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NOTE

From: General Secretariat of the Council
To: Working Party on Competitiveness and Growth (Industry)

Subject: Presentation by the European Commission : Proposal for a Regulation for Industrial Accelerator Act (agenda item 2)
Working Party on Competitiveness and Growth (Industry) meeting on 16 March 2026

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INDUSTRIAL ACCELERATOR ACT

Proposal for a Regulation - COM(2026) 100

Industry Working Party

16 March 2026 (morning)

Industrial Accelerator Act

Context: EU *dependent* and production in *decline*



Share of manufacturing in total **GDP has declined from 17.4% to 14.3%** between 2000 and 2024 in the EU



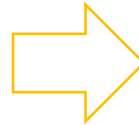
Since 2019, **production volumes** in EIs have **declined by almost 20%**



EU **dependency on China** has increased by a **factor of 4.2 for EVs**, compared to conventional ICE vehicles



Around **50% of batteries** used in the EU are imported from China; **94% of solar PV modules** and cells, and around **50% of inverters** are sourced from China.



Ambition to increase the share of manufacturing in EU GDP to 20% by 2035

Strategic sectors in IAA: ~15% of EU manufacturing production.

Strengthen the EU's long-term economic resilience, prosperity and strategic autonomy



Leverage the Single Market to boost demand for European low-carbon products and technologies



Maximise the added value of foreign investment in the EU in the most strategic sectors



Deploy industrial projects at scale by streamlining permits, as well as facilitate industrial clusters



Structure - IAA

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I - General provisions

II - Permitting

III - Strategic value chains

**IV - Foreign investment
contribution**

V - Industrial acceleration areas

**VI - Final provisions (NZIA
revision)**

CHAPTER I

Art 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.



Chapter II - Permitting

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Permitting – Articles 4, 5

Scope: Industrial Manufacturing Sector (NACE Code C, except tobacco)

Art 4 Single Access Points: digital submission point of permit applications

- Digitalisation: automatic attribution of the application to relevant authorities, interactions with applicants, status of the procedure, access to relevant decisions
- Enabled by the European Business Wallet, and existing EU IT infrastructure.

Art 5 Permit-granting procedure *“One project-one submission”*: single application covering all permits required

- Coordination of permit granting procedure by the competent authority
- 45 days for authorities to check completeness of application
- Without prejudice to sector specific legislations



Permitting – Article 6

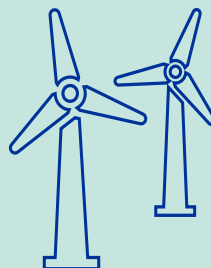
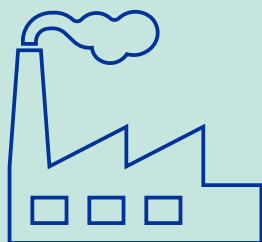
Scope: Energy Intensive Industries (Annex I - reference to NACE Codes)

Art 6 :

- Alignment with other EIs under NZIA:
 - Same definition of 'energy intensive decarbonisation projects'
 - Single Point of Contact (SPOC), 18 months timelines, etc [Chapter II, Section II]
- Industrial decarbonisation projects benefit from Annex I from Regulation on speeding up environmental assessments (RSEA)
 - Tacit approval intermediate stages, not applicable to environmental assessments
 - Expedited dispute settlement
 - Public interest consideration

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Chapter III- Strategic value chains



Chapter III – In a nutshell

Sectoral Scope

- EUs: steel, cement & aluminium – used in construction & automotive, *chemicals*
- Electric vehicles components
- Net zero tech: batteries, solar panels, heat-pumps, wind, electrolysers, nuclear*



Public intervention

- Public procurement
- Public support schemes, support for corporate vehicles, CO2 credits
- Auctions
- Manufacturing support



Key provisions

Union origin and/or low-carbon requirements:

- % of material volumes or specific components

Set out in Annex II, Annex III and new Annexes to the NZIA

* Via amendments to NZIA in Chapter VI (final provisions)



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Definition and scope of the requirements

Union origin – Low-carbon – Cybersecurity



Articles 7, 8 and 9: 'Union origin'

