States shall, by [OP insert date: 1 month after entry into force of this Regulation], designate an Investment Authority which shall perform the review of foreign direct investment and implement the provisions of this Chapter.~~

~~Member States shall provide that Investment Authority with the necessary resources, legal and administrative means for performing the tasks set out in this Regulation.~~

~~2~~1. **When notifying the foreign direct investment in accordance with Article 17a(2), the foreign investor and the foreign investor's subsidiary shall comply with the condition under point (a) and at least three of the conditions of their choice under points (b) to (f) of this paragraph.** From [OP insert date: 12 ~~month~~**months** after entry into force of this Regulation], Investment Authorities shall only approve foreign direct investments made directly by foreign investors that fulfil ~~either four~~**point (a) and three** or more of the following six conditions:

~~(c)~~**(a)** at least 50% of the **average annual full time equivalent** workforce**,** employed in the context of the foreign direct investment, at the time of its implementation and continuously throughout its operation, shall be made up of Union workers **whose Union-worker status has not been obtained in direct connection with, or with the purpose of, the employment related to the implementation of the foreign direct investment. Those Union workers shall be employed** across all categories of the workforce, including operational, technical, supervisory, and managerial positions. ~~Such employment~~**The foreign investor** shall ~~be accompanied by adequate~~**commit to providing** training and ~~capacity-building measures~~**capacity building for staff to support Union based skills and workforce resilience**. Where a Union target or Union asset already performing manufacturing activities before the investment is acquired, including after bankruptcy, maintaining the existing workforce or re-employment of the former workforce shall be prioritised, in accordance with national law and the application of collective agreements. In the event that the foreign investor, the Union target or the Union asset receives public funding, ~~notwithstanding article 107~~**without prejudice to Articles 107 and 108** TFEU, it shall commit ~~not to decrease the number~~**to maintain the share of** Union workers for a period of five years ~~on pain of~~**, failing which that funding will be subject to** recovery ~~by the relevant national authorities, the funding awarded~~;

~~(a)~~**(b)** foreign investors do not acquire, hold, or exercise ownership interests representing more than 49% of the share capital, voting rights, or equivalent ownership interests

in any Union target, or equivalent ownership, leasehold or other rights conferring control over a Union asset;

~~(b)~~**(c)** **the** foreign investor undertakes the direct investment through a joint venture with one or more Union entities, with the foreign investor holding no more than 49% of the share capital, voting rights, or equivalent ownership interests or other rights conferring control in any of the Union entities participating in the joint venture. Such joint ventures shall be structured to ensure effective participation of Union partners in management, technology transfer, and capacity building;

~~(c)~~**(d)** foreign investors have entered into agreements providing for the licensing of their intellectual property rights and of their know-how**,** to the benefit of the Union target, or the Union asset, to enable it to carry out its economic activities in the context of the foreign direct investment. All intellectual property rights or assets developed by the Union target or the legal entity owning the Union asset prior to the foreign investment or without the collaboration of the foreign investor shall be fully and exclusively owned by the Union target or the legal entity ~~of~~**owning** the Union asset **prior to the foreign direct investment**. All intellectual property rights or assets either developed in that context as a result of a collaboration with the foreign investor's other business assets, or in the case of point ~~b~~**(c)**, developed by the joint venture, shall be owned jointly by the foreign investor and the Union target, the joint venture defined in point ~~b~~**(c)** or the legal entity owning the Union asset;

~~(d)~~**(e)** the foreign investor annually directs to research and development spending in the Union an amount equivalent to at least 1% of the gross annual revenue of the Union target, or the gross annual revenue generated by the Union asset, as applied in proportion to the foreign investor's share of control;

~~(e) at least 50% of the workforce employed in the context of the foreign direct investment, at the time of its implementation and continuously throughout its operation, shall be made up of Union workers across all categories of the workforce, including operational, technical, supervisory, and managerial positions. Such employment shall be accompanied by adequate training and capacity-building measures. Where a Union target or Union asset already performing manufacturing activities before the investment is acquired, including after bankruptcy, maintaining the existing workforce or re-employment of the former workforce shall be prioritised, in accordance with national law and the application of collective~~

~~agreements. In the event that the foreign investor, the Union target or the Union asset receives public funding, notwithstanding article 107 TFEU, it shall commit not to decrease the number Union workers for a period of five years on pain of recovery by the relevant national authorities, the funding awarded;~~

(f) in the context of the foreign direct investment, the foreign investor prepares and publishes on its website a strategy for enhancing Union value chains and prioritising the sourcing of inputs for the manufacturing activity from the Union**. The foreign investor shall demonstrate** ~~and~~ endeavours to source from the Union a minimum of 30% of inputs used for the products placed on the Union market.

3. ~~The foreign direct investment shall comply with the condition referred to in paragraph 2(e) to be approved by the Investment Authority pursuant to paragraph 2.~~

4**2**. **Foreign direct investments made within the Union by foreign investors' subsidiaries established in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union, where relevant obligations of the Union exist under that agreement, are not required to comply with the conditions laid down in paragraph 1 of this Article at the time of their notification in accordance with Article 17a(2). The** Investment Authorities may apply some or all of the conditions set out in paragraph ~~2 to~~**1 to those** direct investments ~~made within the Union by a foreign investor's subsidiary~~ where it is essential to achieve the objectives of this Regulation, under the following conditions:

(a) preventing the circumvention of this Regulation by the foreign investor; or

(b) where no alternative measures, including commitments proposed by the foreign investor or the foreign investor's subsidiary, are reasonably available and less restrictive of direct investment within the Union in order to meet the objectives of the Regulation.

3. Foreign direct investment notified pursuant to ~~the first subparagraph~~**Article 17a(7)** shall ~~fulfil~~**comply with** the conditions laid down in **this** Article ~~18~~ in all Member States concerned.

3a.

~~5~~**4**. The Commission shall adopt an implementing act, by [OP please insert date: 6 months after entry into force of this Regulation]~~)~~**,** to specify the detailed rules for verifying the compliance with the conditions laid down in paragraph ~~2.~~**1**, **including the documents that are necessary to demonstrate compliance with** those **conditions at the time of the notification of the foreign direct investment. That** implementing ~~acts~~**act** shall be adopted in accordance with the examination procedure referred to in Article 31(3).

~~*Article 19*~~

~~**Prior notification of planned foreign direct investments**~~

~~1.~~

~~A foreign investor shall notify any planned direct investment within the scope of Article 17 to the Investment Authority of the Member State where the Union target or Union asset is located, and which would result in control over the Union target or Union asset as laid down in paragraph 3.~~

~~The notification shall contain all necessary information to allow the Investment Authority to perform the investment review pursuant to Article 20.~~

~~2.~~ ~~For the purposes of determining whether the investment value reaches the threshold set out in Article 17(1), only previous investments of a foreign investor made in the same Union target or Union asset by the foreign investor from [OP please insert the date = the date of the entry into force of this Regulation] shall be aggregated.~~

~~3.~~ ~~Foreign investors shall be considered to have control, where the investment in question reaches either of the following threshold:~~

~~(a) 30 percent or more share capital or voting rights in a Union target;~~

~~(b) 30 percent or more of ownership of a Union asset, and leasehold or other rights conferring control over a Union asset.~~

~~4.~~ ~~Where a foreign investor's acquisition or establishment of an investment would result in foreign investors collectively holding more than the ownership or control thresholds laid down in paragraph 3, that acquisition or establishment shall be notified.~~

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~~5.~~ ~~For the purposes of calculating whether either of the thresholds laid down in paragraph 3 have been reached, aggregated interests held directly or indirectly, including through affiliates, chains of ownership or by foreign investors acting in concert, shall be considered.~~

~~6.~~

~~Where the relevant Union targets or assets are located in more than one Member State, the foreign investor shall notify the competent Investment Authorities of all Member States concerned and the Commission on the same day with reference to the other notifications. The Member States concerned shall coordinate the review of such notifications and agree on the conditions imposed with the other Member States concerned, as well as with the Commission.~~

~~The Commission shall decide which conditions shall be applied to the foreign direct investment in case there is no agreement between the Member States concerned.~~

~~Foreign direct investment notified pursuant to the first subparagraph shall fulfil the conditions laid down in Article 18 in all Member States concerned.~~

Article 20

~~Review and approval~~Admissibility assessment

1. The Investment Authority shall decide on the admissibility of the notification pursuant to Articles 17 and ~~19~~**17a** within ~~30~~**45** days of receiving ~~the~~**a complete** notification. ~~That deadline may be extended by a further 15 days where the Investment Authority demonstrates satisfactorily that an extension is justified by the circumstances.~~

Where **deemed admissible by** the Investment Authority ~~decides a notification is admissible~~, it shall ~~immediately~~**without delay** transmit the full notification to the Commission including all documents received.

Article 20a

Approval process

~~2~~**1**. Within 30 days ~~after~~**of** receiving the notification, the Commission may issue a written opinion on whether the foreign direct investment falls within the scope of ~~Articles 17 and~~

~~19~~**Article 17**, whether it fulfils the conditions laid out in Article ~~18(2)~~**18(1)**, and whether the Investment Authority ~~is to~~**should** approve the investment or not.

