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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Competitiveness Council of 29 September 2025: Joint Trilateral Non-Paper by Germany, France and Italy on the Commission announcement of the Industrial Decarbonisation Accelerator Act (IDAA) *- Information from Germany, France and Italy*

As part of the Clean Industrial Deal presented on 26 February 2025, the European Commission is currently preparing a proposal for legislation to accelerate the decarbonisation of industry (Industrial Decarbonisation Accelerator Act - IDAA, or Industrial Accelerator Act - IAA according to the 10th of September State of the Union address).

The initiative aims to increase the competitiveness and productivity of energy-intensive industries, speed up administrative procedures and support investment in transformation.

To this end, Germany, alongside France and Italy have written a joint paper which spells out the ambitions and our key demands for the IDAA, which we hope can gather support from other Member States and provide useful input for the Commission's preparatory work.

Delegations will see attached below the 'Statement by Governments of France, Germany and Italy on the planned EU Industrial Decarbonization Accelerator Act (IDAA)'.

Statement by Governments of France, Germany and Italy on the planned EU Industrial Decarbonization Accelerator Act (IDAA)

Europe is at a critical juncture. Its industrial foundation, a cornerstone of the continent's economic success and welfare, is now under severe pressure. The industries that contributed most to empower our economies are struggling in the face of soaring energy costs, fierce global competition (also due to unfair practices), climate impacts, trade tension and the high investments required to master the twin transition. Without immediate and decisive action, Europe risks losing its industrial capacity to other regions, endangering not only millions of jobs but also our economic resilience and strategic sovereignty.

The European Commission's recent communication on a Clean Industrial Deal was a step in the right direction. European energy-intensive industries can be a model for the world, as Europe aims to transform and create the clean, decarbonised and competitive industry of the future. Still, decarbonization is also a tremendous challenge, and will not succeed without safeguarding the competitiveness of energy intensive industries; as it requires massive investments, to transform production capacities, and the availability of key resources and infrastructures at a competitive price (electricity, CCS, hydrogen). Ambitious action is thus needed to ensure that the Clean Industrial Deal's promises become reality through rapid channels; this includes an effective Industrial Decarbonization Accelerator Act (IDAA) that addresses the factors which undermine the competitiveness of European industry, including short-term measures with respect to higher energy and carbon costs and volatility than in non-EU countries.

From the perspective of the governments in France, Germany and Italy, the goal of the Industrial Decarbonization Accelerator Act (IDAA) should be to effectively support energy-intensive industry in fostering investments in transformation, accelerating the decarbonisation process and circularity and strengthening its competitiveness and the EU's economic resilience, EU's prosperity and contributing to achieving the EU's climate goals and ensuring the integrity of the Single Market. To this end and to support a greater predictability for EU industry, a coherent approach to EU's industrial, energy, climate, and trade policies is needed.

As regards the permitting dispositions in IDAA, it is essential that we do not replicate an "NZIA 2.0" approach; there should be no proposals for central contact points, new deadlines for permitting procedures or their intermediary steps, or provisions on regulatory sandboxes. In our view, the following key elements should be addressed in the IDAA:

1 - An Appropriate framework for incentivising investments

- Ensure that the policy framework sets the incentives for investments in climate-friendly technologies and products (incl. basic materials). The emissions trading system (EU ETS) is a central climate-policy instrument of the Union, as it translates the Union's emission reduction goals into a price signal and ensures cost-efficient reduction. At the same time, we need to embed the ETS into an effective policy mix:
    - Policies supporting the creation of lead markets beginning with basic materials like climate-friendly steel and cement;
    - Support programmes for financing the industrial decarbonization e.g. via the Innovation Fund (such as carbon contracts for difference or equivalent mechanisms) for decarbonisation;
    - A reinforced stability of the ETS carbon price, through, for instance, some changes within the ETS architecture to better address price volatility.
- Make available adequate financial resources, including primarily private but also public capital (European and national funds). Investment is the cornerstone of Europe's industrial renewal. Without mobilizing the private and public necessary capital at European and national levels, we cannot drive the technological innovation that will make our industries competitive while ensuring alignment with the Green Deal agenda. In a modernised next MFF that is focused on EU political priorities and equipped with the right structures, tools to support key investment for EU competitiveness and decarbonisation need to be included. Those tools must be set up most effectively and should make EU financing more accessible. The 'Do No Significant Harm' (DNSH) principle should be simplified and streamlined so as to always supporting energy intensive industries in adopting technological solutions that would result in lower carbon emissions, while maintaining an ambitious carbon neutrality target.

- Ensure that the Clean Industrial Deal State Aid Framework (CISAF) provides Member States with the necessary tools to support the objectives of the CID, in particular through adequate rules to support ambitious industrial decarbonisation projects and swift notification procedures.

- Support the financing, including modernisation, of production capacity in sectors that are strategic for the EU in terms of competitiveness and resilience (in particular the chemicals and automotive sectors) through dedicated state aid schemes.