Content of Union origin or equivalent	Article 7: 'Union origin' refers to EU27	<ul style="list-style-type: none"> • EU 27 • Union Customs Code: Non-preferential rules of origin.
	Article 8 public procurement procedures:	<ul style="list-style-type: none"> • 'Union origin' = EU27 + • FTA • Customs Union (CU) • GPA to the extent of commitments undertaken
	Article 9 on public support schemes	<ul style="list-style-type: none"> • 'Union origin' = EU27 + • FTA • CU
Exclusion of equivalent treatment	<p>Articles 8(2) and 9(2):</p> <p>Via delegated act, exclusion of third country</p>	<ul style="list-style-type: none"> ➤ <i>failed to provide national treatment related to Union products or entities to any sector listed in Annex I;</i> ➤ <i>justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;</i> ➤ <i>justified under any other exception under the applicable agreement.</i>

Article 10: Low-carbon products

Scope: *steel, cement and aluminium* + products manufactured through activities listed in Annex I of ETS Directive ('industrial products')

<p>Definition of low-carbon steel, cement and aluminium</p>	<p>Article 10(1)</p>	<ul style="list-style-type: none"> • Construction Products Regulation (CPR) for construction products • Ecodesign for Sustainable Products Regulation (ESPR) for all other products (i.e. used in motor vehicles)
<p>Low-carbon requirements</p>	<ul style="list-style-type: none"> • Articles 11 • Article 12 (by ref. to Annex II) • Article 14 	<ul style="list-style-type: none"> • Public procurement • "Other forms of public intervention" : Public support schemes • CO2 Standards
<p>Empowerment to establish classification systems for other sectors</p>	<p>Article 10(2)</p>	<p>Voluntary classification systems based on GHG intensity of ETS industrial products</p> <p>Except products not already regulated by a DA in ESPR or included in workplan</p>

Article 11: Public procurement

Who?

- **Article 11(1):** economic operators owned or controlled by an entity established in third countries with which the EU has concluded an international agreement guaranteeing such access.

What ?

- **Article 11(2):** *shall apply the Union origin and low-carbon "content" requirements* in accordance with Articles 8 (Union origin) and 10 (Low-carbon) .
- **Article 11(3):** competent authority may decide not to apply such requirements if:
 - ✓ It can only be supplied by one specific operator, with no existing alternatives.
 - ✓ No tenders have been submitted, including for the previous two years for similar procurement procedures
 - ✓ Excessive cost (>25%) or cause technical incompatibility in operation or maintenance

How?

- **Article 11(4):** Self-declaration from economic operators to demonstrate compliance

Made
in EU +

For net-zero technologies, this is laid down in Article 33 IAA, which amends NZIA by inserting a new Article 25a NZIA



Article 12: Public support schemes

Made
in EU +

- **Article 12(1)**: schemes in scope shall be designed in line with Union origin and low-carbon requirements [Part II of Annex II and Part II of Annex III].
 - 45% of schemes covered by Part II of Annex II (EILs)
 - 100% of schemes covered by Part II of Annex III (electric vehicles)
 - 100% of schemes for net-zero technologies (Article 28a and Annex II NZIA)
- **Article 12(3)** [EILs and vehicles] competent authority may decide not to apply such requirements if:
 - The requirements would lead to significant delays (> 7 months) due to the unavailability of the required components or final products.
 - The requirements would lead to disproportionate costs (> 30%).
- **Article 28a NZIA** [For net-zero technologies]: choice between conditioning eligibility to the scheme and granting additional financial compensation based on the fulfilment of the requirements.

For net-zero technologies, this is laid down in Article 33 IAA, which amends NZIA by inserting a new Article 28a NZIA



Article 13: Financial support for corporate vehicles

Scope: corporate cars and vans

Art. 4 of December's Proposal for a Regulation on clean corporate vehicles:

Without prejudice to Article 107 and 108 of the Treaty, as from two years before the date referred to in Article 3(1) Member States shall provide financial support for the uptake of corporate cars and vans only if the cars and vans are 'made in the European Union.'

Made in the EU requirements established in IAA, art 13:

- ✓ Requires compliance on vehicle components criteria [Part II of Annex III of IAA]
- ✓ Reference to Article 7: Union origin means EU27

Made
in EU



Article 14: CO2 emission performance standards credits

Scope: Super credits for small zero-emission vehicles 'made in the EU' & the role of low-carbon steel

Article 5 and 5b of Proposal for a Regulation of 16 December 2025 on CO2 emission performance standards for light duty vehicles.