Where the Commission issues a written opinion, it shall transmit it to the Investment Authority without delay~~. The Commission may share the written opinion with the Investment Authorities of other Member States or~~ **and may** publish the written opinion on its official website, with due regard to confidentiality.

~~3~~**2**. **The Investment Authority shall offer its reasoned decision no later than 45 days after**~~No sooner than~~ receiving ~~the opinion of~~ the Commission**'s opinion or after** ~~or~~ the lapse of the deadline referred to in paragraph ~~2 and no later than 60 days, or 75 days if the deadline was extended in accordance with paragraph 1, after receipt of the notification, the Investment Authority shall issue a reasoned decision approving or declining the foreign direct investment. The Investment Authority shall approve the foreign direct investment if it fulfils 4 out of 6 conditions set out in~~**1 of this** article ~~18~~. The deadline for issuing the reasoned decision may be extended by a further 30 days where the Investment Authority demonstrates satisfactorily that an extension is justified by the circumstances.

The Investment ~~Authorities~~**Authority** shall, in ~~their~~**its** reasoned decision issued pursuant to **this** paragraph ~~3, justify~~**, indicate** how the opinion of the Commission was taken into account.

The Investment Authority shall communicate such reasoned decisions to the Commission within three days of adoption.

~~5~~**3**. The Investment Authority shall, in its approval decision, set out reporting obligations on the **foreign** investor concerned, with a view to assessing the continuous fulfilment of the conditions laid down in Article 18.

~~4.~~

~~Where the Investment Authority gives a decision which diverts from the Commission opinion as regards compliance of the foreign direct investment with the conditions laid down in Article 18, the Investment Authority shall assess the notification in greater detail within an additional period of two months and the decision shall only enter into force after the lapse of this deadline.~~

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~~Investment Authorities shall, in their reasoned decision issued pursuant to paragraph 3, justify how the opinion of the Commission was taken into account.~~

~~5.~~ ~~The Investment Authority shall, in its approval decision, set out reporting obligations on the investor concerned, with a view to assessing the continuous fulfilment of the conditions laid down in Article 18.~~

4. Where the relevant Union targets or assets are located in more than one Member State, the Commission may, with the agreement of the notified Investment Authorities, coordinate the respective processes.

~~6~~**5**. Any party subject to a decision issued pursuant to ~~paragraphs 1 or 3~~**Article 20 or paragraph 2 of this Article or Article 21** shall have the right to seek judicial recourse against such decision.

Article 21

~~Review~~Commission assessment of foreign direct investment ~~by the Commission~~

1. ~~Following~~**Within 45 days of receiving** the notification referred to in Article ~~19(1)~~**17a(2)**, **an Investment Authority may request** the Commission ~~may decide~~ to undertake the **admissibility** assessment ~~of the foreign direct investment in the following circumstances:~~**and, if deemed admissible, the approval process on its behalf.**

(a) ~~on its own initiative, where the foreign direct investment has the potential to significantly impact added value creation in the Union market;~~

~~(b)~~**(a)** ~~on the request of an Investment Authority handling a notification, or an Investment Authority of another Member State, in which the foreign direct investment in question would have a significant impact on its territory; or~~

(b)

(c) ~~on its own initiative, where the foreign direct investment has value exceeding EUR 1 billion.~~

~~(c)~~**(d)** ~~it has high potential of disrupting the security of supply of that emerging strategic sector or related value chains in the Union, or security in more than one Member State;~~

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2. ~~For the purposes of paragraph 1, the foreign direct investment shall be deemed to have the potential to significantly impact the added value creation in the internal market, in any of the following cases:~~

(a) ~~it is of particular strategic importance for the internal market;~~

(b) ~~it has considerable economic impact on the territory of more than one Member State;~~

~~(c)~~ ~~it has high potential of disrupting the security of supply of that emerging strategic sector or related value chains in the Union, or security in more than one Member State;~~

(d) ~~it has high potential of having detrimental environmental effect in more than one Member State;~~

(e) ~~it is of a particularly high value compared to other investments in that emerging strategic sector.~~

4**2**. **Within 45 days of receiving the request from the Investment Authority, and** where the Commission decides to assess the foreign direct investment**, it shall decide on the admissibility of the notification** pursuant to ~~this Article, the provisions set out in~~ Article ~~18 shall apply, mutatis mutandis, starting from its decision to undertake the assessment.~~**17.**

2a. Where the Commission accepts to undertake the approval process, it shall issue a reasoned decision within 45 days of an assessment being deemed admissible. The provisions set out in Article 18(1) shall apply, mutatis mutandis.

2c. Where an Investment Authority refers a notification by a Union subsidiary of a foreign investor, the Commission may apply some or all of the conditions set out in Article 18(1) to direct investments made in the Union by a foreign investor's subsidiary where it is essential to achieve the objectives of this Regulation, under the following conditions:

(a) preventing the circumvention of this Regulation by the foreign investor; or

(b) where no alternative measures, including commitments proposed by the foreign investor or the foreign investor's subsidiary, are reasonably available and less restrictive of direct investment within the Union in order to meet the objectives of this Regulation.

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2d. **Where the Commission issues a reasoned decision it shall transmit it to the foreign direct investor and the Investment Authority within 3 days and, where relevant, make a recommendation to the Investment Authority as to the appropriate reporting obligations.**

2e. **Within 15 days of receipt of an approval decision from the Commission, the Investment Authority shall set out the reporting obligations for the foreign investor concerned, with a view to assessing the continuous fulfilment of the conditions laid down in Article 18.**

3. ~~Following the notification referred to in Article 19(1), the Commission may decide to undertake the assessment of an investment referred to in Article 18(4). The Commission may carry out its assessment on its own initiative, or at the request of an Investment Authority handling a notification, or an Investment Authority of another Member State on which the foreign direct investment in question would have a significant impact.~~

~~Based on its assessment, the Commission may require the Investment Authority to apply in a proportionate manner, or not to apply, some or all the conditions set out in Article18(2).~~

~~4. Where the Commission decides to assess the foreign direct investment pursuant to this Article, the provisions set out in Article 18 shall apply, mutatis mutandis, starting from its decision to undertake the assessment.~~

Article 22

Monitoring and enforcement ~~by the Investment Authority~~

1. The Investment Authority shall regularly monitor the foreign direct investment to ensure that it continues to ~~fulfil the~~**comply with the applicable** conditions laid down in Article 18. For that purpose, the foreign investor shall ~~regularly~~ report **every two years** to the Investment Authority on compliance with the **applicable** conditions. **Subject to ten years of continuous compliance with the applicable conditions laid down in Article 18, the Investment Authority may waive those conditions.**

2. Upon request by the Commission, the Investment Authority shall transmit the investor's reports submitted pursuant to paragraph 1 to the Commission together with its own assessment on each report.

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3. ~~The Investment Authority~~**Member States** shall establish penalties in case of non-compliance with the provisions of this Chapter, in particular where foreign investors ~~or investments~~ fail to comply with the following requirements:

(a) the notification requirements in accordance with Article ~~19~~**17a**;

(b) the conditions laid down in Article 18;

(c) the ~~monitoring~~**reporting** obligations established by this Article.

3a. Where an Investment Authority considers that a foreign direct investment in its territory meets the conditions set out in Article 17(1) and has not been notified in line with Article 17a, it may, in duly justified circumstances, request the Commission to issue a reasoned opinion on whether the conditions have been met. Where the Commission accepts to issue a reasoned opinion, it shall be transmitted to the Investment Authority within 45 days.

4. Penalty payments established by the ~~Investment Authority~~**Member State** shall not amount to less than ~~5 %~~**5%** of the average daily aggregate turnover of the foreign investor undertaking in case of a violation pursuant to paragraph 3, point (a).

Where the foreign investor is a ~~private~~**natural** person, the ~~Investment Authority~~**Member State** shall establish a penalty payment of at least ~~5 %~~**5%** of the investment value in case **of** a violation pursuant to paragraph 3, point (a).

Where the Commission ~~decides to assess~~**undertakes the assessment of** the foreign direct investment pursuant to Article 21, it may by decision impose penalties if the foreign investor provides false or misleading information in their notification, or if it does not supply the information required for the Commission to perform its review obligation.

The penalties imposed by the Commission shall not exceed the 5% average daily turnover of the foreign investor, or in case of a ~~private~~**natural** person foreign investor, 5% of the investment value.

The penalty payments ~~established by the Investment Authority~~ shall be effective and proportionate to the violations laid down in paragraph 3.

The Investment Authority shall inform the Commission without undue delay of any non-compliance referred to in paragraph 3 and of the consequential penalties imposed.

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Article 23

Monitoring of global manufacturing capacity by the Commission

1. For the purposes of Article 17, the Commission shall monitor the global manufacturing capacity for each of the ~~emerging~~**targeted** strategic sectors, building on existing monitoring activities performed, in particular pursuant to Regulation (EU) 2024/1735.

2. The Commission shall provide and publish updated information on the most recent year for which data is available for each of the ~~emerging~~**targeted** strategic sectors referred to in Article ~~17(2)~~**17(1), point (b)**.

