Council of the European Union
General Secretariat

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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 - Impact Assessment (agenda item 3) Working Party on Competitiveness and Growth (Industry) meeting on 16 March 2026

INDUSTRIAL ACCELERATOR ACT

Impact Assessment - SWD(2026) 71 final

Industry Working Party
16 March 2026 (afternoon)

European Commission

Context (Sections 1 to 3 of IA)

DECLINING COMPETITIVENESS

EIIs: Production volumes have declined by almost 20% since 2019

Half of announced projects in EIIs since 2020 remain unimplemented

Current steel capacity utilisation rate at ~65%

To remain competitive it needs to be >85%

INCREASING DEPENDENCY

Europe imports 59% of battery demand

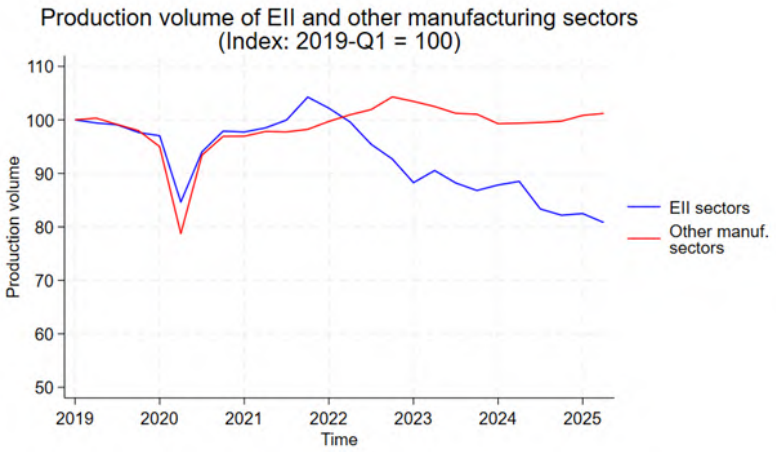
50% are imported from China

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

EU trade balance for EIIs has steadily declined, getting close to deficit in 2022

Baseline (Sections 2 and 5)

High energy prices, weaker demand, global competition → contraction in EII output of almost 20%



