POSITION | INDUSTRIAL POLICY | RESILIENCE

BDI key messages on the Industrial Accelerator Act (IAA)

Competitiveness must guide European industrial policy

2 September 2026

- The IAA has set the right objectives and offers new approaches, but at the same time raises specific concerns regarding its implementation.
- The IAA can only be one part of the industrial policy needed to make Europe a fundamentally better location for production and investment.
- Demand-side measures such as preferential rules for public procurement and support schemes can help develop and maintain strategic capacities but must not lead to high economic costs or become the standard for industrial policy.
- Some key regulations of the legislative draft still contain points that are unclear and need clarification.
- The IAA can be an effective EU trade policy tool to improve reciprocal market access for European companies on third markets.
- The proposed conditions for foreign investors harbour risks and lead to regulatory duplication.
- The selective acceleration of permitting does not go far enough and intensifies the patchwork nature of the regulations.
- Industrial Manufacturing Areas fall short of the mark as they do not encompass the whole bandwidth of industrial value added.
- The IAA harbours the risk of increasing the bureaucratic load and legal uncertainties. Its structure and implementation must be practicable or it will fail to have the desired effect.

The IAA has set the right objectives and offers new approaches, but at the same time raises specific concerns regarding its implementation.

The IAA's objective to expand EU's industrial value added, strengthen its resilience and support investment in the twin transition and emerging technologies is correct. European industry is under substantial structural pressure. Global distortions of competition, especially through state subsidies and the resulting surplus capacities in China, are driving up competitive pressure. High energy prices, a lack of infrastructure for climate-neutral industrial processes, complicated and longwinded permitting and administrative procedures and a high bureaucratic load overall are all aspects that are counter to competitiveness and creating an attractive investment climate in Europe for the long term. Europe suffers from strategic dependencies in central supply chains. Given this environment, there is no question that industrial policy action is needed. If designed well, some of the tools proposed in the IAA could help strengthen EU's value added in the areas it covers. Its positive momentum would stem primarily from the demand stimulated by the targeted incentives proposed for support schemes, auctions and public procurement procedures.

At the same time, the IAA in its present form harbours the risk of further increasing administrative complexity for both companies and member states (and their public contractors), with duplicate regulation and legal uncertainty potentially further undermining the appeal of Europe for investors.

Alternative instruments should therefore be carefully assessed. A good product market regulation, an effective implementation of support schemes and incentives or appropriately designed trade protection instruments could be more suitable in individual cases to reach the objectives pursued by the IAA. The legislative process going forward must strive to find a good balance between the various options available.

The IAA can only be one part of the industrial policy needed to make Europe a fundamentally better location for production and investment.

Key structural factors determining the appeal of Europe as a production and investment location, including competitive energy prices, access to capital and lean administration and permitting, are nonetheless largely beyond the scope of the IAA's regulatory framework. The IAA cannot therefore fulfil the urgent task the EU and its member states have of improving the playing field for industry as a whole and strengthening the overall resilience of the EU economy. Market players need to continue to have sufficient entrepreneurial incentive to position and build themselves in European and global competition. At the same time, resolute and extensive supply-side industrial and trade policy measures are needed to improve the conditions for competitiveness. The recommendations of the Draghi Report still need to be implemented extensively, particularly its horizontal proposals to deepen the internal market, increase the incentives for investment and set down sector-specific industrial policy. The IAA is but one part of this implementation.

Demand-side measures such as preferential rules for public procurement and support schemes can help develop and maintain strategic capacities but must not lead to high economic costs or become the standard for industrial policy.

The IAA proposal sets out preferential rules of origin for public support schemes, auctions and procurement procedures but not for private sector markets. Furthermore, the IAA specifies a few industries and products that are to be subject to all hard selection criteria (security, resilience, transition, market opportunities).

Rules of origin (Union origin or equivalent) and low-carbon criteria can provide a necessary impetus for European value added and climate-friendly production but should only be used in clearly justified exceptions to develop or maintain required strategic capacities in critical and emerging areas. The three-criteria test of the EU – dependency on China, ramp up of green technologies and market opportunities for companies based in the EU – is appropriate. In the implementation of the IAA, it must always be remembered that higher purchase prices for public authorities, given their limited budgets, will ultimately mean that fewer investment projects can be realised. Striking a good balance between preferential rules of origin and cost increases is therefore essential.

