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**NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council  
Subject: *Preparation of the Competitiveness Council (Internal Market, Industry, Research and Space) on 28 May 2026*  
Industrial Accelerator Act: how best to leverage access to the Single Market through European preference and low-carbon requirements  
- *Policy debate*

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Delegations will find attached a Presidency background note on “The Industrial Accelerator Act: how best to leverage access to the Single Market through European preference and low-carbon requirements” with a view to the policy debate at the Competitiveness Council on 28 May 2026.

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**The Industrial Accelerator Act: how best to leverage access to the Single Market through European preference and low-carbon requirements**

**Context**

The EU manufacturing sector ~~accounts~~ accounted for 18.3% of the EU's employment (or 30 million ~~persons~~ people) and 14.3% of ~~the~~ EU's GDP in 2024, while also generating ~~for~~ 26.2% of the EU's greenhouse gas emissions. It therefore plays a central role in economic prosperity, strategic autonomy and the achievement of the Union's climate objectives.

Despite the manufacturing sector's economic importance, its share of GDP has declined over the past decades from 17.4% in 2000 to ~~its current level of~~ 14.3% in 2024. The sector ~~has been~~ currently facing challenges ~~stemming from that undermine its competitiveness and ability to decarbonise, such as~~ persistently high energy prices, global overcapacities, distorted international competition, high capital and operational costs for decarbonisation, regulatory hurdles as well as slow and unpredictable permit-granting procedures. All these undermine its competitiveness and ability to decarbonise.

As a result, production volumes in energy-intensive industries, for example, have declined by nearly 20% since 2019, ~~compared to~~ significantly more than in other manufacturing sectors, with some production capacity remaining underutilised and at an unprofitable rate. Without urgent action to reverse the trend, the EU will decarbonise through deindustrialisation.

Clean technologies are also facing competitiveness challenges and supply chain vulnerabilities. Among 15 key clean technologies, batteries ~~and~~ solar photovoltaic (PV) modules and cells manufacturing ~~is where~~ are the technologies in which the EU is least competitive compared to the rest of the world, importing around 50% of its battery demand and 94% of its solar PV module and cell demand from China.

~~Lack-~~The lack of competitiveness is also visible in ~~more-several~~ downstream ~~supply chains~~ industries. For example, ~~despite the countervailing duties introduced on Chinese battery electric vehicles as of 30 October 2024,~~ the trade balance with China on passenger vehicles became negative in 2025 (EUR 1.2 billion in the first half of the year). ~~Moreover, and~~ imports of automotive parts from China increased by around EUR 4 billion between 2021 and 2025 (+66%) – compared with a decline in exports to China of around 50%. This is due to a 30-35% price differential between European and Chinese products. This trend seems to be accelerating, ~~and as a short-term impact~~ 76 000 job losses have already been announced among ~~the~~ automotive suppliers, and up to 50% of the production is at risk in the next five years.

To address these challenges, the [proposal for an Industrial Accelerator Act](#), adopted on 4 March 2026, establishes a framework of measures to accelerate industrial capacity and decarbonisation in strategic sectors, while strengthening the EU's long-term resilience and prosperity.

#### **The Industrial Accelerator Act: introducing targeted European preference and low carbon requirements in support of strategic sectors**

The ~~Act-proposal rests on~~ [comprises](#) three main pillars: boosting demand to create lead markets for clean products, leveraging the power of the Single Market to attract quality foreign investments and accelerating [decarbonisation](#) project deployment.

With regard to the first pillar, the [Industrial Accelerator Act](#) establishes a framework to develop lead markets for low-carbon and Union-produced industrial products, addressing the ~~current lack of~~ [limited](#) demand that ~~prevents the scaling up of the production and is delaying~~ [decarbonisation](#) investments. This is achieved by leveraging the scale of the Single Market and [increasing the](#) product demand financed by public intervention (public procurement, auctions, and public support schemes). The proposed measures reflect the international ~~context trends~~ and comply with the EU's international obligations by extending the concept of Union origin to products manufactured in countries with which the EU has concluded an agreement establishing a free trade area or customs union. Access to public procurement procedures is only granted to bidders from countries with guaranteed access.

The proposal introduces low-carbon and/or Union origin requirements for selected products in strategic sectors, including:

- Steel, cement (via concrete and mortar) and aluminium when used in construction and automotive sectors;
- Electric, hybrid and fuel cell ~~y~~vehicles and key components;
- A range of net-zero technologies.

