THE EU *INDUSTRIAL ACCELERATOR ACT* (IAA)

EUROPE'S NEW PLAYBOOK FOR STRATEGIC AUTONOMY

POLICY FLASH

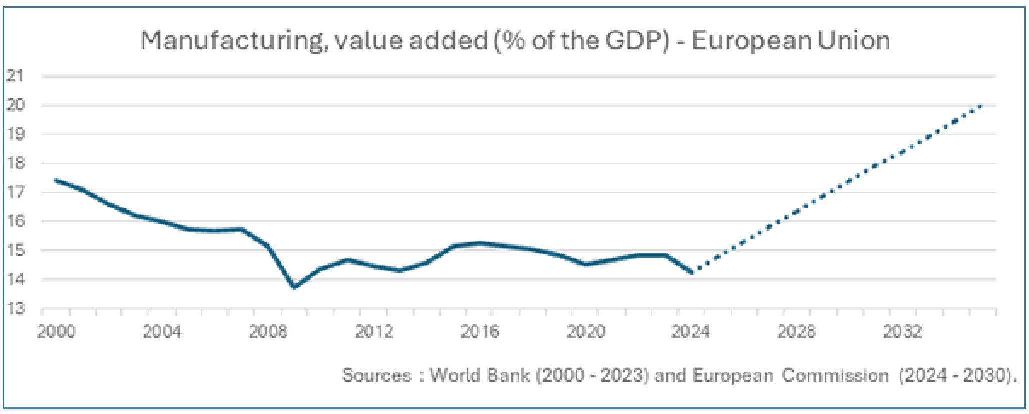
July 2026

Presented on **March 4, 2026** by the European Commission, the ***Industrial Accelerator Act (IAA)*** is a flagship legislative initiative led by French Executive Vice-President **Stéphane Séjourné** (DG GROW) and intends to address the structural decline of European industry.[1]

Delays in it presentation reflects a divide between a stricter **"Made in Europe"** approach, supported by France, Italy and Spain, and a more open **"Made with Europe"** model favoured by Germany and several northern and eastern Member States seeking to preserve competition, open supply chains and regulatory consistency.

According to the European Commission, in 2024, manufacturing represented only 14.3% of EU GDP, down from 17.4% in 2000[2]. The *IAA*'s ambition is to raise this share back to **20% by 2035**, while simultaneously accelerating industrial decarbonization.[3]

At this stage, the text must still be **examined, negotiated, and adopted by the Council of the EU** and **the European Parliament.**



1- **European Commission**, *Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW)*, Directorate-General responsible for EU policy on the Single Market, industry, entrepreneurship, and small and medium-sized enterprises (SMEs).

2- **World Bank**, Manufacturing, Value Added (% of GDP) – European Union, World Development Indicators, accessed July 17, 2026

3- **European Commission**, Commission Proposes Industrial Accelerator Act to Strengthen Industry and Create Jobs in Europe, Press Release IP/26/515, 4 March 2026, accessed July 17, 2026European Commission, Commission Proposes Industrial Accelerator Act to Strengthen Industry and Create Jobs in Europe, Press Release IP/26/515, 4 March 2026, accessed July 17, 2026

KEY TAKEAWAYS

1 A NEW MOMENTUM FOR EUROPEAN INDUSTRIES

The *IAA* aims to reverse the EU industry's declining GDP share, which fell from 17.4% in 2000 to 14.3% in 2024, by lifting it to 20% by 2035.

2 "EUROPEAN PREFERENCE" AS A GUIDING PRINCIPLE

Criteria would apply to schemes covering at least 45% of national support for energy-intensive industries and to all vehicle support schemes, without imposing a 100% EU-content threshold.

3 A TIGHTER CONTROL OVER FOREIGN DIRECT INVESTMENTS (FDI)

Foreign investments over €100M in critical sectors will undergo enhanced screening, with mandatory targets for EU employment and R&D spending.

4 DIVISIONS AMONG MEMBER STATES & PUSHBACKS FROM TRADING PARTNERS

Internal divisions (France's "Made *in* Europe" vs. Germany's "Made *with* Europe") and friction with major trading partners (US, China) could delay or reshape the final text.

5 A GRADUAL IMPLEMENTATION

The policy applies first to key industrial sectors after a 1-2-year transition, with separate legislation for AI, defense, and biotechnology to follow.

TIMELINE

Subsequently : Extension to currently excluded sectors (AI, cloud, defense).