Internal Commission analysis, p. 198, Annex 7 IA

Emissions decreasing, but largely driven by shrinking production

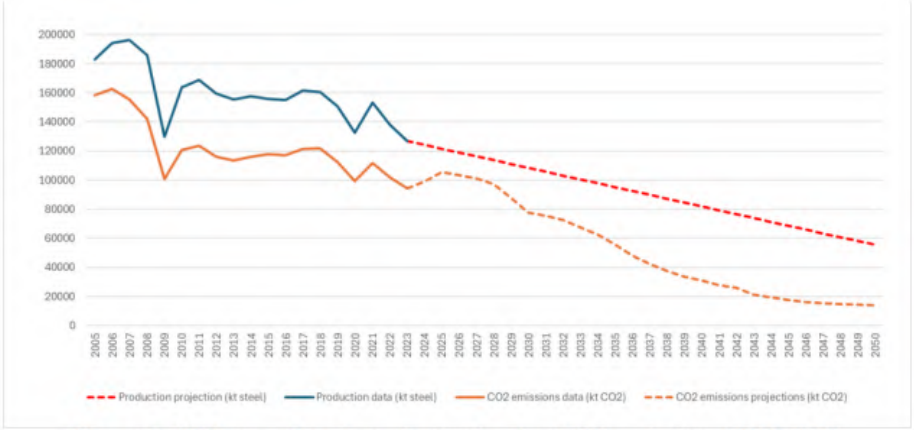
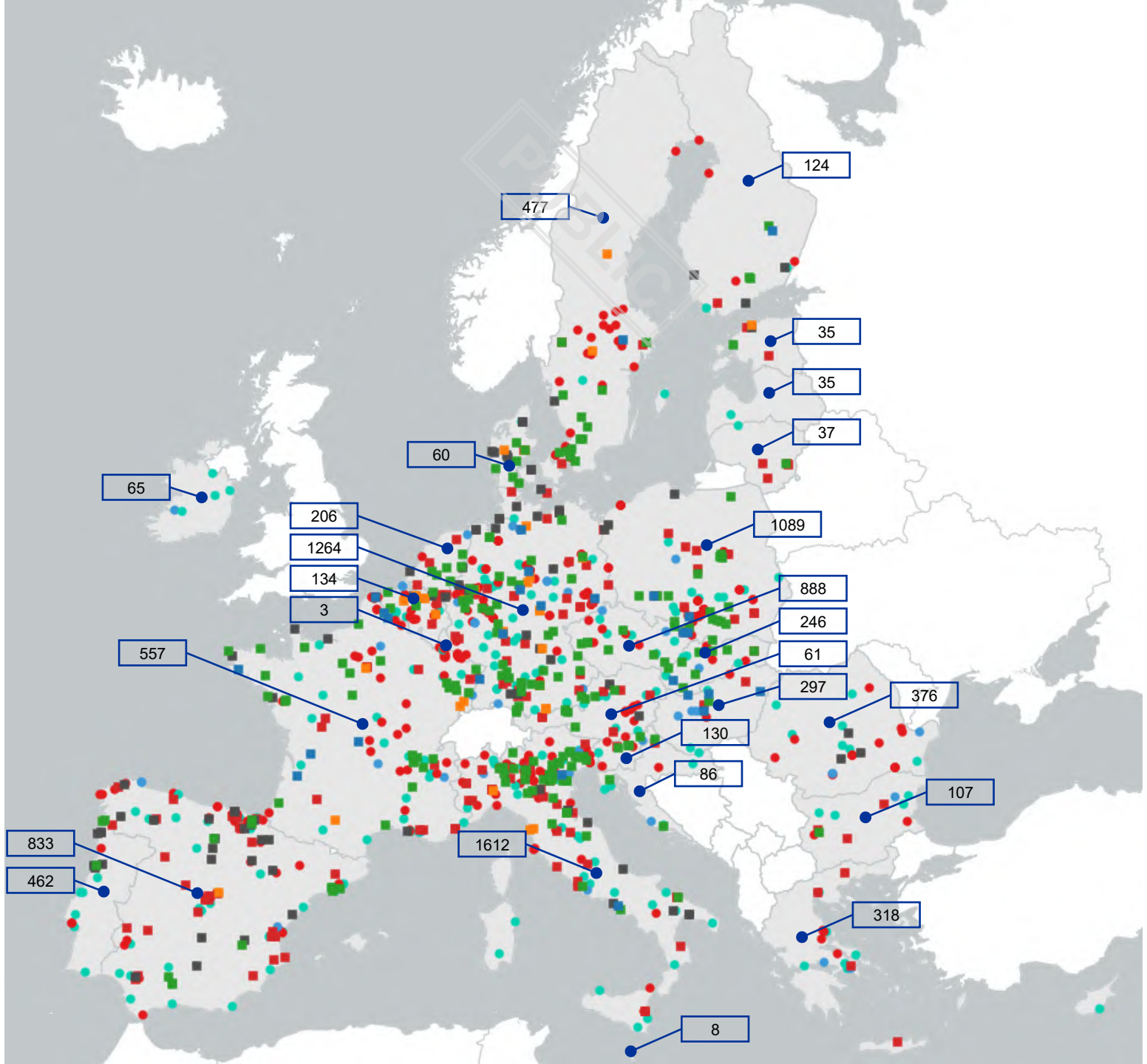


Figure 6: EU Iron and steel: production level and CO_2 emissions (2023-2050)

Past and potential future trends for the EU iron and steel sector – extrapolation based on Commission internal calculation, p. 24 IA

- ✓ Structural imbalance in Europe's industrial transition
- ✓ Investment decisions stalled
- ✓ NZIA's diversification does not ensure sufficient support for scaling up EU solar and batteries manufacturing

