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European Industrial Accelerator Act: A first step towards a more assertive industrial policy

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Presented on 4 March 2026 by the European Commission, the Industrial Accelerator Act (IAA) aims to respond to the main objective of the Clean Industrial Deal ([IDDRI, 2025](#)), i.e. to ensure the competitiveness, resilience and decarbonization of its industry. However, its presentation comes at a time of urgency: the trade balance is deteriorating in key sectors for European industry, such as the automotive industry¹, and investment in clean technologies is slowing down,² resulting in a situation of pronounced dependence, particularly on [Chinese production and technologies](#).³ The IAA therefore aims both to ease this constraint by giving European producers targeted access to the internal market and to support low-carbon transition policies.⁴

Addressing the EU's strategic dependencies through targeted support

Within an already comprehensive European regulatory framework (Net Zero Industry Act [NZIA], Emissions Trading System [ETS], Carbon Border Adjustment Mechanism [CBAM], vehicle and building standards), the major innovation of the IAA is the targeted introduction of local content and/or low-carbon criteria through public procurement and publicly funded production support mechanisms.

Although the targeted strategic sectors represent only around 15% of the EU's production capacity (energy-intensive industries [steel, cement, aluminium], automotive [electric cars and batteries] and green technologies [solar thermal, heat pumps, wind power, nuclear fission and hydrogen]), they are key sectors in that they influence the entire downstream industrial ecosystem. These sectors are also key for the low-carbon transition, which is in itself a positive sign.

The introduction of IAA-related measures is expected to be faster in the automotive sector: certain criteria will apply six months after the text comes into force,⁵ with a gradual phase-in over three years,⁶ while they are [relaxed for small electric vehicles](#). Conditions for foreign direct investment (FDI) will also apply in certain targeted sectors (batteries, electric vehicles, solar panels, critical raw materials) for investments of more than €100 million from countries with more than 40% of the global market share in one of these sectors. This measure, which targets China without naming it, is part of the EU's drive to catch up technologically, making investment conditional on technology sharing and on the creation of European value chains; these technology transfers must also be able to take place in exchange for market access for foreign companies, i.e. manufacturers in the case of the automotive industry. However, this approach has yet to prove its effectiveness in practice.

For energy-intensive industries, the introduction will be slower, which immediately raises questions about the IAA's ability to develop lead markets in these sectors, with criteria that will apply from 2029 onwards. Furthermore, the thresholds set for low-carbon and local criteria are quite low (25% for low-carbon steel, 5% for low-carbon cement of European origin, and 25% for low-carbon aluminium of European origin), in a context where public procurement accounts for a limited share of demand, i.e. 15% of European GDP (5.5% for construction). With regard to public support mechanisms, only 45% will be subject to IAA criteria, but this figure can rise to 100% and applies to 100% of public schemes for the automotive industry. Finally, exemptions will allow these criteria to be waived in all the sectors concerned (automotive, cleantech and energy-intensive): for public procurement, when there is no alternative to a single supplier, when a call for tenders receives no response, or when the costs are considered disproportionate (25% higher for public procurement, or 30% for public aid)⁷, which limits the scope of the proposed measures.

Essential measures delayed?

Although the IAA, initially announced for November 2025, is presented as an emergency response to the industrial crisis, it will only come into effect after what promises to be a difficult political debate, which could delay its adoption until 2027. Furthermore, the definition of what constitutes 'low-carbon steel' or 'low-carbon cement' is postponed to the delegated acts of the [Ecodesign for Sustainable Products](#) and [Construction Products](#) regulations. This can be seen as an attempt to ensure consistency between the different regulations. However, the idea, which was considered at one point, of introducing a label for low-carbon steel was intended to create incentives for 'champions'; postponing the discussion on the definition of low-carbon therefore risks the criteria being less ambitious and moving away from the logic of creating lead markets.

Similarly, the introduction of certain measures to encourage the circularity of scrap metal (steel, aluminium, copper) and blackmass (waste from battery shredding) and measures making the import of products from certain countries conditional on the deposit of critical raw materials in storage centres have disappeared from leaked versions of the text. This issue remains central and will have to be addressed by other Commission initiatives, such as [ResourceEU](#) or [the Circular Economy Act](#), otherwise the EU's industrial strategy will miss the opportunity to ensure circular value chains.

A crucial debate on EU industrial partnerships

Finally, the question of the geographical scope used to define the location criteria was an important element in the IAA political negotiations, illustrating different visions of the role of European industrial policy. The very broad scope at this stage of what is meant by “EU content” proposes that content originating in third countries with which the EU has concluded an agreement establishing a free trade area or customs union, or which are signatories to the WTO Agreement on Government Procurement, should be considered “EU content”. This could therefore include around 80 countries with which the EU has concluded free trade agreements, as well as around 40 countries with which Member States have signed agreements on access to public procurement markets. It should be noted that the Commission reserves the right to exclude certain countries from this list by means of delegated acts (e.g. the [United States, due to its 'Buy American Act'](#)). An important nuance is that the inclusion of third countries must be based on the principle of reciprocity; the final list of countries concerned will therefore be the result of trade negotiations on a case-by-case basis.

This measure has caused considerable tension between Member States and between the Commission's Directorates-General, and has prompted many economic players to take a stand.

This debate on European preference highlights the need to accompany European industrial policy with a strategy for EU industrial partnerships in order to mitigate these tensions. Indeed, in order to reduce its dependencies and diversify its sources of supply, the EU will also need to explore new partnerships beyond trade discussions by putting industrial partnerships on the agenda at a time where the geopolitical order is being reshaped.

The Clean Trade and Investment Partnerships (CTIP)⁸ mentioned in the Clean Industrial Deal could be the vehicle for defining these partnerships.

Conclusion

The IAA does constitute a first step forward that broadens the European Union's regulatory ‘toolbox’ towards a more assertive industrial policy, especially as it sets out a framework for potential additional sectors. The text, as it stands, appears unbalanced: the measures are fairly robust for the automotive sector, but seem weak and limited for the decarbonization of heavy industry, which also needs a strong signal on demand to trigger investment, especially so as the CO2 price signal is at the heart of discussions this year and is contested by some. The real scope of the IAA will depend on the EU's ability to mobilize these tools on the basis of a truly coordinated European industrial strategy and to coordinate these measures with other levers at European level, within Member States and with its economic partners.

¹

Imports from China rose from [€2 billion in 2020 to €12.6 billion in 2024](#).

2

Decrease from €11.4 billion in 2023 to €8.2 billion in 2025.

3

China controls a large majority of clean technology value chains, particularly for photovoltaics (the EU is 94% dependent on China for photovoltaic cells and modules), wind power (with 93% dependence on China for permanent magnets) and batteries (the EU sources 93% of its active anode materials from China).

4

In line with the Net Zero Industry Act (NZIA), which already introduced a target of producing 40% of the EU's annual green technology deployment needs by 2030.

5

The vehicle must be assembled in Europe, at least 70% of the value of the vehicle's components (excluding the battery) must come from the EU, and the traction battery must contain at least three components of European origin, including the battery cells.

6

With regard to electric batteries, the electric motor and the electronic system.

7

For public aid, exemptions may apply if the European content and low-carbon criteria result in excessive delays (7 months), or if the costs are 30% higher than alternatives.

8

A first agreement has been signed between the EU and South Africa.

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