End 2026 : Second regulation expected for biotechnology.

Q4 2026 - Q1 2027 : EU Parliament adoption and begining trilogues

30 September 2026 : Deadline for amendments in Parliament.

24 September 2026 : The Irish Presidency is reportedly aiming for political approval at the Competitiveness Council.

21 July 2026 : EESC adopted its opinion, broadly supporting the proposal while calling for stronger safeguards on competitiveness, reciprocity and implementation.

2–6 July 2026 : Further partial compromises move into more political ground: FDI, EU-origin and low-carbon requirements.

23 June 2026: The Cyprus Presidency circulates the first partial compromise text.

28 May 2026: Industry ministers (EU Council level) hold a first policy debate on the *IAA* at the Competitiveness Council, broadly backing its objectives.

4 March 2026: Presentation of the *IAA* by the Commission.

I. OBJECTIVES & PROCESS

Objectives

Operationally, the *IAA* relies on 4 main levers:

- **Support lead markets for "Made in EU"** and **low-carbon products** through public procurement and public support schemes.
- **Reinforce European industrial capacity in strategic sectors**, notably steel, cement, aluminum, automotive and net-zero technologies.
- **Ensure that major foreign direct investments** in strategic sectors bring tangible value to the EU, including through employment, innovation, technology transfer and local value creation.
- **Simplify permitting and boost sustainable manufacturing** through single digital procedures and Industrial Manufacturing Acceleration Areas.

Legislative process

The *IAA* follows ordinary legislative procedure. The text was presented on March 4th, 2026 and allocated to **3 parliamentary committees** under the *Joint Committee procedure*: ***ITRE*** (Industry, Research & Energy), ***IMCO*** (Internal Market & Consumer Protection) and ***INTA*** (International Trade).[4] Following committee review and trilogue[5] negotiations, formal adoption would trigger sectoral implementation periods of 1-2 years, with a review clause built in at the 2-year mark.

To be noted: **2 of the 3 rapporteurs are French MEPs:**

Christophe Grudler

Pierre Jouvet

Anna Cavazzini

	Christophe Grudler	Pierre Jouvet	Anna Cavazzini
Political group:	Renew Europe	Progressive Alliance of Socialists & Democrats	Group of the Greens/European Free Alliance
Committee:	ITRE	IMCO	INTA

This concentration of French rapporteurs may reinforce the perception among some stakeholders that the file is closely aligned with the French industrial-policy agenda, which could affect negotiation dynamics.

4- **European Parliament**, _Legislative Train Schedule – Industrial Accelerator Act, A New Plan for Europe's Sustainable Prosperity and Competitiveness, accessed_ July 17, 2026

5- An informal meeting where representatives from the European Parliament, the Council of the European Union, and the European Commission negotiate to reach a final agreement on EU legislation.

II. *IAA* CONTENT

European preference and market-access criteria

The concept of "European preference" has evolved from a long-standing policy debate into a more **operational industrial strategy**. While the 2008 *Small Business Act* promoted the strategic use of public procurement and state aid, recent crises exposed the EU's dependence on third countries for critical goods, energy and industrial inputs. Initially framed as "open strategic autonomy", this approach is now being implemented through the *Industrial Accelerator Act*.

The *IAA* is **a market-access framework** linking public procurement, national support and selected foreign investments to **EU-origin**, **low-carbon**, **reciprocity** and **local value-creation criteria,** including:

- Made-in-EU requirements for net-zero technologies: batteries, photovoltaic modules, wind technologies, heat pumps, hydrogen technologies, nuclear and certain automotive components.
- Low-carbon criteria for industrial materials: steel, cement, aluminum.
- Cybersecurity requirements for digital systems equipment in critical sectors.

Implementation mechanisms & strategic investment conditions

At least 45% of national public support for strategic industrial materials **will need to comply with these criteria**. For zero-emission vehicles, particularly corporate fleets, all relevant public support will be subject to EU-origin requirements.
Member States may grant additional compensation of up to 15% for compliant products, subject to exemptions where requirements would create disproportionate costs or significant delays.

Delegated acts may further adjust country treatment, product scope and origin requirements, potentially affecting major trading partners. Similar initiatives, such as Canada's "Buy Canadian" policy, reflect the growing use of procurement as an industrial-policy tool. The *IAA* uses public procurement around 14% of EU GDP to create lead markets for low-carbon European products.[6] Access for third-country suppliers will depend on EU-content, carbon-performance, reciprocity and security-of-supply criteria.

