

EUROPEAN COMMISSION DRAFT PROPOSAL FOR A REGULATION ON ESTABLISHING A FRAMEWORK OF MEASURES FOR ACCELERATING INDUSTRIAL CAPACITY AND DECARBONISATION IN STRATEGIC SECTORS (INDUSTRIAL ACCELERATOR ACT)

For information and action

IRU analysis, preliminary observations and call to action on the proposed Industrial Accelerator Act

I. BACKGROUND

On 4 March 2026, the European Commission presented a proposal for a [Regulation establishing a framework of measures to accelerate industrial capacity and decarbonisation in strategic sectors: the 'Industrial Accelerator Act \(IAA\)'](#). The proposal forms part of the EU's broader industrial and competitiveness agenda, and follows the recommendations of the Draghi report, which called for stronger demand-side measures, accelerated permitting and greater resilience in key industrial sectors.

The draft IAA seeks to reverse the long-term decline of manufacturing in the EU by ensuring that, by 2035, manufacturing accounts for at least 20% of EU GDP (up from 14.3 % in 2025), reducing strategic dependencies on non-EU suppliers. To this end, the proposal introduces a set of demand-side and regulatory measures, notably 'Made in EU' and low-carbon requirements in public procurement and certain public support projects, but also targeted conditions for large foreign direct investments in strategic sectors, accelerated permit-granting procedures for industrial projects, and the designation of industrial manufacturing acceleration areas.

The proposal is closely linked to the [Clean Industrial Deal](#), the [Competitiveness Compass for the EU](#) and the [Joint Communication on Strengthening EU Economic Security](#). It also delivers on the [Automotive Action Plan](#) and the [Automotive Package](#) adopted on 16 December 2025, which foresee the use of 'Made in EU' criteria for battery cells, small zero-emission vehicles, low-carbon steel and corporate vehicles, as included in the proposal on the [revision of the CO2 standards for cars and vans](#) and on [clean corporate vehicles](#).

The proposal is also linked to the forthcoming revision of the EU public procurement directives ([2014/23/EU](#), [2014/24/EU](#) and [2014/25/EU](#)), which is expected to include European preferencing among the proposed reforms.

A public consultation on the draft act is open until 18 June 2026 and is available at this [link](#).

This document provides IRU's analysis and preliminary observations on the draft IAA proposal, with a particular focus on the proposed public procurement and 'Made in EU' provisions, as they relate to the automotive and road transport sectors. It constitutes a first step towards the preparation of a future IRU position paper on the proposal.

II. OVERVIEW OF THE INDUSTRIAL ACCELERATOR ACT

The IAA establishes a common EU framework to accelerate industrial capacity in selected strategic, listed in [Annex I](#), namely: energy-intensive industries (EIIs) (e.g. steel, cement, aluminium, chemicals), net-zero technologies (as defined under the [Net-Zero Industry Act](#)) and the automotive industry.

The proposal is structured around four main pillars (Art 1):

1. Accelerated permit-granting procedures

The IAA introduces streamlined, digitalised and coordinated permit-granting procedures for all industrial manufacturing projects, including EII decarbonisation projects. These provisions aim to reduce administrative delays and incentivise investments across Member States.

2. Demand-side measures through public procurement and public support

The proposed Regulation establishes Union origin and low-carbon requirements for selected products and technologies used in public procurement, public support schemes and certain auctions, with the objective of creating lead markets for 'Made in EU' industrial products.

3. Conditions on foreign direct investments

Large foreign direct investments (above EUR 100 million) in emerging strategic manufacturing sectors may be subject to binding conditions, including requirements related to ownership structure, technology transfer, workforce composition and sourcing inputs from the Union.

4. Industrial manufacturing acceleration areas

Member States must designate at least one industrial manufacturing acceleration area to facilitate the geographical clustering of industrial activity and provide better access to permitting infrastructure, energy and financing.

While the proposed Regulation is horizontal in nature, its demand-side measures have direct implications for road transport, notably through public procurement rules and requirements affecting the purchase and support of vehicles.

III. PUBLIC PROCUREMENT AND 'MADE IN EU' REQUIREMENTS

1. Public procurement provisions of the IAA

The proposed Regulation introduces Union origin ('Made in EU') and low-carbon requirements in public procurement and certain public support projects with the objective of creating lead markets for strategic industrial products (Chapter III). For public procurement procedures falling within the scope of the procurement Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, contracting authorities are required to apply Union origin and, where relevant, low carbon requirements as described in [Annexes II and III](#) of the Regulation (Art 11).

For public procurement purposes, content originating in third countries with which the EU has concluded a free trade agreement, a customs union, or which are [parties to the WTO Government Procurement Agreement](#), is deemed equivalent to Union origin (Art 8). The Commission may nevertheless exclude specific third countries through delegated acts where reciprocity is lacking or where justified by security-of-supply or strategic dependency concerns.

The proposed Regulation provides certain derogations under which contracting bodies may decide not to apply the requirements set out in Annexes II and III where any of the following conditions apply (Art 11 para (3)):

- a) Only one supplier is available and no reasonable alternative exists.
- b) No suitable tender has been received, including following a comparable recent procedure launched by the same authority/entity in the two years preceding the start of the planned new procurement procedure.
- c) The application would result in disproportionate costs (presumed cost increase exceeding 25%), technical incompatibility or operational difficulties.

2. Public procurement of electric vehicles (Annex III, Part I)

Annex III, Part I sets out the Union origin requirements for pure electric vehicles, off-vehicle charging hybrid vehicles and fuel-cell vehicles purchased, leased or otherwise acquired through public procurement procedures falling within the scope of Directives 2014/24/EU and 2014/25/EU.