Energy Intensive Industries, net-zero technologies and automotive components production sites in the EU



Industrial sectors
- Iron and steel
- Aluminium
- Cement

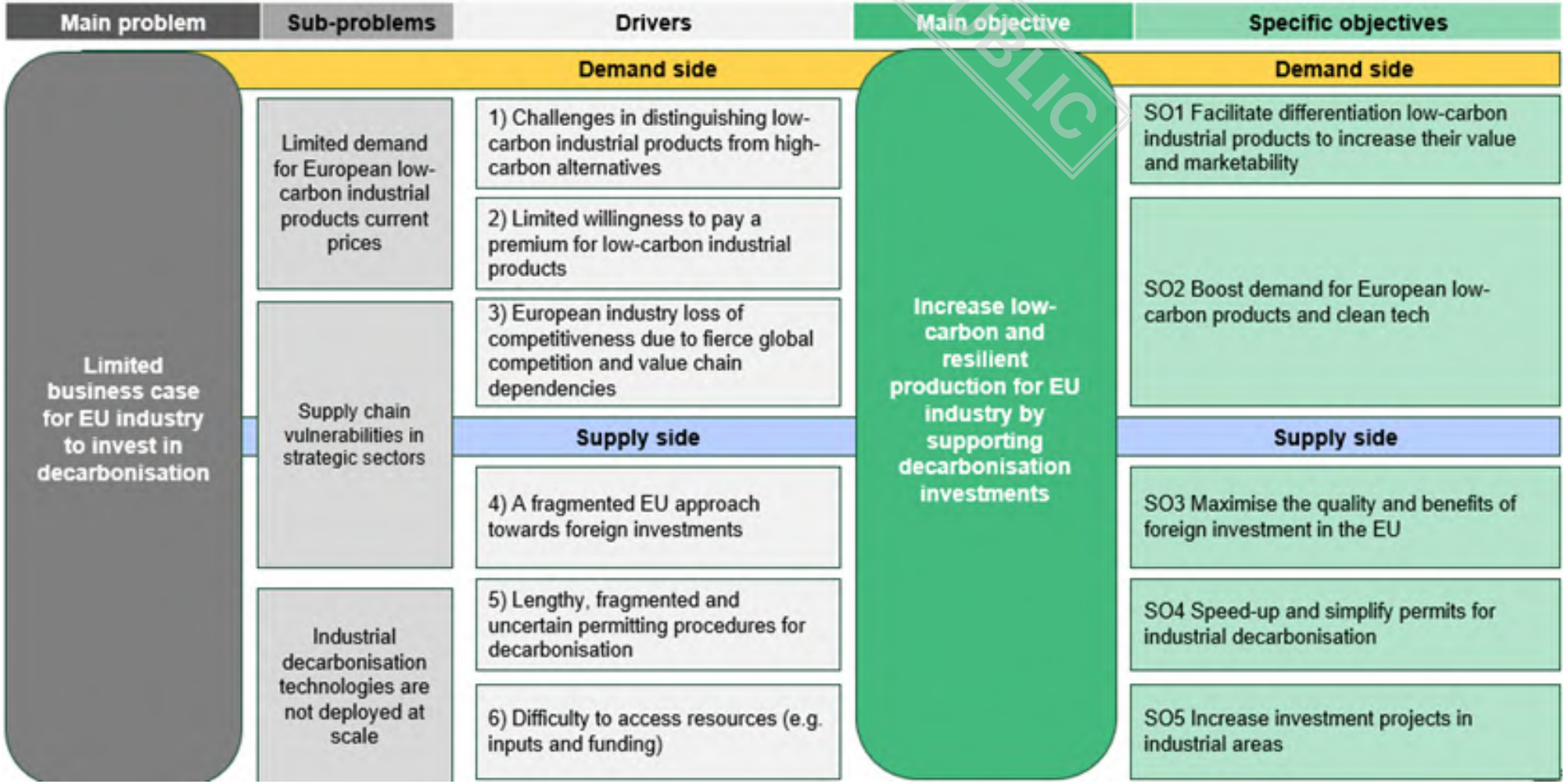
Net-zero technologies
- Battery cells
- Electrolysers
- Heat pumps
- Solar PV
- Wind

No. of automotive component enterprises in a country

Source: JRC - Energy and Industry Geography Lab (EIGL) 2026 for EIIs, Internal EC - Net-Zero Technologies (NZT) Monitoring Dashboard for net-zero technologies, BloombergNEF for battery cells, Eurostat 2023 for automotive components.