Art. 5 - *Until 2034, for the purpose of calculating a manufacturer's average specific emissions of CO2, each new [...] small electric vehicle [...] and 'made in the EU' shall be counted as 1.3 vehicles.*

Art. 5b - *Starting from 2035, a manufacturer shall obtain credits for low-carbon steel 'made in the EU' [...] to compensate emissions from new passenger cars and new light commercial vehicles registered in the calendar year.*

- **Made in the EU:**
 - ✓ Requires compliance with criteria set out in Part III of Annex III and Article 10(1)
 - ✓ Reference to Article 7: Union origin means EU27

Made
in EU



Article 26 NZIA (amended): Auctions

Scope: Batteries (BESS), Solar PV, Wind technologies & Electrolysers

Made
in EU +

- **Article 26(2a): MiEU** as additional pre-qualification or award criterion
- **Article 26(5): Escape clauses** for all prequalification and award criteria:
 - Disproportionate costs (20%)
 - Excessive delays (7 months)
- **Article 26(7):** Article 26 NZIA applies to **40% or 8 Gigawatt of auctions per year per MS**



Article 28c NZIA (new): Support to manufacturing

Scope: Net-zero technologies: Nuclear (new-builds) & Electrolysers

Made
in EU

- **Article 28c(1): MiEU** requirements for MS support to manufacturing (or construction in the case of nuclear)
- **Article 28c(2): Escape clauses:**
 - Single supplier
 - Disproportionate costs (25%) or technical incompatibility
 - Excessive delays (7 months) or risk to jeopardise the project



Article 16: Delegation of powers

Delegated Acts to develop -Union origin in other sectors

Chemicals: Adopt Union-level demand-side measures to promote:

- Production and use of sustainable chemicals of Union origin placed on the market

Net-zero technologies: Adopt Union origin requirements for additional net-zero technologies.

Delegated Acts to amend -targets in Annex II (EITs), Annex III (vehicles) & new Annex II NZIA (net-zero tech)

Amend Union origin and/or low-carbon requirements based on :

- ✓ Market situation
- ✓ Technological progress
- ✓ Contribution to objectives
- ✓ Demand for products in downstream sectors/ net-zero technologies
- ✓ Share of product in downstream sector total value
- ✓ Impact on competitiveness and GHG emissions of the sectors, including cost for consumers, SMEs and public budgets

Implementing Act to specify -Union origin requirements

Specify:

- Method for calculating the share of products and components of Union origin
- Standard templates for certificates of compliance*
- Procedures to verify compliance
- Use of digital tools



Cybersecurity for net-zero technologies

Scope:

- Auctions (Article 26(1) NZIA) – for 100% of auctions
- Public support schemes at national level (Article 28b NZIA)
- Support to manufacturing (Article 28c(3) NZIA)

- **Aim:** Complementing the revised Cybersecurity Act (CSA)
 - Proposal for a revised CSA prevents high-risk suppliers from supplying key ICT assets in public procurement procedures and EU funded programmes
- **Requirement:** High-risk suppliers (as identified under the CSA) cannot supply, design, manage, control or operate control systems, data acquisition systems or remote access systems included in net-zero technologies
- No escape clauses



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Targets and timeline



Annex II - MiEU and low carbon EIs

PUBLIC PROCUREMENT AND SUPPORT SCHEMES

January 2029

Aluminium

25 % MiEU and low-carbon

Cement

5 % MiEU and low-carbon

Steel

25% Low-carbon



In construction and automotive sectors

Annex III - MiEU Vehicle components and batteries

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EIF + 6 months

EIF + 3 years

EVs



- Assembled in the EU
- 3 battery components (among which cells) MiEU
- 70% non-battery components MiEU

- Assembled in the EU
- 5 battery components (among which cells, CAM & BMS) MiEU
- 70% non-battery components MiEU (incl. 50% of e-powertrain components MiEU and 50% main electronic systems MiEU)

Small EVs



- Assembled in the EU
- 3 battery components MiEU or 70% non-battery components MiEU



MiEU for net-zero technologies

Public procurement

Public support schemes

Auctions

Manufacturing support

Batteries (BESS):

- EIF +1: Final product & for projects > 1MWh, BMS
- EIF +3: Final product + BMS + cells + 1 component



Wind:

- EIF +1: 1 component
- EIF +3: 2 components



Nuclear:

- EIF +4: 2 components
- EIF +6: 3 components



Solar PV:

EIF +3: Inverter + cells or equivalent



Heat pumps:

EIF +3: Final product



Electrolysers:

- EIF +1: Final product + stack + 1 component
- EIF +3: Final product + stack + 2 components



Chapter IV - Foreign investments

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Foreign investment conditions

Applies to:

- Investments **over EUR 100m** and from countries with **> 40%** global production

Sectors covered:

- Batteries
- EVs
- Solar PV
- Extraction, processing and recycling of critical raw materials.