~~Where the Commission decides to assess the foreign direct investment pursuant to Article 21, it may by decision impose penalties if the foreign investor provides false or misleading information in their notification, or if it does not supply the information required for the Commission to perform its review obligation.~~

~~The penalties imposed by the Commission shall not exceed the 5% average daily turnover of the foreign investor, or in case of a private person foreign investor, 5% of the investment value.~~

Article 24

Delegation of powers

1. **In order to reduce high-risk dependencies on a third country which are detrimental to the Union's economic and supply security, while enhancing the functioning of the Single Market,** the Commission is empowered to adopt delegated acts in accordance with Article 30 of this Regulation to supplement the list of ~~emerging~~**targeted** strategic sectors to be covered by this Chapter to **the following** sectors **which are** critical to the Union's economic security ~~including~~**:** net-zero technologies listed in Article 4(1), points (b), (d), (e), (g), (h), (j), (k), (n), (p), and (s), of Regulation (EU) 2024/1735, nuclear fuel cycle technologies referred to in Article 4(1), point (i), of Regulation (EU) 2024/1735~~,~~ **and** electric propulsion technologies for transport referred to in Article 4(1), point (r), of Regulation (EU) 2024/1735 **and the sectors included in the Annex to [European Economic Security Strategy of 2023]**, and excluding digital technologies, artificial intelligence, quantum technologies and semiconductors.

These delegated acts shall be without prejudice to other Union acts establishing investment criteria for these sectors.

2. The delegated acts referred to in paragraph 1 shall be based on ~~the following factors~~:

(a) ~~an assessment of whether modifying the list of emerging strategic sectors would unduly deter or discourage foreign direct investment in the Union;~~

(b) ~~number of foreign direct investments in that sector, taking into account their contribution to the Union's security of supply and their added value to the Union's economy;~~

(c) ~~market situation and conditions, including~~**Union** supply ~~chain disturbances, on~~**chains in the given sector significantly depend on imports by persons or entities from a third country, in particular if products imported from that third country account for more than 40% of the sector's annual consumption in the** Union ~~level~~**;**;

(d) ~~technological developments and~~ **manufacturing activities in the Union being highly dependent on patent rights held by persons or entities established in a third country, taking into account the availability of alternative technologies and their potential implications on** the Union's ~~competitiveness in that sector in comparison to third countries~~**supply security**;

(e) ~~supply chain dependence in the relevant sector on one~~**a decrease by 10%** or more ~~countries~~**in the Union's global market share or manufacturing capacity in two consecutive years in the given sector is identified**.

3. The delegated acts adopted pursuant to paragraph 1 shall contain~~:~~ **the threshold value referred to in Article 17(1) for each of those additional sectors. Only where the Commission demonstrates with sufficient evidence that the threshold value referred to in Article 17(1) is inappropriate to achieve the objectives set out in this Article, the Commission shall be empowered to amend that threshold by means of a delegated act.**

(a) ~~the threshold value referred to in Article 17(1) for each of those additional sectors;~~

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(b) ~~whether the investment conditions referred to in Article 18 are appropriate and necessary to meet the objectives of this Regulation with respect to the sector concerned, and if not, which of those criteria is to be applied.~~

~~CHAPTER V~~

~~INDUSTRIAL MANUFACTURING ACCELERATION AREAS~~[content moved to CHAPTER II]

~~Article 25~~

~~Designating national industrial manufacturing acceleration areas~~

~~1.~~ ~~Member States shall designate at least one industrial manufacturing acceleration area on their territory by [OP please insert date: 12 months following the entry into force of this Regulation] to cluster industrial manufacturing projects in one or several of the strategic sectors listed in Annex I.~~

~~2.~~ ~~Member States shall designate industrial manufacturing acceleration areas by decision, on the basis of the following elements:~~

~~(a)~~ ~~the impact of the industrial manufacturing acceleration area's production on the security of the Union's supply for the strategic sectors listed in Annex I;~~

~~(b)~~ ~~the potential of the industrial manufacturing acceleration area to support the deployment of production capacity in the strategic sectors listed in Annex I, to strengthen Union value chains and the Union's innovation potential to accelerate sustainable manufacturing industrial activities, including decarbonisation and circular business practices, and to foster the functioning of the internal market, in alignment with strategic projects and other initiatives, including as Net Zero Acceleration Valleys, carried out pursuant to other Union legislation;~~

~~(c)~~ ~~the number of SMEs and SMCs that would benefit from the provisions of this Chapter within the industrial acceleration area;~~

~~(d)~~ ~~the Member State's regions' level of development, including least developed areas, regions in transition, and those undergoing industrial transformation.~~

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3. When designating industrial manufacturing acceleration areas, Member States shall:

(a) define a clear geographic scope for the acceleration area;

(b) prioritise locations where the deployment of a specific sector or sectors of industrial manufacturing projects is not expected to have a significant environmental impact;

(c) prioritise locations outside Natura 2000 sites and outside areas designated under national protection schemes for nature and biodiversity conservation, as well as other areas identified on the basis of sensitivity maps and outside protected areas as referred to in Article 6 of Directive 2000/60/EC;

(d) take into account climate risks in the areas designated;

(e) prioritise artificial and built surfaces, industrial sites, and brownfield sites, as well as already identified strategic projects pursuant to other Union legislation.

4. When designating industrial manufacturing acceleration areas, Member States shall take into account, as relevant, the following considerations:

(a) the infrastructural needs of the acceleration area;

(b) the financing needs of manufacturing industry located in the acceleration area and the possibility to support that industry, where applicable, in accordance with applicable State aid rules;

(c) the supply chain needs within the acceleration area and the essential materials, particularly secondary materials, necessary for manufacturing activities;

(d) the feasibility of connecting the acceleration area with sufficient low-carbon energy supply for the acceleration of industrial manufacturing activity;

(e) skill needs, the shortages and employment trends and support measures to achieve the adequate reskilling and upskilling of the local workforce;

(f) the need, as relevant, for depollution of the acceleration area to facilitate the commencement of new industrial activities;

(g) research and innovation needs for accelerating the manufacturing industrial activity in the area;

(h) relevant location-specific information made publicly available by industry, including corporate climate transition plans, related targets and actions, investment needs, and required enabling policy frameworks.

5. Before their adoption, the plans or programmes on the designation of the industrial manufacturing acceleration areas shall be subject to an environmental assessment pursuant to Directive 2001/42/EC of the European Parliament and of the Council[52], and, if they are likely to have a significant impact on Natura 2000 sites, to the appropriate assessment pursuant to Article 6(3) of Council Directive 92/43/EEC[53] and, where applicable, to the relevant assessment to comply with Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council[54].

6. Member States shall inform the Commission of the designation of an industrial manufacturing acceleration area, within 30 days from the adoption of the relevant decision.

Article 26

Enabling conditions

Member States shall take the following measures, where appropriate, to facilitate the development of industrial manufacturing acceleration areas:

(a) facilitate financing of projects in the acceleration areas by ensuring coordination between authorities and streamlining internal procedures, in synergy with Union programmes and in accordance with existing State aid rules where applicable, taking into account the participation of SMEs and SMCs;

(b) promote research and innovation investments to accelerate the innovative potential and Union's competitiveness and technology leadership in the acceleration areas;

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52 Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30, ELI: http://data.europa.eu/eli/dir/2001/42/oj).

53 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7, ELI: http://data.europa.eu/eli/dir/1992/43/oj).

54 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1, ELI: http://data.europa.eu/eli/dir/2000/60/oj).

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(c) conduct, and review at least every three years, a comprehensive analysis of the energy needs of each acceleration area and identifying the required energy infrastructure capacity for the proper functioning and development of industrial manufacturing projects located in the acceleration area.

Such analysis shall be conducted, at least, when designating the industrial acceleration area and for the milestones of years 2030, 2040 and 2050, ensuring alignment with the Union's decarbonisation pathway;

(d) ensure that the network development plans prepared by transmission system operators pursuant to Article 51 of Directive (EU) 2019/944 of the European Parliament and of the Council[55] and distribution system operators pursuant to Article 32 of Directive (EU) 2019/944 take due account of the analysis prepared pursuant to point (c) of this paragraph, considering the potential of anticipatory investments to accommodate future system needs;

(e) exchange information on relevant supply chains, identify potential bottlenecks, and strengthen coordination between acceleration areas on critical raw materials issues within the framework of the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252;

(f) promote entities in the acceleration areas and facilitate their participation, where relevant, in the joint purchasing mechanism established by Article 25 of Regulation (EU) 2024/1252, including by providing guidance, support, and information to ensure effective engagement;

(g) support the development and availability of a highly skilled workforce and provide appropriate training and apprenticeship opportunities, thereby contributing to high-quality employment within those acceleration areas;

(h) exchange information on the necessary skills, potential shortages of those skills and best practices applied in the acceleration areas within the framework of the Industrial Forum expert group established by COM/2020/102[56];

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55 Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125, ELI: http://data.europa.eu/eli/dir/2019/944/oj).

56 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions a New Industrial Strategy for Europe (COM/2020/102 final).