Note: Eurostat data on the automotive component sector is based on NACE code C293 (Manufacture of parts and accessories for motor vehicles). Data on Cyprus is undisclosed due to confidentiality.

Problem definition & specific objectives (Sections 2 to 4)



Policy options (PO) assessed (Section 5)

Specific objectives	PO1	PO2	PO3
SO1- *Low-carbon label*	LAB 1	**LAB 2**	
SO2 – *Lead markets*	LEAD_EII 1	**LEAD_EII 2**	LEAD_EII 3
EIIs			
Batteries	**LEAD_BAT 1**		LEAD_BAT 2
Solar PV	**LEAD_SOL 1**		LEAD_SOL 2
Vehicle Components	**LEAD_VC 1**		LEAD_VC 2
SO3 – *Foreign Direct Investment conditionalities*	INV 1	**INV 2**	
SO4 - *Speed-up and simplify permit-granting procedures*	PERM 1	**PERM 2**	PERM 3
SO5- *Facilitate investment decisions in decarbonisation projects*	AREA 1	**AREA 2**	

Notes:
Text in ***bold*** represent the preferred policy option, grouping a set of measures.
Low degree of intervention (PO1) to a high degree of intervention on the measures proposed (PO3).

Scope overview

Manufacturing industry

- ✓ **Permitting:** including, one project – one digital procedure

Energy Intensive Industries

- ✓ **Permitting**: SPOC, time limits, OPI, tacit approval)
- ✓ **Lead markets**: Low-carbon and EU+ content requirements for **steel, cement and aluminium**
- ✓ **Label** for low-carbon steel
- ✓ **FDI** conditionalities
- ✓ Criteria for **priority projects**

Clean technologies

Batteries:
- ✓ EU content requirements
- ✓ FDI conditionalities

Solar PV:
- ✓ EU content requirements
- ✓ FDI conditionalities

Vehicles components:
- ✓ EU content requirements

SO1 - Differentiate low-carbon industrial products to increase their value and marketability

Measures considered	Design elements
LAB 1 - Development of a low-carbon productlabel for all **EIIs**	• Only general principles of the label, no accounting details

LAB 2 - Development of a low-carbon product label for **steel**	• General principles + details on:
	  • GHG-intensity and system boundaries
	  • Classification system
	  • Ensuring data quality

SO2 – Support the creation of lead markets for European low-carbon **energy intensive industrial products**

	Requirement	Market segment	Scope and target
LEAD_EII 1	**Low-carbon**: minimum percentage (%) of low-carbon materials used in construction and automotive	Public procurement Public support schemes	Steel: 25% in 2030 Cement (concrete): 5% in 2030 Aluminium: 25% in 2030 Other EIIs: to be determined at later stage
LEAD_EII 2	**Low-carbon**: minimum percentage (%) of low-carbon materials used in construction and automotive	Public procurement Public support schemes	Low-carbon and made in EU Steel: 25% in 2030 Low-carbon and made in EU Cement (concrete): 5% in 2030 Low-carbon and made in EU Aluminium: 25% in 2030 Other EIIs: to be determined at later stage in delegated acts
	Made in EU: a minimum percentage (%) of materials produced in the EU used in construction and automotive		
LEAD_EII 3	**Low-carbon:** minimum percentage (%) of low-carbon materials used in construction and automotive	All products placed on the market in automotive and construction	Low-carbon Steel: 25% in 2030 Low-carbon Cement (concrete): 5% in 2030 Low-carbon Aluminium: 25% in 2030
	Made in EU: a minimum percentage (%) of materials produced in the EU used in construction and automotive		Made in EU Steel: 85% from entry into force Made in EU Aluminium: 70% from entry into force Made in EU Cement: 95% from entry into force