The focus on the areas of steel, cement, aluminium, the automotive sector and specific net-zero technologies seems reasonable given the specified selection criteria and the results of the European Commission's impact assessment. Expanding the scope of the instruments to cover substances or chemicals in accordance with Article 16.1 would not be appropriate at this point in time.[1] Extending the scope of demand-side measures would need a prior comprehensive consultation with the affected industries and manufacturers and should be reserved for the co-legislators as this would go beyond the permissible scope of regulation under delegated acts. It must not lead to a deterioration of the eligibility criteria for support for European companies as they currently stand. The disadvantages of potential additional costs for companies should be carefully weighed against the advantages of increased EU-wide production, also in view of the EU initiatives to modernise the transport and energy infrastructure and the buildings sector, for example. The concerns of midsized companies also need to be taken into account.

Measures should have a clear security or supply policy justification in the corresponding areas, WTO-compatibility, nonbureaucratic documentation obligations, appropriate deadlines and clear but adequate time periods. Another important factor is to ensure coherence with other ongoing EU legislative procedures, such as in the automotive industry and cyber security.[2]

Some key regulations of the legislative draft still contain points that are unclear and need clarification.

Points in the IAA legislative proposal that particularly need clarification include the specification of products and components. The measures on vehicles, for example, leave other important issues open apart from the problem of interdependencies between the individual regulations already addressed above. These include clarifying in the text which categories of vehicles the regulation applies to, whether only to passenger cars or also to commercial vehicles, vans, trucks, buses and special-purpose vehicles (the current text of the regulation contains divergent references on this point) and specifying which financial incentives apply to which categories of vehicles. Furthermore, specific characteristics of the commercial vehicle sector have not been taken into account. The IAA's geographic scope of application should also be made less complicated and defined uniformly for all

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[1] See the further comments in the VCI (German chemical and pharmaceutical industry association) statement on the Industrial Accelerator Act of 8 June 2026.

[2] In the automotive sector, for example, the new regulations need to be coherent with the CO_2 fleet regulation and the proposal to introduce a regulation for cleaner commercial fleets. See also the comments in the statement on the Industrial Accelerator Act of the VDA (German automotive association) of June 2026.

instruments. Support approaches also need a higher degree of planning and investment certainty coupled with sufficiently sized incentive volumes.

There are similar problems in the definition of net-zero technologies. The approach to look at the components is essentially correct but requires closer coordination with the industries in question to ensure that the ensuing administrative process is conducive to meeting the industrial policy objectives.

Other points that require clarification are the definition of low-emission building materials and building products, the harmonisation of calculation methods and other issues of implementation. Furthermore, responsibility and liability risks need to be clearly allocated along the supply chain.[3]

The IAA can be an effective EU trade policy tool to improve reciprocal market access for European companies on third markets.

Existing agreements with the EU and membership in the WTO procurement agreement should be used as a central basis to define the group of favoured third countries. The inclusion of additional countries should be based on objective criteria such as reciprocity and the actual opening up of markets and take sector specific considerations into account in each case. In issues of public procurement, the current depth (or depth aspired in negotiations) of reciprocal obligations should set the measure. In cases where third countries do not yet meet the requirements, or meet them only to an insufficient extent, negotiations on further reciprocal market opening are required. Where there is any doubt, the formulation of preference rules must be tailored to specific sectors following in-depth discussions with stakeholders. Justified product-specific deviations in the determination of origin should remain unaffected by this.

The European Commission must have the power to individually negotiate the status of third countries and adapt them if the situation changes. Status-setting should therefore be regulated by an adaptable delegated legislative act.

It is very important that the EU is always transparent about the status of the individual countries from when the IAA comes into effect. The EU can use existing procurement information portals for this purpose. Corresponding information should be provided for the support schemes and auctions. Planning certainty and reliability are particularly important for companies in this process. Abrupt changes in the status of countries involved could lead to substantial costs and should therefore only be carried out in close coordination with industry.

As a general principle, strengthening resilience should not be equated with the objective of achieving extensive autarky or of ensuring the most complete possible production within the European Union. Diversified international supply chains, free trade agreements and access to competitive inputs are all key prerequisites for competitiveness and making the European industrial base resilient to crisis.

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[3] See also the further comments in the statement on the Industrial Accelerator Act of the HDB (umbrella organisation of the German building industry) of 24 July 2026.

The proposed conditions for foreign investors harbour risks and lead to regulatory duplication.

The heart of the proposal is conditions or ownership limits on investments exceeding 100 million euros from a third country that controls more than 40 percent of global production capacities in the respective sector. These regulations address real risks relating to dependencies and market concentrations in emerging strategic sectors and could contribute to strengthening the resilience of EU's industrial base. At the same time, there is a risk that the proposed structure of the regulation could encumber investments in Europe. Extensive conditions on local content, joint venture structures, IP use, procurement quotas and EU input shares would, in practice, lead to an additional regulatory system alongside the current EU regulation 2026/1386 on the screening of foreign direct investments. This would increase complexity and legal uncertainty and prolong the duration of procedures and could therefore be detrimental to the appeal of Europe as a location for investments. Ensuring coherence between the different regulations is imperative.

