

## EUROPEAN COMMISSION INDUSTRIAL ACCELERATOR ACT

On March 4 2026, the European Commission published a proposal paper setting out ambitions for a long-term framework of increasing industrial capacity and decarbonisation in identified key industrial sectors.

The [Industrial Accelerator Act \(IAA\)](#) sets out ambitions to increase competitiveness, decarbonisation, supply-chain resilience, foreign investment, and territorial industrial policy within a single legal and regulatory framework.

Key documents:

- [Commission proposes Industrial Accelerator Act to strengthen industry and create jobs in Europe](#)
- [Questions and answers on the Industrial Accelerator Act](#)
- [https://single-market-economy.ec.europa.eu/document/download/9c7fa301-c4cf-4600-8c00-34243ee26e45\\_en](https://single-market-economy.ec.europa.eu/document/download/9c7fa301-c4cf-4600-8c00-34243ee26e45_en)

### **Background**

The IAA is a response to congestion and uncertainty in the global economy and a recognition that the EU needs to scale up its industrial resilience, economic security, and energy transition programmes to respond to the challenges of changing global manufacturing capabilities and enhance the potential from industrial growth. Shaping the background to the proposal is concerns on continued high energy costs, unfair international competition, high decarbonisation costs, limited willingness of downstream customers to pay a “green premium”, complex and lengthy requirements to developing new plant and facilities, and difficulties accessing funding.

The IAA builds on previous proposals by the European Commission such as the Clean Industrial Deal and the Competitiveness Compass, and the European Economic Security Strategy.

It is also shaped by extensive stakeholder input, which highlighted high energy costs, unfair international competition, high decarbonisation costs, limited willingness of downstream customers to pay a “green premium”, complex and lengthy permitting, and difficulties accessing funding.

### **Focus**

The proposal focuses on three areas, which the European Commission identifies as critical enablers for construction, mobility, energy, defence, and space:

- **Energy-intensive industries** (such as steel, cement, chemicals, and aluminium).
- **Net-zero technologies** (including batteries, solar PV, wind, heat pumps, electrolysers, and carbon capture).
- **European automotive industry.**

The IAA's general objective is for manufacturing to reach at least 20% of EU GDP by 2035.

Its three core aims are:

- Leveraging the Single Market to create demand for EU origin (“Made in EU”) and low-carbon industrial products and net-zero technologies.
- Maximising the quality of Foreign Direct Investment (FDI) in the most strategic sectors.
- Streamlining planning administration and fostering industrial clusters.

## **Key takeaways**

- Strategic industrial and decarbonisation projects would benefit from a single digital, coordinated and permitting procedure, with the aim to shorten approval timelines.
- EU origin (“Made in EU” / “Made in Europe”) and low-carbon thresholds would be built into EU public procurement and support schemes for key materials and motor vehicles as well as net zero technologies.
- Derogations would be allowed for certain third-country bidders, subject to powers given to the European Commission. In the broad provisions of the proposal, the UK is ‘by default’ included in this derogation.
- Value-added conditions and approval requirements would apply to large FDI’s in emerging strategic sectors.
- EU Member States must designate “industrial manufacturing acceleration areas” where industrial projects in strategic sectors benefit from pre-cleared, area-wide environmental and planning approvals via an aggregated baseline permit.

## **Next steps**

The IAA proposal is at the primary stages of legislative procedural approval at EU level. This will involve the European Parliament (EP) and the Council of the EU reviewing, amending, or rejecting the proposed legislation. The legislation will proceed only when the three EU institutions agree on a common text.

It is to be expected that the proposals text will evolve during this legislative scrutiny process. Changes are to be expected in the final shape of the legislative proposal around the shape of the FDI provisions – including the precise ownership cap percentages, the definition of “strategic sectors,” and the calibration of the manufacturing capacity threshold.

The UK’s ongoing visibility to the draft proposals will be critical.

It is vital that the UK continues to be viewed as a ‘default trusted partner’ given the high integration of supply-chains, our ongoing trade and economic cooperation and the commitments of both sides to strengthen economic security measures through the process of the annual UK-EU Political Summits.

Make UK will support the UK Government’s ongoing efforts with the European Commission and through collaboration with wider industry interests, work to ensure that the derogations in the proposals of ‘by default’ to the UK would ensure the positive distinguishment between allied countries such as the UK, and other identified geopolitical competitors.

Given the IAA’s political sensitivity and technical complexity, this process is likely to take some time to be completed, with negotiations expected to focus on the balance between industrial policy and wider geopolitical considerations, including the EU’s relationship with key third country trading partners such as the UK.