SO2 – Support the creation of lead markets for European low-carbon industrial products and **clean tech**

	Requirement	Market segment	Scope and target
LEAD_BAT 1	Made in EU: minimum # components in EV batteries and in battery energy storage systems (BESS)	Public procurement Public support schemes Auctions	EVs: Mandatory Made in EU requirements of **at least four components at one year after entry into force, including the battery cell, increasing to 6 components after three years of entry into force,** including the BMS and the CAM. BESS: Mandatory Made in EU requirements of **at least three components at one year after entry into force, including the battery pack and the BMS; increasing to 6 components after three years of entry into force,** including the battery cell and the CAM.
LEAD_BAT 2		All batteries placed on the market	
LEAD_SOL 1	**Made in EU:** minimum # of main specific components in solar PV systems	Public procurement Public support schemes Auctions	PV **inverter and at least two additional main specific components** one year after entry into force. PV **inverter and at least three additional main specific components** three years after entry into force.
LEAD_SOL 2		All solar PV systems placed on the market	

SO2 – Support the creation of lead markets for European low-carbon industrial products, clean tech and **vehicle components**

	Requirement	Market segment	Scope & target
LEAD_VC 1	**Made in EU**: minimum share in value (%) of EU-made components over total components, excluding batteries.	Public procurement Public support schemes	EVs: 70% at one year after entry into force (2027) and 75% by 2030
LEAD_VC 2		All EV vehicles placed on the market	

SO3 - Maximise benefits of foreign investment in the EU

Measures considered	Design elements
INV 1 - Guidance on FDIs conditionalities	**Scope**: EIIs and battery supply chain (including for batteries for EVs)
INV 2 - Mandatory EU-wide provisions on FDIs	**Conditionalities** defined based on the following criteria: • Ownership and structural requirements • Value added production • Technological advancements, market access and securing critical value chains

SO4 - Speed-up and simplify permits for industrial decarbonization

Measures considered	Design elements
PERM 1 – One project-one digital procedure	Scope: industrial **manufacturing sector** • One project-one digital procedure for all permits, including relevant environmental assessments • Fully digitalised permitting • Standardise data sets in environmental permits for data re-use • Technical assistance for innovative technologies
PERM 2 – One project –one digital procedure + special focus on permitting simplification for EIIs	Scope: industrial **manufacturing + EIIs** • PERM 1 , and • Mirroring basic NZIA permitting provisions for the EII decarbonised projects (SPOC, time limits) • "Overriding Public Interest" presumption for EII decarbonised projects • Regulatory sandboxes for energy intensive industries • Tacit approval for energy-intensive industrial decarbonised projects (+safeguards)
PERM 3 – Dedicated measures for related industrial clusters	Scope: **same as PERM2 + focus on clusters** • PERM 2, and • Tacit approval in clusters • Priority DSO assessments for energy infrastructure in clusters • EIA derogation in industrial clusters • Emission exemptions for construction phase

SO5 - Increase investment projects in industrial areas

Measures considered

Area 1 - Recommend Member States to facilitate public funding for projects in industrial areas.

Area 2 - Member States to designate industrial areas to facilitate access to public funding, e.g. identify synergies with EU and national funds to help facilitate their access to private and, as relevant, public funding

Design elements

Scope: **EIIs**

Criteria definition based on:

- Economic security potential
- Decarbonisation potential (for steel, certified by the label)
- Deployment potential

Methodology (Annex 4)

What were the sources?

Models used:

- *FIDELIO (FIGARO) and CARMEN for EII analysis of low-carbon and Made in EU measures*
- *SMILE EU, SCAN and JRC-GEM-E3 for Made in EU vehicle components*

As well as data collected from desk research (academic studies, economic reports, media items, input from stakeholder outreach activities) and Commission officials' expert knowledge

How have impacts been assessed?