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(i) ensure synergies and promote the benefits provided under the Pact for Skills[57] or entities established in the acceleration areas, with particular attention to Large-Scale Skill Partnerships and Regional Skills Partnerships included therein.

Article 27

Permit-granting procedures in acceleration areas

1. For each designated industrial manufacturing acceleration area, Member States shall prepare and issue an aggregated baseline permit authorising industrial activities located within that area. This aggregated baseline permit shall cover the permits and administrative authorisations required for the industrial manufacturing projects located within the acceleration area, excluding those permits that are installation specific.

2. Before issuing the aggregated baseline permit referred to in paragraph 1, Member States shall carry out all necessary assessments, including relevant environmental assessments, planning procedures and evaluations applicable at the level of the acceleration area. Member States shall take into account the assessment carried out pursuant to Article 25(5).

3. Industrial manufacturing projects located within an industrial manufacturing acceleration area shall be required to obtain only those additional permits or authorisations that fall outside the scope of the aggregated baseline permit referred to in paragraph 1.

4. All industrial manufacturing projects located within an acceleration area shall be considered strategic projects contributing to resilience and decarbonisation or resource efficiency for the purposes of [Article 14 of Proposal for a Regulation on speeding-up environmental assessment]. Points 1, 2 and 3 of the Annex to that Regulation shall apply.

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[57] Communication from the Commission to the European Parliament, the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, European Skills Agenda for sustainable competitiveness, social fairness and resilience ((COM(2020) 274 final).

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CHAPTER VI
FINAL PROVISIONS

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Article 28

Evaluation

By [OP: Please insert the date = two years after the date of entry into force of this Regulation], and every three years thereafter, the Commission shall carry out an evaluation of this Regulation ~~and of its contribution to the functioning of the internal market~~. The evaluation shall consider:

(a) ~~progress made in achieving~~**whether** the objectives **of this Regulation** specified in Article 1 **have been achieved, in particular its contribution to the functioning of the internal market, and to supporting the**~~, particularly on~~ resilience~~, economic security~~ and decarbonisation of ~~industrial production~~**the Union's manufacturing sector and the Union's economic security**;

(b) progress made in achieving the ~~industrialisation~~ objective ~~pursuant to~~**referred to in** Article ~~2, taking into account the challenges and opportunities in the internal market and global markets~~**1(2), second subparagraph**;

(c) the related administrative costs **for public and private sectors**, economic impacts on downstream sectors, ~~small and medium enterprises and~~**SMEs, SMCs and consumers, as well as** impacts on public budgets.

[No later than seven years after the date of entry into force of this Regulation, the Commission shall carry out an evaluation of whether the requirement to continuously comply with the conditions laid down in Article 18 for ten years is appropriate for achieving the objectives pursued by this Regulation.]

Article 29

Review

By [OP: Please insert the date three years after the date of entry into force this Regulation], the Commission shall assess the necessity of amending ~~Chapters III and IV. The Commission may submit a legislative proposal in order to repeal or amend~~ this Regulation**, in particular Chapters**

III, IV, and related annexes thereof. That review shall be carried out periodically every three years after the first review**, based on the outcome of the preceding evaluation**.

When carrying out its review, the Commission shall pay particular attention to the effectiveness of this Regulation and the persistence of the circumstances that have justified the adoption of this Regulation and to the necessity to introduce Union origin requirements for products from certain sectors critical to the Union's economic security, notably the building of ships and of rail rolling stock.

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Article 30

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. **[**The power to adopt delegated acts referred to in Articles 8, 9, 10, 16 and 24shall be conferred on the Commission for an indeterminate period of time from [OP please insert the date = the date of the entry into force of this Regulation].**]**

3. **[**The delegation of power referred to in Articles 8, 9, 10, 16 and 24 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.**]**

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. **[**A delegated act adopted pursuant to Articles 8, 9, 10, 16 and 24shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council

have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.**]**

Article 31

Committee procedure

1. The Commission shall be assisted by a Committee. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 32

Penalties

Member States shall lay down rules on penalties applicable to infringements of the provisions of this Regulation and shall take all necessary measures to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall, without delay, notify the Commission of those rules and measures and shall notify it, without delay, of any subsequent amendment affecting them.

Article 32a

Guidance

Where appropriate, the Commission shall issue guidance on the application of this Regulation with a view to ensuring its uniform implementation across the Member States. This will include guidance on the products listed in Article 6d, guidance on the application of derogations, template self-declarations forms referred to in Article 8(7) and guidance to define the necessary information that vehicle manufacturers shall provide in the document referred to in Article 15, to certify that vehicle versions comply with the relevant Union origin requirements laid down in Annex III

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Article 33

Amendments to Regulation (EU) 2018/1724

Annexes I and II to Regulation (EU) 2018/1724 are amended in accordance with Annex ~~V~~**IV** to this Regulation.

Article 34

Amendments to Regulation (EU) 2024/1735

Regulation (EU) 2024/1735 is amended as follows:

(1) in Article 3**, points 23 and 27 are amended as follows and** the following points (34), (35) and (36) are added:

'(23) 'public procurement procedure' means either of the following:

(a) a procedure for the award of works or a service concession covered by Directive 2014/23/EU;

(b) any type of award procedure covered by Directive 2014/24/EU for the award of a public contract or Directive 2014/25/EU for the award of a supply, works and service contract with the exception of procedures concerning lots according to Article 5(10) of Directive 2014/24/EU and Article 16(10) of Directive 2014/25/EU;

(27) 'auction" means a mechanism for competitive tendering procedures to support the production or consumption of energy from renewable sources, or the deployment, operation or procurement of net-zero technologies exclusively, that does not fall under Directive 2009/81/EC of the European Parliament and of the Council or Directive 2014/23/EU, 2014/24/EU or 2014/25/EU;

(34) 'industrial battery' means an industrial battery as defined in Article 3(1), point (13), of Regulation (EU) 2023/1542 of the European Parliament and the Council*;'

(35) 'stationary battery energy storage system' means a stationary battery energy storage system as defined in Article 3(1), point (15), of Regulation (EU) 2023/1542;'

(36) 'hydronic heat pump' means a ~~space heater using~~**heat generator of any capacity, intended for residential, commercial or industrial applications, with a heat**

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pump cycle to capture ambient heat from ~~an air source~~**air**, water~~ source~~ or ground ~~source~~**sources**, and/or waste heat ~~for heat generation and~~**and to generate heat for space heating, or for water heating, or for the** heating ~~space~~**of industrial processes, delivering the heat** through a water circuit.~~.~~

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* Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (OJ L 191, 28.7.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/1542/oj).;'

(2) in Article 9, the following paragraph (14) is added:

'14. All net-zero technology manufacturing projects shall be considered strategic projects contributing to resilience and decarbonisation or resource efficiency for the purpose of **[**Article 14(1)**]** of [Proposal for a Regulation on speeding-up environmental assessment].;'

(3) Article 25 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. For public procurement procedures falling within the scope of Directive 2014/23/EU, 2014/24/EU or 2014/25/EU, where contracts have net-zero technologies listed in Article 4(1), points (a) to (d), (h) and (i), of this Regulation as part of their subject matter, or in the case of works contracts and works concessions including said technology, contracting authorities and contracting entities shall apply minimum mandatory requirements regarding environmental sustainability established in the implementing act referred to in paragraph 5 of this Article.;'

(b) in paragraph 7, the first subparagraph is replaced by the following:

'The tender's resilience contribution shall be taken into account in the case of public procurement procedures~~, work contracts and works concessions~~ referred to in paragraph 1, in accordance with this paragraph.'

(c) in paragraph 7, point (a) is replaced by the following:

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‘(a) an obligation for the duration of the contract not to supply more than 50 % of the value of the specific net-zero technology final product referred to in this paragraph from each individual third country as determined by the Commission;’

(d) in paragraph 7, point (b) is replaced by the following:

‘(b) an obligation for the duration of the contract that no more than 50 % of the value of all the main specific components of the specific net-zero technology referred to in this paragraph taken together is supplied or provided directly by the successful tenderer or by a subcontractor from each individual third country as determined by the Commission;;

(e) add a new paragraph 13 as follows:

(13) The provisions of this Article shall not apply to contracting entities who have participated as bidders in an auction subject to the requirements of Article 26, for the purpose of carrying out the project awarded to them in the context of such auction.’

(4) The following ~~Article 25a is~~**Articles 28d, 28da and 25a are** inserted:

‘Article 28d

Union origin

1. For the purposes of Articles 25a, 26 and 28a and 28c, content of Union origin refers to content originating in the Union.

2. The origin of products and components shall be determined in accordance with **Article 60 of** Regulation (EU) No 952/2013 of the European Parliament **and of the Council**.

Article 28da

Partner origin

1. For the purposes of Articles 25a, 26 and 28a, content of partner origin refers to content originating in:

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(a) a third country that is Party to the GPA, provided that the procurement of the product in question falls within the scope of covered procurement under the Union's Appendix I to the GPA, taking into account the applicable Annexes;

(b) a third country with which the Union has concluded an agreement establishing a free trade area or a customs union, under the conditions laid down in that agreement, provided relevant obligations of the Union exist under the agreement for the product in question.