Governance:

- Notification to MS
- COM may take over certain cases (e.g. > 1bn EUR investments)

Mandatory condition:

✓ **High quality jobs:** employment min 50% Union workers

And, 3 out of following 5:

✓ **Ownership:** Foreign investors no more 49% ownership;

✓ **Cooperation and control:** Joint venture with one or more EU entities (max 49% foreign);

✓ **Tech transfer:** Agreements about licensing, IP rights, access to know-how, etc.;

✓ **Innovation spillovers:** 1% gross annual global revenue for R&D spending in the Union;

✓ **Sourcing strategy:** 30% input products manufactured in the EU;



Article 17: FDI scope

Scope:

- **Sectors:** Batteries, EVs, Solar PV and CRMs
- **Investment value:** above EUR 100m
- **Countries:** more than 40% global manufacturing capacity

- **Article 17(1):** Investment in scope can only be implemented upon explicit approval by the MS or the Commission
- **Article 17(3):** excluding from the scope:
 - International agreements with relevant commitments (FTAs)
 - Services
 - Portfolio investments



Article 18: Conditions and Investment Authority

- Article 18(1): A designated investment authority to perform the review and monitoring.
- Article 18(2): Comply with 4/6 of the conditions:
- Article 18(4): Investments made by a Union or other subsidiary of the investor may be assessed by the MS or COM, based on proportionality.
- Article 18(5): COM to adopt implementing Act on the detailed rules for verifying the conditions



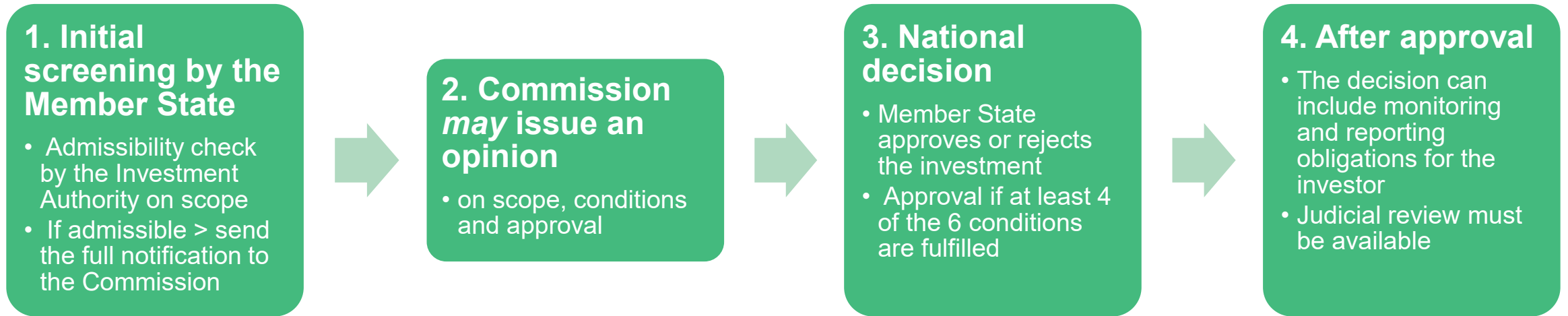
Article 19: Prior notification of FDI

- **All planned investments under the scope must be notified:**
 - To the authority where the target is located
 - Which results in control – at least 30% ownership acquired
 - Foreign Investor to submit all information necessary
- **Cross country investments:**
 - To be notified to all affected MS and COM simultaneously
 - MS and COM to coordinate the review and agree on the conditions imposed – If no agreement between MS, COM decides
 - Conditions to be fulfilled in all MS affected



Article 20: Review and approval (of notifications)

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Article 21: Commission review

After notification, Commission may decide to undertake the review:

- On the request of Investment Authority(ies), **if significant cross-border effects** are identified
- On its own initiative, for **investments over EUR 1bn**
- On its own initiative, **if significant impact on value added creation:**



Articles 22 and 23: Monitoring and enforcement by the Investment Authority

Article 22

- Investment Authority to continuously monitor the fulfilment of the conditions and investors to report to the Authority.
- Investment Authority to impose penalties:
 - Min 5% of the average daily aggregate turnover for not notifying the investment (jumping the gun)
 - Proportionate and effective penalties for non-compliance with the conditions or breaching monitoring obligations (e.g. providing false information).
 - The Investment Authority to inform the Commission on penalties imposed.

