

ZPP Position on the Industrial Accelerator Act Proposal

The European Union is facing a steady decline in its industrial and manufacturing sectors, which in the context of growing geopolitical instability both weakens the EU's competitiveness on the global market and opens up risks of value chain disruptions and critical dependencies. To address this, the European Commission has presented the *Proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors*,¹ more commonly referred to as the Industrial Accelerator Act (IAA). This Act is intended to expand the production and uptake of low-carbon and European-made products, with the larger goal of growing the manufacturing sector's share of the EU GDP to 20% by 2035 (from the most recent figure of 14.3% in 2024).

In this Report, the Union of Entrepreneurs and Employers (ZPP) presents the key takeaways from the proposal and offers our opinions on them, as informed by consultations with leading voices in Polish industry.

Permit-Granting Processes

The first of the initiatives in the IAA involves the cutting of red tape and accelerating permit-granting. The Commission proposes the introduction of national-level single access points, which would utilise the upcoming European Business Wallets to provide applicants with all necessary information about the procedures, status, and deadlines regarding their applications. These applications would also be simplified and expedited, meaning that only one application would need to be submitted for all required permits, and that authorities would have no more than 45 days to approve it or request further information. In addition, certain energy-intensive industries² would be applicable for the same expedited permit-granting and streamlined environmental assessment requirements as net-zero technology manufacturing.³

Public Procurement Requirements

In an effort to strengthen European value chains, the IAA introduces requirements for "Union origin" – referring to materials produced in the EU or a select few trusted third countries – and low-carbon products in public procurement schemes for construction

¹ [Commission proposes Industrial Accelerator Act to strengthen industry and create jobs in Europe.](#)

² Manufacturing of paper and paper products, coke and refined petroleum products, chemicals and chemical products, rubber and plastic products, other non-metallic minerals, and basic metals.

³ [Regulation \(EU\) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation \(EU\) 2018/1724.](#)

of buildings and infrastructure and manufacturing of civilian motor vehicles. The requirements are as follows:

- 25% of the total volume of steel used must be low-carbon.
- 5% of the total volume of concrete and mortar must be low-carbon and of Union origin.
- 25% of the total volume of aluminium must be low-carbon and of Union origin.

These requirements must be met by EU-based companies or those based in third countries with established agreements with the EU; companies outside these parameters will not be able to participate in public procurement schemes involving the listed materials. These requirements are exempted in cases where there are no suitable European suppliers available, or if contracting with the EU-based entity would create a disproportionately higher cost (25% higher) than suppliers which do not meet the criteria.

There are also additional requirements in place in this regard for the automotive sector. For public procurement schemes to be used in the purchasing or leasing of new electric vehicles, they must meet the criteria for being “made in the European Union”. These include the vehicles having been assembled within the Union, their batteries and the accompanying enabling parts originating in the EU, and the ex-works price of certain components being predominantly from within the Union (70% for overall non-battery components and 50% each for the driving and electronic systems).

Foreign Direct Investments

The IAA also seeks to place more stringent controls on foreign direct investments into emerging strategic sectors.⁴ If a foreign investor originates in a country that represents 40% of the global manufacturing capacity in one of these sectors within the EU, their investments exceeding EUR 100 million must meet the following criteria:

- The investor may not acquire ownership of a Union target that exceeds 49%, neither directly nor through joint ventures.
- Intellectual property rights will be protected, ensuring that any assets developed in the EU prior to the investment remains in European hands and that any developed with the investor’s involvement will be jointly owned by the Union target.
- The investor is required to invest a certain amount into research and development within the Union.
- 50% of the workforce employed in the context of the investment must be EU workers.

⁴ Battery, electric vehicle, and solar technologies, as well as the “extraction, processing and recycling of critical raw materials”.

- The investor will need to prepare a strategy for ensuring that EU value chains are prioritised in such a manner that at least 30% of the manufacturing input originates within the Union.

Acceleration Areas

Finally, the IAA would introduce so-called “Industrial Manufacturing Acceleration Areas”. The Act would require Member States to designate one or more such areas in energy-intensive industries (see footnote 2), the automotive industry, and/or net-zero technologies, in which industrial manufacturing projects would be clustered for synergistic benefits. Projects within these Areas would benefit from facilitated permit-granting and financing, promoted research and joint purchasing, targeted analyses from state authorities to ensure energy needs are being met, and greater exchange of information regarding supply chains and necessary skills.

Opinion of Polish Industry

On the basis of extensive consultations carried out with significant actors in Polish industry, we find that the Industrial Accelerator Act is a timely initiative with commendable objectives and some elements which are very likely to have a positive impact for European industry. In particular, the accelerated and simplified permit-granting framework is very welcomed, as it would improve the conditions for new industrial projects to enter the market while also reducing investment risks. In a similar vein, the Acceleration Areas initiative is promising and likely to have a positive impact on regions like Central and Eastern Europe that are undergoing structural industrial transformation. However, we see no reason that this benefit could not also be extended to additional sectors, and urge policymakers to consider further areas of deployment.

The foreign direct investment elements of the proposal are also encouraging but give rise to some degree of concern and would need to be handled with care. The efforts to ensure that foreign direct investments contribute to the European Single Market rather than drain away from it are admirable, but there is a risk of adverse consequences in that foreign investors may be less keen on investing into the Union. As such, the proportionality and predictability of these investment control mechanisms are of the utmost importance to ensure European businesses have sufficient funding to undertake their programmes.

The most concerning aspect of the proposed Act concerns the public procurement requirements, particularly in regard to the automotive sector. The low-carbon criterion is not necessarily a sufficient indicator of goods purchased through public procurement projects being in line with broader climate goals. It would require greater reporting obligations on the carbon footprint of imports to ensure a level playing field with

European producers. In addition, the Act may benefit from expanding the low-carbon definition to also take into consideration other factors – for instance, circularity indicators such as the use of recycled materials or secondary raw materials – rather than relying solely on general environmental declarations in terms of emissions, so as to not needlessly inhibit the competitiveness of companies using good practices in other climate areas.

Though the Union-origin requirements for public procurement are a positive step for strengthening EU-based suppliers vis-à-vis third country competitors, there is substantial room for improvement to ensure they sufficiently consider trade realities. The “disproportionate cost difference” exception being only a 25% difference between producers based in the Union and in third countries does not sufficiently favour EU-based companies, and instead we call for the threshold to be raised to a 35% difference. In the same vein, the inconsistency of Union-origin requirements for automotives – wherein most electric vehicles are required to have 70% ex-works value of car components produced in the EU, while M1E category small electric vehicles can either match this requirement or alternatively have their traction battery contain at least three main specific components from within the Union – risks creating loopholes; to mitigate this, the 70% threshold should apply consistently across the EV sector. Finally, though trade relations with trusted partners are necessary for maintaining the EU’s integrated supply chains, extensive risk analyses must be carried out to ensure that these third countries do not accidentally create a backdoor through which untrusted actors can influence the European market.

In summary, we find that although the motivation behind the IAA is very commendable and that some of the presented initiatives – particularly the simplified permit-granting process and the Acceleration Areas – are highly likely to have a positive impact, other elements need to be carefully evaluated and potentially adjusted. It is essential that policymakers maintain a strong line of communication with the industries that will be most affected by the Act throughout the negotiation phase, to ensure the policy changes achieve the desired impact rather than underdelivering or adversely affecting European businesses.