- All costs in this Impact Assessment are presented for the **year 2030** based on different estimations (either projected deployment of clean tech, or expected EVs)
- Distributed among different actors as relevant (MS, citizens or businesses)
    - Impacts from EIIs are always included as part of business category (GVA impact in relevant sectors). For clean tech and vehicles, they are distributed based on who purchases the goods.

Methodology (Annex 4)

What was the methodological approach?

- Administrative costs incurred present costs for staff (Full Time Equivalents)
- Adjustment costs
    - EIIs: Low-carbon costs/benefits are calculated with the % cost increase estimated, and applied to different sectors' GVA from FIGARO data per Member State. Made in EU costs are obtained from the FIDELIO modelling results
    - Costs and benefits related to the use of Made in EU batteries and solar PV, estimated based on the price difference with Chinese-made products.
    - EV components assume non-European manufacturers to not be able to comply with requirements.

Methodology (Annex 4)

Limitations of the Impact Assessment

- ‘Made in EU’ defined as EU27 (+EEA), which is not always aligned with final legislative proposal.
- The long-term benefits, i.e. increasing the EU economic security and resilience, could not be assessed in this context.
- The analysis of additional clean tech of Annex 16 is not computed into the final costs and benefits, but can be found separately.
- Supply chain impacts of future low-carbon materials were not possible to project.
- Financial benefits for clean tech manufacturers could not be estimated.

Final costs & benefits (Section 7.2 and Annex 4)

Total costs & benefits (in EUR million)	PO1		PO2		PO3	
	One Off	Recurring	One Off	Recurring	One Off	Recurring
Costs and benefits						
Member States						
Adjustment costs	€0.00	€821.09	€0.00	€821.09	€0.00	€860.78
Administrative costs	€0.00	€5.62	€0.00	€8.92	€0.00	€8.92
Administrative savings	€0.00	€1,300.00	€0.00	€1,300.00	€0.00	€1,300.00
EU Commission						
Administrative costs	€0.80	€0.13	€0.41	€0.18	€0.41	€0.19
Citizens						
Adjustment costs	€0.00	€1,442.47	€0.00	€1,442.47	€0.00	€4,337.96
Administrative costs	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00
Businesses						
Adjustment costs	€0.00	€3,782.05	€0.00	€3,782.05	€0.00	€27,498.35
Administrative costs	€0.00	€0.70	€0.12	€1.16	€0.12	€5.76
Administrative savings	€240.00	€0.00	€240.00	€0.00	€240.00	€0.00
Increase in GVA/VA	€0.00	€10,386.92	€0.00	€10,386.92	€0.00	€18,299.67
Other benefits						
GHG emission reduction savings	€0.00	€3,058.23	€0.00	€3,058.23	€0.00	€4,865.13
Increase in jobs (not monetised)		143,852		148,352		270,629
Total costs	€0.80	€6,052.06	€0.53	€6,055.88	€0.53	€32,711.96
Total benefits	€240.00	€14,745.15	€240.00	€14,745.15	€240.00	€24,464.80
Net benefits	**€239.20**	**€8,693.08**	**€239.47**	**€8,689.27**	**€239.47**	**-€8,247.16**

Administrative cost & benefits (Annex 4)

Key results of administrative costs including Full Time Equivalent (FTE) costs related to low-carbon and Made in EU requirements, FDI conditionalities and acceleration areas and IT costs related to the Single Digital Gateway:

Administrative costs and savings (in million EUR)	PO1		PO2		PO3	
	One-off	Recurring	One-off	Recurring	One-off	Recurring
Member States	€0.0	€5.6	€0.0	€8.9	€0.0	€8.9
Businesses	€0.0	€0.7	€0.1	€1.2	€0.1	€5.8
European Commission	€0.8	€0.1	€0.4	€0.2	€0.4	€0.2
Total administrative costs	**€0.8**	**€6.4**	**€0.5**	**€10.3**	**€0.5**	**€14.9**
Member States	€0.0	€1,300.0	€0.0	€1,300.0	€0.0	€1,300.0
Businesses	€240.0	€0.0	€240.0	€0.0	€240.0	€0.0
European Commission	€0.0	€0.0	€0.0	€0.0	€0.0	€0.0
Total administrative savings	**€240.0**	**€1,300.0**	**€240.0**	**€1,300.0**	**€240.0**	**€1,300.0**
Member States	€0.0	€1,294.4	€0.0	€1,291.1	€0.0	€1,291.1
Businesses	€240.0	-€0.7	€239.9	-€1.2	€239.9	-€5.8
European Commission	-€0.8	-€0.1	-€0.4	-€0.2	-€0.4	-€0.2
Net savings	**€239.2**	**€1,293.6**	**€239.5**	**€1,289.7**	**€239.5**	**€1,285.1**

Adjustment costs: low-carbon and MiEU (Annex 4)

Derived from measures:

- Steel, aluminium, cement
- Batteries and solar PV
- Automotive components

Adjustment costs (in million EUR)	PO1	PO2	PO3
Member States	**€821.1**	**€821.1**	**€860.8**
• Low-carbon & Made in EU EII - Automotive	€0.0	€0.0	€0.0
• Low-carbon & Made in EU EII - Construction	€0.0	€0.0	€0.0
• Made in EU batteries	€277.5	€277.5	€277.5
• Made in EU solar PV	€443.3	€443.3	€443.3
• Made in EU vehicle components	€100.3	€100.3	€140.0
Businesses	**€3,782.1**	**€3,782.1**	**€27,498.3**
• Low-carbon & Made in EU EII - Automotive	€292.0	€292.0	€7,047.7
• Low-carbon & Made in EU EII - Construction	€691.3	€691.3	€16,226.1
• Made in EU batteries	€1,550.0	€1,550.0	€1,737.5
• Made in EU solar PV	€0.0	€0.0	€0.0
• Made in EU vehicle components	€1,248.8	€1,248.8	€2,487.1
Citizens	**€1,442.5**	**€1,442.5**	**€4,338.0**
• Low-carbon & Made in EU EII - Automotive	€0.0	€0.0	€0.0
• Low-carbon & Made in EU EII - Construction	€0.0	€0.0	€0.0
• Made in EU batteries	€511.0	€511.0	€1,394.0
• Made in EU solar PV	€241.8	€241.8	€1,571.7
• Made in EU vehicle components	€689.7	€689.7	€1,372.3
Total adjustment costs	**€6,045.6**	**€6,045.6**	**€32,697.1**

Note: In the context of the Impact Assessment MiEU= EU27 + EEA. Therefore costs are an overestimation of the legislative proposal potential impacts

Preferred option (PO2) - Impact from MiEU and low-carbon

Targeted EIIs	Downstream	Cost for downstream sectors in 2030
Steel **Aluminium** **Cement**	Automotive sector	Impact of Low-carbon and Made in EU requirements: EUR -291 million GVA losses (or **-0.124%**) due to use of low-carbon, MiEU steel and aluminium
	Construction sector	EUR -691 million GVA losses **(or -0.113%)**, due to use of low-carbon, MiEU cement, steel, and aluminium,
Vehicle components	EV expenditure for final consumers	Cost impacts for EU EV consumers: **No impact (0 EUR) on EU made EVs** Potential price increase on non-EU made EVs (*) [*The requirement only affects negatively non-EU-made EVs due to the loss of public subsidies (the amount of which varies from on MS to another); the actual effect of the lost subsidies on the EV's final price also depends on the manufacturer's capacity to absorb.]