The origin of products and components shall be determined in accordance with Article 60 of Regulation (EU) No 952/2013 of the European Parliament and of the Council.

2. The Commission shall adopt implementing acts in accordance with Article 45(2) to establish and maintain the lists of third countries that provide content of partner origin. In preparing those implementing acts the Commission shall assess the implementation of the agreements set out in paragraph 1, on the basis of the following criteria:

(a) addition or removal of a third country is justified where that third country has provided or failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);

(b) addition or removal of a third country is justified to avoid high-risk dependencies or any other developments that are likely to threaten the security of supply in the Union of the products in question;

(c) removal of a third country is justified under any other exception under the applicable agreement.

The implementing acts shall align with the dispute settlement procedures under the relevant agreements concluded between the Union and a third country establishing a free trade area or a customs union.

3. The Commission shall subsequently amend the lists of countries if required, through additional implementing acts in accordance with Article 45(2), where a

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third country becomes a party to an existing agreement or concludes a new agreement falling within the categories of agreements listed in paragraph 1 and/or an amendment is justified by an assessment of the criteria set out in paragraph 2.

4. Those implementing acts shall set out the procedure for the regular monitoring of the criteria set out in paragraphs 2 and 3. The first implementing act that establishes the lists of countries that provide content of partner origin shall be adopted within [OP: Please insert the date = 6 months after entry into force of this Regulation].

Article 25a

Origin requirements for public procurement procedures

~~2~~**1a**. For public procurement procedures referred to in Annex II, contracting authorities and contracting entities shall apply the Union origin requirements laid down therein. Requirements relating to ~~specific~~**individual** main specific components shall only apply to the extent that those components are included in the final product.

~~1~~**1b**. ~~With respect to the Union origin requirements referred to in~~**Notwithstanding** Article ~~25a, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union, or that are parties to the Agreement on Government~~**28d, for the purposes of public** procurement, ~~where relevant obligations of the Union exist under that agreement,~~ **partner origin as defined in Article 28da** shall be ~~deemed to be of~~**treated as** Union origin-.

~~2~~**1c**. ~~The Commission shall adopt delegated acts in accordance with~~**[Implementing act moved to new** Article ~~44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~**28da]**

(a) ~~that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);~~

(b) ~~such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

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(c) ~~such exclusion is justified under any other exception under the applicable agreement.~~

1d From the date of entry into force of the implementing act referred to in Article 28da(2), the Commission shall make available and maintain, through the Access2Markets portal, a freely accessible digital tool that lists by product the relevant partner origin countries referred to in paragraph 1b, in order to assist contracting authorities, contracting entities and economic operators with the implementation of this Article. Incorrect determination of coverage arising solely from the use of the digital tool shall not be considered as an infringement of Union law in the field of public procurement.

1. ~~For public procurement procedures referred to in Annex II,~~ Contracting authorities and contracting entities shall exclude ~~from~~ access to ~~such~~ procurement procedures ~~tenders submitted~~**referred to in Annex II** by economic operators owned or controlled **within the meaning of Article 3(2) of Regulation 139/2004** by an entity established in third countries which have not concluded an international agreement with the Union guaranteeing such access.

~~2. For public procurement procedures referred to in Annex II, contracting authorities and contracting entities shall apply the Union origin requirements laid down therein. Requirements relating to specific main specific components shall only apply to the extent that those components are included in the final product.~~

3. Contracting authorities and contracting entities may decide not to apply one or several requirements set out in Annex II where any of the following conditions are fulfilled:

(a) the required products can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;

(b) no suitable tenders or no suitable requests to participate have been submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;

(c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in operation and maintenance. Estimated cost differences in excess of 25%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.

(d) their application would lead to significant delays to the delivery of the project due to the unavailability of the required components or final products. Estimated delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant.

(da) the contract in question is governed by Article 32(2)(c) of Directive 2014/24/EU and Article 50(d) of Directive 2014/25/EU.

4. Contracting authorities **and contracting entities** shall require economic operators supplying products falling within the scope of this Article to submit a self-declaration, or an equivalent document, demonstrating compliance with the requirements set out in this Article.

Legal remedies against the award decision of a third party shall not have any suspensive effect within the meaning of Article 2(1) point a and Article 3(3) of Directive 89/665/EEC as far as the compliance with the requirements of this Article covered by the self-declaration, or an equivalent document is concerned.'

(5) Article 26 is amended as follows:

(a) the heading is replaced by the following:

'Auctions for net-zero technologies'

(b) paragraph 1 is amended as follows:

the introductory wording is replaced by the following:

'When designing auctions for net-zero technologies listed in Article 4(1), points (a) to (g), (i) and (j), Member States shall include:''

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in point (a), the following point (iv) is added:

'(iv) **limitation to** high-risk suppliers as defined in Article ~~2 point (39) of~~**28b of this** Regulation ~~xxxx/xxxx [CSA2]: For auctions that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, suppliers identified as high-risk suppliers in accordance with Regulation xxxx/xxxx [CSA2]shall not be involved in the following processes:~~**;**

(1) ~~the supply of those products or systems;~~

(2) ~~the design, development or production of those products or systems;~~

(3) ~~the management, control or operation of those products or systems;~~

(4) ~~the development, maintenance, operation, or updating of their software'~~

point (b), is replaced by the following: 'pre-qualification criteria or award criteria as referred to in paragraphs 2 and 2a'.

'(c) The following paragraph 2a is inserted: '2a. Where the auctions have net-zero technologies listed in Annex II as part of their subject-matter, Member States shall include the pre-qualification or award criteria laid down in Annex II.' Criteria relating to ~~specific~~**individual** main specific components shall only apply to the extent that those components are included in the final product.';

(d) in paragraph 3, the first subparagraph is replaced by the following: 'The Commission is empowered to adopt an implementing act further specifying the pre-qualification and award criteria referred to in paragraph 1points (a), (i), (ii) and (iii), and paragraph 2.'

~~1.~~**da The following paragraph 3a is inserted: '**With respect to the Union origin requirements ~~referred to~~**for auctions for net-zero technologies, notwithstanding Article 28d, partner origin as defined** in Article ~~26, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union~~**28da** shall be ~~deemed to be of~~**treated as** Union origin.**'**

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~~2.~~**db** ~~The Commission shall adopt delegated acts in accordance with~~**[implementing act moved to new** Article ~~44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~**28da]**

(a) ~~that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);~~

(b) ~~such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

(c) ~~such exclusion is justified under any other exception under the applicable agreement.~~

The digital tool referred to in Article 25a (1d) shall assist relevant public authorities with the implementation of this Article

(e) paragraph 4 is replaced by the following: '4. Member States shall give to each of the criteria referred to in paragraphs 2 and 2a, when applied as award criteria, a minimum weight of 5 % and a combined weight of between 15 % and 30 % of the award criteria. That is without prejudice to the possibility to give a higher weighting to the criteria referred to in the fourth subparagraph of paragraph 2, in accordance with any limit for non-price criteria set out in State aid rules.'.

(f) paragraph 5 is replaced by the following: '5. Member States shall not be required to apply one or several of the pre-qualification and award criteria laid down in paragraph 1, points (a), (i), (ii) and (iii), and paragraph 1, point (b), where the application of those criteria would result in disproportionate costs or in significant delays to the delivery of the project due to the unavailability of the required components or final products. Estimated cost differences in excess of 20% per auction, based on objective and verifiable data, may be presumed by Member States to be disproportionate. Delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant.'

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(g) paragraph 7 is replaced by the following: '7. Paragraphs 1 to 5 shall apply to at least 40% of the volume auctioned per year per Member State or alternatively to at least 8 Gigawatt per year per Member State. Paragraph 1, points (a)(ii) and (iv), shall apply to 100% of the volume auctioned per Member State.'

(h) in paragraph 8, the introductory wording is replaced by the following: 'By 31 December 2027, the Commission shall carry out a comprehensive assessment of the application of the criteria referred to in paragraph 2 and their effect on the accelerated deployment of renewable energy technologies. By 31 December 2029 and every two years thereafter, the Commission shall carry out a comprehensive assessment of the application of the criteria referred to in paragraphs 2 and 2a and their effect on the accelerated deployment of renewable energy technologies. In particular, the Commission shall assess the impact of the criteria on:''

(6) The following Articles 28a to 28e are inserted:

'Article 28a

Origin requirements for other forms of public intervention

1. Without prejudice to Articles 107 and 108 TFEU, support schemes referred to in Annex II shall include the requirements laid down therein. Requirements relating to ~~specific~~**individual** main specific components shall only apply to the extent that those components are included in the final product.

~~2. When designing and implementing a scheme pursuant to paragraph 1, the authority shall assess the fulfilment of the requirements on the basis of an open, non-discriminatory and transparent process.~~

3. When additional financial compensation is granted, it shall not exceed 15% of the cost of the final product for the consumer, including transport and installation costs where relevant, with the exception of schemes targeting citizens living in energy poverty, as defined in Article 2, point (1), of Regulation (EU) 2023/955 of the European Parliament and of the Council ([57]), for which the limit shall be 20 %.[1]

~~1~~**3a**. ~~With respect the Union~~**Notwithstanding Article 28d, for the purposes of other forms of public intervention, partner** origin ~~requirements set out~~**as defined** in

Article ~~28a, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union~~**28da** shall be ~~deemed to be of~~**treated as** Union origin.