2 - Ensuring sufficient demand for climate-friendly basic materials and products

- Creating sufficient demand for resource-efficient, climate-friendly and EU-made basic materials and products through the establishment of lead markets, by making transformation efforts visible to the market and incentivizing market growth of new decarbonized capacities, while finding the right balance between simplicity, economic efficiency, and acceptability. The following measures are necessary to achieve this, while ensuring practicability:

    - Set clear EU methodological guidance or requirements for assessing and communicating CO2 emissions along the value chains that prevent greenwashing or circumvention in third countries, and would support the adoption of incentives via private and public procurement;

    - As regards EU requirements which can, inter alia, serve as a basis for carbon footprint labels, they should ensure by design a competitive advantage to EU MS compared to competitors in third countries that lack similarly effective climate policy instruments, based on objective, non-discriminatory, unbureaucratic criteria as, for example, electricity in the EU is much cleaner than in most world regions; further transition phases can ensure that industries and Member States have sufficient time to implement the necessary investments;

    - Use voluntary and EU validated “carbon footprint” product labels giving a clear indication regarding what is transformative and could be used right now, so new investments are being additionally encouraged in a timely manner. Encourage private procurement through labels and other potential instruments based on the CO2-emissions intensity of basic materials put on the EU market

- Support the adoption of EU carbon footprint minimum performance requirements and/or quotas for lower-climate impact steel and cement instead of developing a new interim label based solely on ETS data.

- Leverage the purchasing power of public bodies and use public procurement, as well as other EU and national public incentives schemes strategically to support lead markets.

- In core and critical strategic areas of industrial production, including public procurement, the European Commission should work towards viable targeted EU preference schemes.

- For public procurement provisions, the drafting of all those provisions must be linked coherently to the planned reform of the EU procurement directives.

- Considering that technologies enabling a gross reduction of emissions in these sectors are the most suitable option to decarbonize at a competitive price, the IDAA could also be an opportunity to identify a framework to improve the policy framework for CCUS in particular for the CO2 capture in hard-to-abate sectors taking into account the EU ETS framework, and fostering the deployment of needed infrastructure on EU level considering also instruments for de-risking infrastructure development.

3 - Effective protection against carbon leakage

- We need an effective protection against carbon leakage. Therefore, work on CBAM reform in order to close possibilities for circumvention and carbon leakage such as resource shuffling; and simplification of the system.

4 - Competitive energy prices

- International competitive energy and electricity prices:

  - Short-term action is needed to reduce structurally high energy costs for industry, especially energy-intensive industry, in the EU to a competitive level. The focus should not only be on the increasing price of fossil energies, but also on reducing the price of renewable and other clean low carbon energies which are currently not internationally competitive in terms of

their price level. Furthermore, in the transition period towards decarbonization, more pragmatism and flexibility is also required in relation to other bridging energy technologies that help address the issue of high energy costs.

- Continuation of the indirect carbon costs (ICC) compensation for electricity prices until 2030 and beyond with an extended list of aid entitled energy intensive sectors (reform of the ETS State aid guidelines).

- Additionally, enabling the extension to additional sectors (e.g. certain activities of chemicals, batteries, ceramic, glass and paper) as soon as possible. And, possibly on a transitional basis, further instruments to reduce electricity costs, especially for energy-intensive companies.

- Reductions in grid costs for industrial customers must be maintained. Concretely, this concerns high fees and grid connection costs. These represent barriers to the economic viability of electrification. In the future, the corresponding EU legal framework, for example the Electricity Market Regulation, should leave sufficient options to MS to enable reductions in network charges for certain consumer groups and various consumption patterns, taking into account also those consumer groups with stable or countercyclical consumption profiles, regardless of their flexibility

- Reductions in renewable or low-carbon energy levies for energy-intensive industrial customers could apply where these users demonstrate efficient energy use and reduce their electricity's carbon footprint.

- We need further acceleration and new impetus of planning and permitting processes for investments into renewable energies, flexibility measures like storage as well as energy infrastructure under the EU Grid Package.

- Facilitations in EU procurement law (in particular the Utilities Directive (Directive 2014/25/EU)), e.g. for the procurement of grid components or services that are necessary for the expansion or operation of electricity transmission grids. This requires changes at EU level, either explicit deviations in the IDAA or in the ongoing reform process of the EU procurement directives.

- In addition, enable the Member States to take measures to support the expansion/development of production for grid components.

- Measures that support access to renewable or low-carbon energy at competitive prices for energy-intensive industrial customers, including enabling future renewable or low-carbon electricity supply and measures to mitigate PPA risks, as well as the possibility to introduce electricity price-stabilising instruments that provide security for investments in electricity-intensive processes and do not distort electricity markets.

- Improve European financing instruments to support the construction of strategic infrastructure for decarbonisation in order to leverage from energy supply from third countries with more competitive renewable costs.

5 - Promoting a level-playing field for European industries

- Given ongoing geopolitical developments and trade tensions, we must act effectively to mitigate foreseeable negative effects of surplus production being redirected towards the EU, and promote a global level playing field for European companies.

- The Commission has announced in the Clean Industrial Deal its openness to reforming its toolbox: this is positive, but a clear calendar and targeted measures must now be put forward, where necessary. In particular: (i) Efficiently address distortions of competition due to non-market practices (among others resulting in overcapacity); (ii) monitoring must be strengthened, building on solutions reflected in fora already established for this purpose (e.g. GFSEC, OECD, WTO, IMF) and beyond; (iii) Consequently utilise existing EU trade defence instruments notably in the steel and chemicals sectors, where appropriate, to combat unfair practices, and adjust or expand them if necessary; (iv) for the steel sector, the proposal for a long-term protection post-2026 needs to be presented by the Commission as soon as possible and with greater ambition than the revision of the current safeguard, combating overcapacity more effectively; (v) take measures to effectively prevent and mitigate cyber security risks.