Adjustment benefits (Annex 4)

Key results of adjustment benefits related to EIIs (steel, aluminium, cement) and automotive components:

Financial benefits (in million EUR)	PO1	PO2	PO3
Businesses (total)	**€10,386.9**	**€10,386.9**	**€18,299.7**
Low-carbon & Made in EU EII – Steel and aluminium	€241.5	€241.5	€3,210.7
Low-carbon & Made in EU EII – Cement	€445.4	€445.4	€3,589.0
Made in EU vehicle components	€9,700.0	€9,700.0	€11,500.0

Note: In the context of the Impact Assessment MiEU = EU27 + EEA. Therefore benefits are an overestimation of the legislative proposal potential impacts

CO2 emissions savings (Annex 4)

Savings of CO2 emissions from low-carbon requirements in steel, aluminium and cement, as well as Made in EU batteries and vehicle components:

Industry/sector	PO1		PO2		PO3	
	Emission savings (Mt CO2)	Monetisation (million EUR)	Emission savings (Mt CO2)	Monetisation (million EUR)	Emission savings (Mt CO2)	Monetisation (million EUR)
Low-carbon steel	3.37	€ 337	3.37	€ 337	10.26	€ 1,026
Low-carbon aluminium	0.22	€ 22	0.22	€ 22	1.10	€ 110
Low-carbon cement	0.69	€ 69	0.69	€ 69	2.22	€ 222
Made in EU batteries	25.60	€ 2,560	25.60	€ 2,560	34.17	€ 3,417
Made in EU VC	0.70	€ 70	0.70	€ 70	0.90	€ 90
Total	**30.58**	**€ 3,058**	**30.58**	**€ 3,058**	**48.65**	**€ 4,865**

Impact on downstream from MiEU clean tech (Annex 16)

Net-zero tech	Cost on downstream sectors in 2030 (recurring)
SOLAR PV	**15% higher LCOE**
WIND	< **4% higher LCOE** than an equivalent wind turbine with those components supplied from China
NUCLEAR FISSION	< **1% higher LCOE** than an equivalent power plant with those components supplied from extra-EU countries
HEAT PUMPS	Consumers encounter only a small difference in overall expenditure when considering costs for equipment and installation.
ELECTROLYSERS	< **9% higher LCOH** than when hydrogen produced with electrolysers with Chinese components
Battey Energy Storage System (BESS)	**3% to 11% higher LCOE** than an equivalent BESS project with Chinese battery equipment, rising from 58 EUR/MWh to 60-65 EUR/MWh
EV BATTERIES	Average EV price increase by 2030 for passenger **cars up to 3%, trucks up to 2% and bus up to 2%.**

[1]The levelised cost of electricity (LCOE) represents the average cost per unit of electricity generated over a plant's lifetime, including construction, operation, and fuel costs. It differs from the electricity retail price paid by consumers. While Made in EU initiatives are expected to increase LCOE, the extent to which these costs are passed on to consumers through levies on electricity is complex. With taxes and levies accounting for about 20% of EU electricity prices, auctions covering only a part of the market (and only a part of the auctions being covered by 'made in EU' requirements, as well as the price being set by the marginal source of power, any pass-through effects to consumers would likely remain limited.

For most technologies [except wind] the cost increases above are overestimated based on higher EU content than targets presented in legal proposal.

Main changes in the proposal, compared to the IA

- Permitting: The proposal introduces additional measures not foreseen in the preferred IA option, including **tacit approval at intermediate stages** and **infrastructure need assessments** for projects located in industrial manufacturing acceleration areas.

- Lead markets: The proposal adds **Made in EU requirements** for heat pumps, wind, nuclear fission and hydrogen, beyond the technologies analysed in the IA, to anticipate supply chain risks and strengthen EU industrial resilience.

- Lead markets: Unlike the IA option combining low-carbon and EU-origin requirements, the proposal limits **steel provisions to low-carbon criteria only**, reflecting the existence of other instruments addressing global overcapacity in the EU steel market.

- Label: The proposal ensures **consistency with product legislation** (CPR for concrete and construction steel; ESPR for other steel products), **amends NZIA procurement and auction provisions**, and **drops the voluntary steel label**, leaving possible future low-carbon labels to delegated powers.

Thank you