~~2~~**3b**. ~~The Commission shall adopt delegated acts in accordance with~~**[implementing act moved to new** Article ~~44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~**28da]**

(a) ~~that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);~~

(b) ~~such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

(c) ~~such exclusion is justified under any other exception under the applicable agreement.~~

3c. The digital tool referred to in Article 25a (1d) shall assist relevant public authorities with the implementation of this Article.

~~2.~~**3d** When designing and implementing a scheme pursuant to paragraph 1, the authority shall assess the fulfilment of the requirements on the basis of an open, non-discriminatory and transparent process.

~~Article 28b~~

~~Limitations to high-risk suppliers for other forms of public intervention~~

~~For support schemes within the scope of Articles 28 and 28a that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, Member States shall design those schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme only where suppliers identified as high-risk suppliers in accordance with Regulation xxxx/xxxx [CSA2] are not be involved in the following processes:~~

~~(a) the supply of those products or systems;~~

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~~(b) the design, development or production of those products or systems;~~

~~(c) the management, control or operation of those products or systems;~~

~~(d) the development, maintenance, operation, or updating of their software.~~

Article 28c

~~Union~~ Origin requirements for Member State support to construction and manufacturing of net-zero technologies

1. Without prejudice to Articles 107 and 108 TFEU and in accordance with the Union's international commitments, when supporting the construction or manufacturing of net-zero technology final products referred to in Annex II of this Regulation, Member States shall ensure that the Union origin requirements laid down in that Annex are met. Requirements relating to ~~specific~~**individual** main specific components shall only apply to the extent that those components are included in the final product.

2. Member States may decide not to apply one or several requirements referred to in paragraph 1 where any of the following conditions are fulfilled:

   (a) the required components can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;

   (b) their application would result in disproportionate costs or technical incompatibility in operation or maintenance. Estimated cost differences in excess of 25%, based on objective and transparent data, may be presumed to be disproportionate;

   (c) their application would jeopardise the project or lead to significant delays to the delivery of the project due to the unavailability of the required components or final products. Delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant.

3. ~~Without prejudice to Articles 107 and 108 TFEU and in accordance with the Union's international commitments, when supporting the manufacturing of net-zero~~

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~~technology final products referred to in Annex II of this Regulation and that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, Member States shall ensure that suppliers identified as high-risk suppliers in accordance with Regulation xxxx/xxxx [CSA2] are not involved in the following processes:~~

(a) ~~the supply of those products or systems;~~

(b) ~~the design, development or production of those products or systems;~~

(c) ~~the management, control or operation of those products or systems;~~

(d) ~~the development, maintenance, operation, or updating of their software.~~

Article 28b

Limitations to high-risk suppliers ~~for other forms of public intervention~~

3a. When designing auctions referred to in Article 26, Member States shall include the pre-qualification criterion referred to in paragraph 3d.

3b. ~~For support~~**When deciding to set up new** schemes ~~within the scope of~~**or to update existing schemes referred to in** Articles 28 and 28a ~~that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls~~, Member States**, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law** shall design those schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme only where ~~suppliers identified as high-risk suppliers in accordance with Regulation xxxx/xxxx [CSA2] are not be involved in the following processes:~~**the requirement referred to in paragraph 3d is fulfilled.**

3c. When supporting the construction or manufacturing of net-zero technology final products referred to in Annex II to this Regulation, Member States shall ensure that the requirement referred to in paragraph 4 is fulfilled.

3d. When net-zero technologies or their main specific components include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, suppliers identified as high-risk

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suppliers in accordance with Regulation xxxx/xxxx [CSA2] shall not be involved in the following processes:

(a) the supply of those products or systems;

(b) the design, development or production of those products or systems;

(c) the management, control or operation of those products or systems;

(d) the development, maintenance, operation, or updating of their software.

~~Article 28d~~

~~Union origin~~

~~1. For the purposes of Articles 25a, 26 and 28a and 28c, content of Union origin refers to content originating in the Union.~~

~~2. The origin of products and components shall be determined in accordance with Regulation (EU) No 952/2013 of the European Parliament.~~

~~Article 28e~~

~~Content equivalent to Union origin in public procurement~~**[moved to Article 28d]**

~~1. With respect to the Union origin requirements referred to in Article 25a, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union, or that are parties to the Agreement on Government Procurement, where relevant obligations of the Union exist under that agreement, shall be deemed to be of Union origin .~~

~~2. The Commission shall adopt delegated acts in accordance with Article 44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~

~~(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);~~

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(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;

(c) such exclusion is justified under any other exception under the applicable agreement.

Article 28f

Content equivalent to Union origin in auctions**[moved to Article 34(5) points da and db = amendments to Article 26 NZIA]**

1. With respect to the Union origin requirements referred to in Article 26, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union shall be deemed to be of Union origin.

2. The Commission shall adopt delegated acts in accordance with Article 44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:

(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);

(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;

(c) such exclusion is justified under any other exception under the applicable agreement.

Article 28g

Content equivalent to Union origin in other forms of public intervention**[moved to Article 28a (3) and (4)]**

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~~1. With respect the Union origin requirements set out in Article 28a, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union shall be deemed to be of Union origin.~~

~~2. The Commission shall adopt delegated acts in accordance with Article 44 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:~~

~~(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the net-zero technologies listed in Article 4, point (1);~~

~~(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;~~

~~(c) such exclusion is justified under any other exception under the applicable agreement.~~

Article 28h

Delegation of power

1. **In order to contribute to the decarbonisation and competitiveness of the Union's economy, while increasing the Union's resilience and security of supply in the field of net-zero technologies,** the Commission is empowered to adopt delegated acts in accordance with Article 44 to amend the Union origin requirements laid down in Annex II **by amending the list and/or number of main specific components subject to Union origin requirements**, taking into account the following criteria:

(a) ~~the market situation at Union level including~~ declining Union market shares and Union industry producing below capacity**, or high-risk dependencies on a third country which are detrimental to the security of supply of net-zero technologies**;

(b) the contribution of the requirements to the Union's objective of ~~public order,~~ economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;

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(c) technological progress **in the field of net-zero technologies**;

(d) demand for the relevant net-zero technologies **that cannot be met by available Union manufacturing capacity**;

(e) the impact of setting Union origin requirements on the overall competitiveness ~~and greenhouse gas emissions~~ of the relevant sectors.

2. **In order to contribute to the decarbonisation and competitiveness of the Union's economy, while increasing the Union's resilience and security of supply in the field of net-zero technologies,** the Commission is empowered to adopt delegated acts to supplement Annex II with Union origin requirements for additional ~~specific net-zero technology final products~~**net-zero technologies** referred to in Article 4(1), points (g), (h), (j), (k), (n), (p), and (s), as well as solar thermal technologies referred to in Article 4(1), point (a), nuclear fuel cycle technologies referred to in Article 4(1), point (i), and electric propulsion technologies for transport referred to in Article 4(1), point (r), **by setting Union origin requirements for specific net-zero technology final products and/or main specific components** which shall be required in accordance with Articles 25a, 26, 28a and 28c. In ~~doing so~~**the preparation of the delegated acts**, the Commission shall take ~~the following~~ into account **evidence, obtained through monitoring activities or input by relevant stakeholders, including Member States and the industry sector, demonstrating**:

(a) ~~the market situation at Union level, as identified through monitoring activities, including~~ declining Union market shares ~~and~~**,** Union industry producing below capacity**, or high-risk dependencies on a third country which are detrimental to the security of supply of net-zero technologies**;

(b) the contribution of the requirements to the Union's objective of ~~public order,~~ economic security, resilience and climate neutrality **set out in Regulation (EU) 2021/1119**;

(c) the impact of setting Union origin requirements~~, low-carbon requirements, or both~~ on the overall competitiveness ~~and greenhouse gas emissions~~ of the relevant sectors, as well as on downstream costs for consumers and small and medium enterprises and on public budgets.

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(d) demand for the relevant products or technologies **that cannot be met by available Union manufacturing capacity**.

3. ~~The delegated acts referred to in paragraph 2 shall set out:~~

(a) ~~the products and components to which the minimum Union origin requirements shall apply;~~

(b) ~~the scope of application of the minimum Union origin requirements;~~

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[1] THIS FOOTNOTE IS MISSING. THANK YOU FOR USING ANOTHER LANGUAGE.'

(7) Article 42 is amended as follows:

(a) the following paragraph 2a is inserted:

'2a. Member States, public authorities, ~~procuring~~**contracting** authorities and ~~procuring~~**contracting** entities applying Chapter IV of this Regulation shall report on the application of exemptions in accordance with the provisions of that Chapter.'