The FDI chapter of the IAA needs to be reviewed extensively to address these points and with the objective of creating a coherent, proportional and investment-friendly regulatory system. Of particular importance here is integrating the current EU FDI screening framework in the new legislation rather than creating a parallel system.

Furthermore, the proposed conditions on foreign direct investments should be made considerably more flexible and limited to clearly justified specific cases. Overly rigid rules on ownership structures, technology transfer, local inputs or employment quotas harbour the risk of especially encumbering large transition and greenfield investments without reliably meeting the intended security and industrial policy objectives.

It is therefore crucial to select an approach that strengthens economic certainty, precisely steers investments and, at the same time, maintains the appeal of the EU as a location for production and investments. Another important point will be to ensure that regulations are structured to effectively prevent a circumvention which could be counter to the objectives of the IAA.

The selective acceleration of permitting does not go far enough and intensifies the patchwork nature of the regulations.

The Commission's proposal aims to accelerate permitting procedures for industrial projects by using deadlines, digitalisation, standardisation and clusters across the EU. The regulations are mainly positive and include some good approaches.

There is however already a whole patchwork of 'deregulation proposals', also for permitting procedures, without a recognisable structure or coherent approach. The proposal could have been used as an opportunity to regulate a uniform and coherent European procedure. Unfortunately, this is not the case. It would be a good idea to formulate an actual permitting act that harmonises and aggregates the different regulations on the topic of permitting at EU level. Furthermore, a uniform EU-wide portal would be preferable to national solutions so that companies that operate across the EU do not have to register on a separate national portal in each individual member state. National permitting procedures would then follow on from this.

Simplified and accelerated permitting procedures must be open to all industrial enterprises, including midsized companies and projects regarding the modernisation, digitalisation, circularity, energy efficiency and decarbonisation of existing facilities. Particularly midsized companies often invest in the gradual modernisation of existing production facilities rather than investing billions in new facilities. Furthermore, accelerations must not just apply exclusively to new investments but should also include the permitting for adapting and modernising existing industrial facilities.

Industrial Manufacturing Areas fall short of the mark as they do not encompass the whole range of industrial value added.

The IAA defines conditions under which member states can define so-called Industrial Manufacturing Acceleration Areas (IMAA). These areas that can be declared by member states as locations specifically for strategic industrial projects. The IAA proposes simplifying and accelerating permitting procedures in these areas as certain planning and infrastructure prerequisites will already have been reviewed or created. Although this approach is basically correct, the European Commission unfortunately does not make sufficient efforts to address the whole bandwidth of industrial value added. The scope of IMAAs is limited to selected strategic projects of energy-intensive industries which leaves out key industries of industrial value chains. This approach is inadequate for countries with broad industrial networks.

The IAA harbours the risk of increasing the bureaucratic load and legal uncertainties. Its structure and implementation must be practicable or it will fail to have the desired effect.

The IAA can only be effective if its structure is targeted, limited and lean and supports the reduction of the bureaucratic load. In its current form, it risks having the opposite effect and increasing red tape as the different instruments it proposes contain obligations for providing documentation and evidence that inevitably entail administrative work for both enterprises and public contractors. Although the European Commission primarily requires self-declarations in procurement, for example, it is nonetheless foreseeable that enterprises would need to develop new internal processes for the documentation of origins and emissions. This must not entail disproportionate additional administrative burdens either for industry or for the public sector and needs to have a practicable structure.[4]

Furthermore, the numerous delegated legislative acts set out in the IAA draft could make the EU's regulatory framework considerably more complex. All regulations pertaining to economic policy should be so clearly defined in the legislative text that users in the public authorities and in the affected enterprises can understand and apply the regulation. This should also be the case in any extension of the IAA's scope of application. The number of delegated legislative acts should be reduced to purely technical issues (relating to UN ECE standards or similar material) or to dynamically changing conditions (negotiations with third countries).

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[4] The construction sector, especially, faces risks of additional bureaucratic loads as this sector is particularly dependent on public contracts; see also the comments in the statement of the HDB on the Industrial Accelerator Act of 24 July 2026.

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Lobby register number of the German Bundestag: R000534
EU Transparency Register with the number: 1771817758-48

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BDI document number: D 2351