Article 23 COM to:

- ✓ Monitor global manufacturing capacity for emerging strategic sectors, building on NZIA.
- ✓ Impose penalties on procedural violations (max 5% of average daily turnover) if it undertakes the review.



Article 24: Expanding the list of emerging strategic sectors

- The Commission may adopt delegated acts supplementing the list of emerging strategic sectors
 - to sectors critical to the Union's economic security, including net-zero technologies
 - But excluding digital technologies.
 - These delegated acts will be without prejudice to sectoral legislation to be adopted.
- Criteria to take into account
 - Potential unduly deterrence of FDI
 - Number of FDI in that sector and their contribution
 - Market situation and conditions
 - The Union's technological development and competitiveness
 - Supply chain dependence on third countries
- Delegated act to contain
 - Investment value that triggers the notification
 - What conditions should be applied in that sector



Chapter V – Industrial Manufacturing Acceleration Areas

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Article 25: Designation of Industrial Manufacturing Areas

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(1): MS to designate at least one Area

- To cluster manufacturing projects
- In strategic sectors (at least)
- AND inform the Commission within 30 days on the designation

(2) Designation based on

- Impact on security of supply
- Acceleration capacity and synergies with other Union initiatives (e.g. NZIA Valleys)
- SMEs and SMCs that benefit
- Regional development

(3) When designating the Areas MS to

- Define geographical scope
- Prioritise
 - locations without significant environmental effect
 - outside Natura 2000
 - Artificial and built surfaces, industrial sites, brownfield sites and existing Strategic Projects
- Take climate risks into account

(4) Further considerations when designating the area:

- Infrastructural needs
- Financing needs
- Supply chain needs
- Availability of low-carbon energy
- Skills needs
- Need for depollution
- R&I needs
- Location specific information



Article 26: Enabling conditions – Member States to provide the following facilitations (as appropriate)



Financing

- Streamline internal funding procedures, align with EU programmes and State aid rules
 - Prioritise SMEs



R&I

- Drive competitiveness and tech leadership



Energy

- Energy needs analysis (3-yearly)
- Align network development plans (investments) with energy needs



Skills

- Skills development
- Skills gap monitoring and best practices exchanges via Industrial Forum expert group
- Leverage synergies with Pact for Skills



Raw Materials

- Strengthen raw materials supply chain coordination between areas via the European Critical Raw Materials Board
- Support entities to participate in EU joint purchasing

Article 27: Permit-granting procedures in areas

Aggregated baseline permit

Member States

Prior to issuing aggregated baseline permit:

- Necessary assessments, including environmental assessments, planning procedures and evaluations applicable at the level of the area

- Mandatory Strategic Environmental Assessment
- Issue permit specific to acceleration areas
- Permits and administrative decisions required for the industrial manufacturing projects

Economic operators

- Required to obtain **only** additional permits or authorisations that fall outside of the scope of the aggregated baseline permit i.e. **permits and authorisations that are installation specific** (EIA, etc)
- Industrial manufacturing projects benefit from Annex I from Regulation on speeding up environmental assessments(RSEA)
 - Tacit approval intermediate stages
 - Expedited dispute settlement
 - Public interest consideration



Chapter VI

Final provisions

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Articles 28 & 29: Evaluation & review

Evaluation

When? 2 years after EIF + every three years after

Evaluation of the Regulation and its contribution to the functioning of the internal market, and:

- ✓ Progress made in achieving objectives of the Regulation
- ✓ Progress made in achieving the industrialisation objective
- ✓ Administrative costs, economic impacts on downstream sectors, SMEs, and public budgets

Review

When? 3 years after EIF + every three years after

Assess necessity of amending Chapters III and IV, and pay attention to:

- Effectiveness of the Regulation
- Persistence of circumstances that have justified the adoption of the Regulation
- Necessity to introduce Union-origin requirements for products from certain sectors critical to the EU's economic security, notably building of ships and of rail rolling stock



Articles 30, 31 and 31

Exercise of the delegation

Delegation of powers referred to in Articles 8, 9, 10, 16 and 24

Committee procedure

Reference to Regulation 182/2011

Penalties

Member States shall lay down rules on penalties and ensure they are implemented.

Effective, proportionate and dissuasive penalties

Notification to the Commission

Articles 33, 34 and 35

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Article 33

Article 34

Article 35

Amendments to existing Regulations

Single Digital Gateway Regulation

- Online information about permit granting processes
- Digitalisation of permit-granting procedures

Net Zero Industry Act

- As covered under Chapter III

Construction Products Regulation

- Allowing for B2B information requirements



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Thank you



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