(b) paragraph 3 is replaced by the following:

'3. Where they are not already included in, or in accordance with the elements of, the national energy and climate plans, each Member State shall submit to the Commission a report setting out the data referred to in paragraphs 2 and 2a by 15 March 2027 and every three years thereafter.;'

(8) The following Annex II is added:

'ANNEX II

Union origin requirements for net-zero technologies

Part I – Public procurement

1. In accordance with Article 25a, for public procurement procedures ~~published~~**for which the call for competition or commencement takes place** after the entry into

force of this Regulation falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU where contracts, works contracts or work concessions include the procurement of the following net-zero technologies, procurement documents shall include the requirements laid down below:

(a) Battery energy storage systems:

From [OP: Please insert the date = 1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and, for projects including battery energy storage exceeding 1 Megawatt-hour, contain a battery management system that originates in the Union.

From [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and contain battery cells, a battery management system as well as one additional main specific component that originate in the Union.

(b) Solar PV technologies: From [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter and the PV cells or equivalent shall originate in the Union.

(c) Hydronic heat pumps: From [OP: Please insert: 3 years after the entry into force of this Regulation] the hydronic heat pump shall originate in the Union.

(d) Onshore and offshore wind technologies:

From [OP: Please insert the date = 1 year after the entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], one main specific component shall originate in the Union.

From [OP: Please insert the date = 3 years after the entry into force of this Regulation], two main specific components shall originate in the Union.

(e) Nuclear fission **energy** technologies:

For public procurement procedures ~~published~~**for which the call for competition or commencement takes place** after [OP: Please insert the date = 4 years after entry into force of this Regulation] where works contracts or work concessions include the

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construction ~~on~~**of** a new-build nuclear power plant, including small modular nuclear reactors (SMR), at least two main specific components shall originate in the Union.

For public procurement procedures ~~published~~**for which the call for competition or commencement takes place** after [OP: Please insert the date = 6 years after entry into force of this Regulation] where works contracts or work concessions include the construction ~~on~~**of** a new-build nuclear power plant, including small modular nuclear reactors (SMR), at least three main specific components shall originate in the Union.

These requirements shall not apply to research, development and innovation projects including first industrial deployment of nuclear power plants.

Part II – Auctions

In accordance with Article 26, when auctions have the following net-zero technologies as part of their subject-matter, Member States shall include the pre-qualification or award criteria laid down below:

(a) Battery energy storage systems:

For auctions published from [OP: Please insert the date = 1 year after entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage system shall originate in the Union and, for projects including battery energy storage exceeding 1 Megawatt-hour, contain a battery management system that originates in the Union.

For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage system shall originate in the Union and contain battery cells, a battery management system as well as one additional main specific components that originate in the Union.

(b) Solar PV technologies: For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], PV inverter and the PV cells or equivalent shall originate in the Union.

(c) Hydrogen:

For auctions published after [OP: Please insert the date = 1 year after the entry into force of this Regulation], the electrolysers used to produce the hydrogen shall

originate in the Union, and the stacks as well as one additional main specific component shall originate in the Union.

For auctions published after [OP: Please insert the date = 3 years after the entry into force of this Regulation], the electrolysers used to produce the hydrogen shall originate in the Union, and the stacks as well as two additional main specific components shall originate in the Union.

(d) Onshore and offshore wind technologies:

For auctions published from [OP: Please insert the date = 1 year after entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], one main specific component of the wind turbine shall originate in the Union.

For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], two main specific components of the wind turbine shall originate in the Union.

Part III – Other forms of public intervention

In accordance with Article ~~28b~~**28a**, when deciding to set up new schemes or to update existing schemes benefitting households or companies that support the demand for net-zero technology final products listed in this paragraph, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall design the schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme or to additional financial compensation only where the requirements laid down below are fulfilled:

(a) Battery energy storage systems:

For schemes set up or updated between [OP: Please insert the date = 1 year after entry into force of this Regulation] and [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and, for projects including battery energy storage exceeding 1 Megawatt-hour, contain a battery management system that originates in the Union.

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For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and contain battery cells, a battery management system as well as one additional main specific components that originate in the Union.

(b) Solar PV technologies: For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter and the PV cells or equivalent shall originate in the Union.

(c) Hydronic heat pumps: For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], the hydronic heat pump shall originate in the Union.

Part IV – Member State support to construction or manufacturing of net-zero technologies

In accordance with article 28c, when supporting the construction or manufacturing of the following net-zero technology final products, Member States shall ensure that the Union origin requirements laid down below are fulfilled:

(a) Hydrogen:

From [OP: Please insert the date = 1 year after entry into force of this Regulation] when setting up new support schemes for investments into supporting the manufacturing capacity of electrolysers, Member States shall ensure that the electrolyser originates in the Union and the stack and at least one additional main specific component of the electrolyser originate in the Union.

From [OP: Please insert the date = 3 years after entry into force of this Regulation] when setting up new support schemes for investments into supporting the manufacturing capacity of electrolysers, Member States shall ensure that the electrolyser originates in the Union and the stack and at least two additional main specific components of the electrolyser originate in the Union.

(b) Nuclear **fission energy technologies**:

For projects for which the application for support takes place after [OP: Please insert the date = 4 years after entry into force of this Regulation] when supporting the construction of new-build nuclear power plants, including small modular nuclear

reactors (SMR), Member States shall ensure that at least two main specific components of the nuclear fission **energy** technology final products originate in the Union.

For projects for which the application for support takes place after [OP: Please insert the date = 6 years after entry into force of this Regulation] when supporting the construction of new-build nuclear power plants, including small modular nuclear reactors (SMR), Member States shall ensure that at least three main specific components of the nuclear fission **energy** technology final products originate in the Union.

These requirements shall not apply to research, development and innovation projects including first industrial deployment of nuclear power plants.'

Article 35

Amendments to Regulation (EU) 2024/3110

In Article 22(9) of Regulation (EU) 2024/3110, the first subparagraph is replaced by the following:

'In order to ensure transparency for users and to promote sustainable products, the Commission is empowered to adopt delegated acts in accordance with Article 89 to supplement this Regulation, by establishing specific environmental sustainability labelling requirements for particular product families and product categories.~~.~~'

Article 36

Entry into force and application

This Regulation shall enter into force **and apply** on the~~–~~ day following that of its publication in the Official Journal of the European Union.

Articles 4 and 5 shall apply from [OP: Please insert the date = [~~one~~**x**] year after the date of entry into force of this Regulation].

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

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Done at Brussels,

For the European Parliament
The President

For the Council
The President

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ANNEX I

~~Strategie~~Priority sectors for industrial manufacturing acceleration ~~areas~~

1. Energy-intensive industries:

   (a) Manufacture of paper and paper products, as classified under NACE Code C17;

   (b) Manufacture of coke and refined petroleum products, as classified under NACE Code C19;

   (c) Manufacture of chemicals and chemical products, as classified under NACE Code C20;

   (d) Manufacture of rubber and plastic products, as classified under NACE Code C22;

   (e) Manufacture of other non-metallic minerals, as classified under NACE Code C23;

   (f) Manufacture of basic metals, as classified under NACE Code C24.

2. Automotive industry: Manufacture of motor vehicles, trailers and semi-trailers, as classified under NACE Code C29;

3. Net-zero technologies, as referred to in Article 4(1) of Regulation (EU) 2024/1735;

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ANNEX II

Low-carbon and Union origin requirements for energy intensive industries

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Part I

~~Part I —~~Public procurement procedures

Where, in the context of public procurement procedures ~~launched~~**for which the call for competition or commencement takes place** on or after 1 January 2029 falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, where the contracts, works contracts or work concessions include the procurement of products ~~from energy intensive industries~~**set out under points (a) to (c)**, contracting authorities **and contracting entities** shall require the following minimum percentage shares:

(a) Steel, and any product the performance of which depends mainly on steel, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of steel used shall be low-carbon **and of Union origin**;

(b) concrete and mortar, and any product the performance of which depends mainly on concrete and mortar, intended for use in buildings and infrastructure for civil purposes: at least 5% of the total volume of concrete and mortar used, including the clinker and cement used to produce them, shall be low-carbon and of Union origin;

(c) aluminium, and any product the performance of which depends mainly on aluminium, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of aluminium used shall be low-carbon and of Union origin.

Where the delegated acts and harmonised technical specifications or European Technical Assessments establishing the relevant criteria and methodology referred to in Article 7b have not entered into force at least six months before the date referred to in the first paragraph, the application of the requirements set out in this Part shall be postponed until six months after the entry into force of those delegated acts.

Part II

~~Part II —~~Other forms of public intervention

For schemes established or updated on or after 1 January 2029 that benefit households or companies and that primarily aim to support the construction or renovation of buildings for residential and commercial purposes and infrastructure and the lease and purchase of motor vehicles for civil purposes, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall ensure that only beneficiaries that comply with the following minimum requirements, are eligible.

(a) steel, and any product the performance of which depends primarily on steel : at least 25% of the total volume of steel used in the product or project that receives support shall be low-carbon **and of Union origin**;

(b) concrete and mortar, and any product the performance of which depends mainly on concrete and mortar: at least 5% of the total volume of concrete and mortar used, including the clinker and cement used to produce them, in the product or project that receives support shall be low-carbon and of Union origin;

(c) aluminium, and any product the performance of which depends mainly on aluminium: at least 25% of the total volume of aluminium used in the product or project that receives support shall be low-carbon and of Union origin.