These criteria would apply across public procurement procedures, auctions, and public support schemes. To avoid imposing excessive administrative burdens on economic operators participating in procurement procedures covered by the Industrial Accelerator Act, compliance would be verified through a self-declaration system. This approach ensures alignment with existing public procurement frameworks while limiting scrutiny to operators that have been awarded a contract.

With regard to clean technologies, Union origin requirements would be introduced through amendments to the Net-Zero Industry Act<sup>1</sup>, ensuring their full integration into that framework. In practice, existing guidance, such as that on the implementation of Article 28 of the Act<sup>2</sup>, together with relevant implementation experience, including in the application of rules of origin, would support the effective implementation of these requirements.

These measures aim to create predictable demand signals for low-carbon industrial products while strengthening EU manufacturing capacity and reinforcing strategic value chains in line with the recommendations of the Draghi report<sup>3</sup>.

The approach is targeted at strategic sectors where decarbonisation costs are high, downstream price impacts are expected to remain limited, and market failures are most pronounced. It is also embedded within a simplification agenda, leveraging streamlining existing rules and procedures wherever possible and building on them where necessary.

<sup>1</sup> 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.

<sup>2</sup> Communication from the Commission, Guidance on the implementation of Article 28 of Regulation (EU) 2024/1735 establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 (NZIA).

<sup>3</sup>

**Commented [AN1]:** This sentence may be too technical for the purpose of the background note, I would propose removing it.

**Commented [AN2]:** This wording is a bit confusing. Indeed, the proposal aims to limit the impact on consumer prices but without the actions proposed, the impacts on the prices would be high due to the high decarbonisation costs and the lack of economies of scale in the production.

Suggested redraft:

The approach is targeted at strategic sectors where decarbonisation costs are high, and, without the actions proposed in the Industrial Accelerator Act, downstream price impacts would be significant, increasing the risk of market failures.

With regard to the second pillar, the ~~Aet-proposal~~ establishes clear conditions for foreign investments exceeding EUR 100 million in emerging sectors (batteries, electric vehicles, photovoltaics and critical raw materials) to ensure that these investments generate tangible added value, including the creation of high-quality local jobs, the promotion of innovation and stronger integration into European value chains.

Under ~~the a~~ third pillar, the ~~Aet-proposal~~ simplifies and digitalises the permitting process for manufacturing projects through a “one project, one digital procedure” approach. It also accelerates the permit-granting framework for energy-intensive decarbonisation projects and supports the development of industrial clusters by designating dedicated industrial acceleration areas in each Member State.

### Questions for discussion

- ~~Will the proposed framework deliver acceleration of industrial capacity and decarbonisation in strategic sectors in the EU, levelling the playing field for EU industry globally, bearing in mind that it is just one element of an effective framework encompassing energy prices, trade tools and relationships as well as simplification?~~
- Are the measures ~~Will in~~ the proposed framework sufficient, in your view, to deliver acceleration of industrial capacity and decarbonisation in strategic sectors in the EU ~~and while~~ also providing sufficiently strong demand signals and investment certainty to restore the competitiveness of EU strategic industries ~~and accelerate industrial decarbonisation?~~
- Do you consider that the proposed targeted European preference and low-carbon criteria in public spending can effectively support strategic sectors in preserving and expanding manufacturing capacity within the EU, ~~while minimising~~ with minimum additional administrative burden? ~~What is missing/requires further consideration?~~  
(~~extra~~ in case to replace)
- ~~What additional conditions are needed for the Industrial Accelerator Act to help the EU leverage the Single Market to reinforce strategic industrial value chains while responding to global competitive distortions?~~
- ~~How should the EU's trading partners be integrated in that framework?~~

**Commented [AN3]:** Should we mention here that there is a need for the right balance between the three pillars of the proposal >> following the WP discussion on potential risks of foreign direct investments moving to FTA countries where such strict investment screening conditions do not exist without compromising the Union origin of the product. Otherwise, with the reformulation of the 1<sup>st</sup> question, this issue is expected to be addressed in Member States' interventions.

**Commented [AN4]:** Deletion suggested by the PCY

**Commented [UB5]:** The original wording listed 4 goals all connected with 'and' - this is an attempt to streamline the wording

**Commented [TP6]:** I would propose to limit the questions to these two bullet points in order to achieve a targeted debate.

**Commented [AN7]:** Deletion suggested by the PCY