Foreign investments exceeding €100 million in selected strategic sectors would be subject to an additional approval framework: **investors would have to meet at least 4 of 6 EU value-creation conditions**, including a mandatory EU workforce requirement of 50%.

In line with the *Draghi Report*,[7] the *IAA* introduces **industrial acceleration areas** and streamlined digital permitting to accelerate strategic manufacturing projects. Beyond the *IAA*'s targeted scope, related EU initiatives concerning AI, cloud, defence and biotechnology are being developed through separate legislative and policy tracks.[8]

6- **European Court of Auditors**, *Special Report 28/2023: The EU's Industrial Policy on Renewable Hydrogen – Legal Framework Mostly Adopted, but Time Is Running Out to Meet 2030 Ambitions*, Special Report No. 28/2023, Luxembourg: Publications Office of the European Union, 2023, accessed July 17, 2026

7- Mario Draghi, The Future of European Competitiveness: A Competitiveness Strategy for Europe (Part A), European Commission, September 9, 2024, accessed July 17, 2026

8- Contexte, New Industrial Accelerator Act Draft Weakens "Made in Europe" Provisions, March 2026, accessed July 17, 2026

III. EXPECTED IMPACTS & BENCHMARKS : WHAT COMPANIES SHOULD MONITOR

Commission impact assessment

The *IAA*'s impact will depend less on company nationality than on **production footprint**, **supply chains** and **exposure to public procurement** and **support schemes**.

Companies with **EU-based manufacturing** may benefit from stronger demand and easier access to public support for compliant low-carbon products. Those relying on **non-EU supply chains** may face additional sourcing and compliance requirements and will need to monitor evolving origin, reciprocity and sector-specific rules.

The Commission's impact assessment estimates that the preferred option would generate **recurring benefits of around €14.75 billion in 2030**, against recurring costs of €6.06 billion, resulting in net recurring benefits of approximately €8.69 billion. One-off net benefits are estimated at **€239 million**.[9]

For businesses, recurring adjustment costs are estimated at **€3.78 billion**, with limited recurring administrative costs and around €240 million in one-off administrative savings. Streamlined permitting could also generate approximately €1.3 billion in savings for Member States.

At **sector level**, the requirements could result in the following additional costs:

- Automotive: Low-carbon steel and aluminium could add around 0.225%, or €69 per light-duty vehicle.
- Construction: Low-carbon steel, aluminium and cement could increase project costs by around 0.45%.
- Batteries: EU-made cells remain €16–30/kWh more expensive than Chinese alternatives, with the gap expected to narrow to €6–12/kWh by 2035.
- Solar PV: EU-made modules are estimated at 19 €ct/Wp, compared with 8.7 €ct/Wp for Chinese modules, although the gap should decline as EU production scales up.

Companies should monitor 6 priority areas

1. **Product exposure to *IAA* annexes** and future delegated acts.
2. **Eligibility of EU & non-EU supply chains** under origin and equivalence rules.
3. **Impact on public procurement**, corporate fleet schemes & national aid programs.
4. **Exposure to reciprocity risks** for third-country suppliers.
5. **Potential need to strengthen EU manufacturing**, sourcing, R&D or employment footprint;
6. **Interaction with the *Net-Zero Industry Act***, state aid reform, public procurement reform, FDI screening and the *Clean Industrial Deal* framework.

10- **European Commission**, *Impact Assessment Report Accompanying the Proposal for a Regulation Establishing a Framework of Measures for Accelerating Industrial Capacity and Decarbonisation in Strategic Sectors (Industrial Accelerator Act)*, SWD(2026) 71 final, 4 March 2026, accessed July 17, 2026

Conclusion

The *IAA* represents a **significant doctrinal shift for the EU**, as it more explicitly prioritizes European industrial production within existing support mechanisms.

The main strategic question for companies is therefore not whether the EU market will close, but **under what conditions companies, products and supply chains will continue to qualify for public contracts, support schemes and equivalent treatment**.

The answer will depend on the final scope of the regulation, the content of delegated acts, and the way Member States implement the new rules in procurement and aid schemes.

Its success will depend on 3 variables: 1/ the **outcome of trilogue negotiations**, notably on the scope of "European preference" and third-country equivalences; 2/ **the reaction of trading partners** and the risk of retaliatory measures; and 3/ the **coherence of implementation** alongside the evolving state aid framework, public procurement reform and sector-specific industrial initiatives.

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