Where the delegated acts and harmonised technical specifications or European Technical Assessments establishing the relevant criteria and methodology referred to in Article 7b have not entered into force at least six months before the date referred to in the first paragraph, the application of the requirements set out in this Part shall be postponed until six months after the entry into force of those delegated acts.

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ANNEX III

Union origin requirements for motor vehicles

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Part I

Union Origin requirements for motor vehicles

Motor Vehicles referred to in ~~subparagraphs 1 and 2~~**Parts II and III and in Article 13** shall include the following Union origin requirements:

(a) the **motor** vehicle is assembled within the Union;

(b) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all components – excluding the battery – is at least 70%;

(c) the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union;

(d) the vehicle's traction battery contains at least five main specific components of batteries, among which the battery cells, the cathode active material, and the battery management system, originating in the Union;

(e) the ratio between the total ex-works price of e-powertrain components originating in the Union and the total ex-works price of all e-powertrain components is at least 50%;

(f) the ratio between the total ex-works price of main electronic systems originating in the Union and the total ex-works price of all main electronic systems is equal to or greater than 50%.

The requirements set out in points d), e) and f) apply from [OP: please insert date 3 years after the date of entry into force of this Regulation].

Part ~~I~~II

~~Part I —~~Public procurement procedures of electric vehicles

New pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV) or fuel cell vehicles (FCV) purchased, leased, rented or hire-purchased in public procurement procedures that fall within the scope of Directive 2014/24/EU, or Directive 2014/25/EU, ~~l~~auncheds**for which the call for competition has been sent or commencement takes place** on or after [OP: Please insert the date = six months after the date of entry into force of this Regulation] shall comply with ~~the~~ Union origin requirements set out **above in Part I of**~~in~~ this Annex **and the definition of Union Origin as per Article 8 of this regulation**.

New PEV, OVC-HEV and FCV that are used for the provision of services sourced through public procurement procedures that fall within the scope of Directive 2014/24/EU, or Directive 2014/25/EU, shall comply with ~~the~~ Union origin requirements set out in **Part I of** this Annex **and the definition of Union Origin as per Article 8 of this regulation**.

~~Vehicles referred to in subparagraphs 1 and 2 shall include the following Union origin requirements:~~

~~(a) the vehicle is assembled within the Union;~~

~~(b) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all components - excluding the battery - is at least 70%;~~

~~(c) the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union;~~

~~(d) the vehicle's traction battery contains at least five main specific components of batteries, among which the battery cells, the cathode active material, and the battery management system, originating in the Union;~~

~~(e) the ratio between the total ex-works price of e-powertrain components originating in the Union and the total ex-works price of all e-powertrain components is at least 50%;~~

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~~(f) the ratio between the total ex-works price of main electronic systems originating in the Union and the total ex-works price of all main electronic systems is equal to or greater than 50%.~~

~~The requirements set out in points d), e) and f) apply from [OP: please insert date 3 years after the date of entry into force of this Regulation].~~

~~By way of derogation to the requirements set out above, small electric vehicles of subcategory M1E, as defined in Regulation (EU) 2018/858, shall include the following Union origin requirements:~~

1. ~~the vehicle is assembled within the Union;~~

2. ~~and one of the two criteria below:~~

   (a) ~~the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%; or~~

   (b) ~~the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.~~

~~Upon request of a vehicle manufacturer, all PEV, OVC-HEV or FCV from that vehicle manufacturer can be considered compliant, for a period of twelve months, with the Union origin requirements if the manufacturer demonstrates that the total number of all PEV, OVC-HEC or FCV vehicles compliant with the Union origin requirements that were assembled by that vehicle manufacturer during the period comprised between 1 January and 31 December (included) of the previous year represent a percentage equal or greater than 85% of the total number of PEV, OVC-HEV or FCV from the same vehicle manufacturer that were registered within the Union in the same period.~~**[moved to Article 15a]**

Where public procurement procedures concern public service contracts ~~referred to in subparagraph 2,~~**, motor** vehicles already registered in the Union shall be deemed to comply with the **Union origin** requirements set out in this Annex until 31 December 2035.

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Part ~~H~~III

~~Part II —~~Other forms of public intervention ~~and financial support for corporate vehicles~~

For schemes established or updated after [OP: Please insert the date = six months after the date of entry into force of this Regulation] that support the purchase, lease, rent or hire-purchase of new PEV, OVC-HEV or FCV, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law**,** shall ensure that only **motor** vehicles that comply with the ~~below~~ minimum Union origin requirements **set out in Part I of this Annex and the definition of Union origin as per Article 9 of this regulation,** are eligible under the scheme.

~~For the purpose of considering corporate cars and vans 'made in the European Union' in accordance with Article 4 of the [Proposal for a Regulation of 16 December 2025 on clean corporate vehicles], the below requirements apply.~~

(a) ~~the vehicle is assembled within the Union;~~

(b) ~~the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%;~~

(c) ~~the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union;~~

(d) ~~the vehicle's traction battery contains at least five main specific components of batteries, among which the battery cells, the cathode active material, and the battery management system, originating in the Union;~~

(e) ~~the ratio between the total ex-works price of e-powertrain components originating in the Union and the total ex-works price of all e-powertrain components is equal to or greater than 50%;~~

(f) ~~the ratio between the total ex-works price of main electronic systems originating in the Union and the total ex-works price of all main electronic systems is equal to or greater than 50%.~~

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~~The requirements set out in points d), e) and f) apply from [OP: please insert date three years after the date of entry into force of this Regulation].~~

~~By way of derogation to the requirements set out above, small electric vehicles of subcategory M1E, as defined in Regulation (EU) 2018/858, shall include the following Union origin requirements:~~

1. ~~the vehicle is assembled within the Union;~~

2. ~~one of the two criteria below:~~

   (a) ~~the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%; or~~

   (b) ~~the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.~~

~~Upon request of a vehicle manufacturer, all PEV, OVC-HEV or FCV from that vehicle manufacturer can be considered compliant, for a period of twelve months, with the Un ion origin requirements if the manufacturer demonstrates that all PEV, OVC-HEV or FCV compliant with the Union origin requirements that were assembled by that vehicle manufacturer during the period comprised between 1 January and 31 December (included) of the previous year represent a percentage equal or greater than 85% of the total number of PEV, OVC-HEV or FCV from the same vehicle manufacturer that were registered within the Union in the same period.~~

Part ~~III~~IV

~~Part III –~~Super credits for small zero-emission vehicles

For the purpose of considering vehicles as "made in the EU" in accordance with Article 5 of Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO2 emission performance standards for new light duty vehicles and vehicle labelling], the ~~following criteria~~**definition of Union origin in Article 7 of this regulation and the below requirements** apply~~:~~**.**

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~~By way of derogation to the requirements set out above,~~ Small electric vehicles of subcategory M1E, as defined in Regulation (EU) 2018/858, shall include the following Union origin requirements:

1. the vehicle is assembled within the Union; **and**

2. ~~and~~ one of the two criteria below:

   (a) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%; or

   (b) the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.

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ANNEX IV

Amendment to Regulation (EU) 2018/1724

Annexes I and II are amended as follows:

1. Annex I is amended as follows:

(a) the following row 'Permit-granting procedures' is added in the table for 'Areas of information related to businesses' before the row 'AJ. Critical raw materials projects':

''~~Permit granting processes~~**Permit-granting procedures**	Information on permit-granting procedures for industrial manufacturing projects including Net-zero technology manufacturing and critical raw material projects.';'

(b) in row 'R. Net-zero technology manufacturing projects', in the second column, point 1 is deleted;

(c) in row 'AJ. Critical raw materials projects', in the second column, point 2 is deleted;

2. Annex II is amended as follows:

(a) row 'Starting, running, and closing business' is amended as follows:

'(a) in the second column, the following second subparagraph is added:

'Permission for exercising a business activity, including procedures related to all relevant permits to build and operate critical raw materials projects[1], procedures for all relevant permits to build, expand, convert and operate net-zero technology manufacturing projects[2], and procedures related to industrial manufacturing projects.';

(b) in the third column, the following second subparagraph is added:

'Confirmation of the request for permission for business activity, as well as all outputs pertaining to the procedures related to critical raw material, net-zero technology manufacturing and manufacturing industry projects (ranging from the acknowledgement that the application is complete to the notification of the

comprehensive decision on the outcome of the procedure, including by the designated contact point).;

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[1] Procedure related to all relevant permits to build and operate critical raw materials projects, including building, chemical and grid connection permits and environmental assessments and authorisations where these are required, and encompassing all applications and procedures from the acknowledgment that the application is complete to the notification of the comprehensive decision on the outcome of the procedure by the single point of contact concerned pursuant to Article 9 of Regulation (EU) 2024/1252.

[2] Procedures for all relevant permits to build, expand, convert and operate netzero technology manufacturing projects, and net-zero strategic projects, including building, chemical and grid connection permits, environmental assessments and authorisations where required, and encompassing all applications and procedures.'

(b) rows 'Critical raw materials projects' and 'Net-zero technology manufacturing projects' are deleted.

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