To qualify as Union origin, vehicles must:

- a) Be assembled in the EU.
- b) Reach a minimum of 70% Union origin threshold for non-battery components.

- c) Comply with specific Union origin requirements relating to battery components, including at least three main battery components of Union origin, including battery cells.
- d) Comply with reinforced Union origin requirements, three years after the entry into force of the Regulation, namely:
 - At least five main specific battery components of Union origin, including battery cells, cathode active material and the battery management system.
 - A minimum 50% Union origin threshold for e-powertrain components, based on ex-works price.
 - A minimum 50% Union origin threshold for main electronic systems, based on ex-works price.

Any vehicle used in a public service contract in the EU shall be deemed to comply with the requirements until 31 December 2035. After this date, a certificate of compliance is required.

For vehicles complying with the Union origin requirements laid down in Annex III, manufacturers are required, pursuant to Article 15, to provide an accompanying document certifying compliance when issuing the vehicle's certificate of conformity in accordance with [Regulation \(EU\) 2018/858](#). This certification is based on a self-declaration and forms part of the documentary evidence demonstrating compliance with Union origin requirements for the purposes of public procurement and public support schemes.

3. Other provisions under Annex III (Parts II and III)

Annex III, Part II extends the application of the same Union origin criteria to vehicles benefitting from public support schemes, including financial support for the purchase, lease or rental of vehicles, as well as to corporate cars and vans under the proposed Article 4 of the [Regulation on clean corporate vehicles](#).

Annex III, Part III defines when small zero-emission vehicles may be considered "Made in EU" for the purposes of applying super-credits under [Regulation \(EU\) 2019/631](#) on CO₂ emission performance standards for light-duty vehicles.

4. Energy-intensive inputs used in procurement (Annex II)

Annex II introduces minimum low-carbon and/or Union origin thresholds (between, 5-25% respectively) for steel, aluminium concrete and mortar used in public procurement and certain public support schemes, including where such materials are used in motor vehicles for civil purposes. These requirements apply progressively from 1 January 2029 and are designed to create lead markets while limiting cost impacts on downstream sectors.

IV. IRU PRELIMINARY OBSERVATIONS

1. Balancing "Made in EU" requirements with value for money and market readiness

In June 2025, IRU expressed concern ([IRU Position](#)) that the introduction of binding "buy European products" clauses, particularly for vehicles, would risk increasing costs, reducing competition and limiting service availability particularly in markets where EU manufacturing capacity remains constrained. While IRU initially opposed Union origin requirements in public procurement, the evolving political and economic situation requires a reconsideration of this stance.

Ultimately, operators seek rules that support the sector's green transition, provide investment certainty, ensure the availability and affordability of low and zero emission solutions, and protect SMEs from unnecessary financial and administrative burden.

IRU calls for:

- full coherence between the IAA and the upcoming revision of the public procurement directives, ensuring that industrial policy objectives do not undermine competition, proportionality and SME participation.

2. Investment predictability and the 2035 clause

The provision in the final paragraph of Annex III, Part I, deeming vehicles already registered in the EU to be Union-origin compliant until the end of December 2035 only, raises important concerns about the long-term use of vehicles of non-Union origin procured in current public service contracts, some of which may go beyond the end of 2035. Most public transport contracts have a duration of 10(+2) years, and most buses can be operated for up to 15 years. Recent vehicle purchases have been made in line with EU legal frameworks and

decarbonisation ambitions. Forcing operators to prematurely withdraw vehicles would cause significant financial harm - especially as the 'residual' value (a key part of the TCO) would be close to zero - and risk disrupting service continuity.

IRU calls for:

- equal treatment for vehicles of non-Union origin procured and registered before the end of the regulation's entry into force/transition period. Such vehicles should be allowed to operate without impediment post 2035 in public service contracts, including in contract extensions and new service contracts occurring after 2035.

3. Reinforcement of derogations

Binding Union origin requirements for vehicles purchased or supported through public procurement may reduce the availability of eligible vehicles and increase acquisition and leasing costs, particularly in markets where EU manufacturing capacity remains constrained. While the proposal includes derogations under Article 11(3), their effectiveness may be limited in practice due to the evidentiary burden placed on contracting bodies. These risks are particularly acute for SME operators, which have limited fleet flexibility and are less able to absorb higher costs, delivery delays or procurement uncertainty. Clearer and stronger derogations are required to ensure procuring entities are not detrimentally impacted by the Union-origin rule.

IRU calls for:

- Practical and usable derogations, supported by clear guidance, allowing contracting entities to apply them with legal certainty where the conditions are met.
- An extension of the derogations to include, among others, lead time as a reasonable cause for choosing not to procure vehicles of Union-origin.
- Confirmation that use of the derogation before the end of 2035 allows the vehicle to be used unimpeded in public service contracts post 2035.

4. Aftermarket and replacement parts

The proposal focuses on vehicle eligibility at the point of procurement or financial support but does not address the post-registration phase. The absence of explicit clarification regarding the sourcing of replacement parts and aftermarket servicing creates legal and operational uncertainty for operators relying on global supply chains throughout a vehicle's lifetime.

IRU calls for:

- Confirmation that Union origin requirements apply only at the point of vehicle procurement or financial support and do not restrict the lawful use of non-Union replacement parts and aftermarket services.

V. ACTION FOR MEMBERS

Members are invited to examine the new EC proposal on an Industrial Accelerator Act together with the present document and send comments and suggestions in writing to the IRU Secretariat (suzanne.hoadley@iru.org and deniz.yavuz@iru.org) by 5 May.

The IRU Secretariat will use members feedback to prepare a draft IRU position on this proposal, which will be adopted by written procedure. In this regard, a meeting is scheduled on **6 May at 10.00** to collect members views and concerns.

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