Position Paper
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Economic

Industrial Accelerator Act

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Executive Summary

Key points at a glance

- Embedding the 'Made in EU' principle in public procurement and the funding of key technologies is very welcome. However, the **broad definition of 'Made in Europe'**, which includes countries with existing trade agreements, means that the desired effect will not be achieved. On the other hand, there is a risk that, if access is restricted to EU Member States, they will lose the advantage of access to third-country markets for their own products. A sector-specific assessment is required for the 'Made in EU' approach to deliver the desired added value for workers when weighing up the protection of the EU market against access to third countries. Only this way the desired effect can be achieved. Furthermore, the EU should advocate at international level for the relevant rules to be amended within the World Trade Organisation (WTO) to allow for 'local content' provisions.

- The requirements relating to the 'Made in EU' principle and the 'low-carbon' requirement in the context of public procurement and funding do not take **employment aspects** into account. However, **social conditionalities** are **urgently needed** when it comes to creating and strengthening high-quality jobs, as defined as an objective in Article 1. Measures to prevent wage and social dumping should therefore be included in the EU public procurement directives, which are due to be presented by the European Commission in the second quarter of 2026.

- The selection of key technologies for the 'Made in EU' criterion and for the requirements relating to direct investment is limited to net-zero technologies (including batteries, solar panels and wind turbines), electric and hybrid vehicles, and selected building materials (steel, aluminium, mortar and concrete). Content inconsistencies stem from leaving out other forms of transportation, especially rail, as well as hydropower technologies within the net-zero framework. Additionally, not including the subject of digitalisation also contributes to these inconsistencies. No justification is given for the restriction on these technologies. It **ignores key and future-oriented technologies**, particularly the rail industry, semiconductors, artificial intelligence, quantum technologies, robotics, digital infrastructure and the circular economy.

- The tightening of regulations on foreign direct investment in key technologies is to be welcomed. However, as many 'hidden champions' and start-ups operating in strategically important sectors have a low market capitalisation, the proposed threshold of €100 million is set too high.

- The proposed measures to speed up approval procedures are to be welcomed in principle. At the same time, this should not obscure the fact that the authorities responsible for conducting the proceedings must be provided with sufficient human and financial resources to handle the cases.

- When designating national acceleration areas, they should not not be in conflict with priority areas set out in existing legislation, such as Net-Zero Valleys or Hydrogen Valleys.

AK's position

On the content of the proposal

The European Commission's proposal for the Industrial Accelerator Act (IAA) aims to significantly strengthen industrial resilience in strategic sectors of the EU whilst continuing on the path towards decarbonisation. In order to reduce dependence on third countries and safeguard competitiveness, the share of the manufacturing sector in GDP is to be increased to 20 % by 2035. The four key chapters of the regulation cover measures relating to:

- Speeding up approval procedures
- Introducing 'Made in EU' criteria in public procurement and funding schemes and promoting low-carbon products in the automotive and construction industries
- Strict regulations on foreign direct investment in key technologies and
- Establishing special national acceleration areas for industry.

The legislative package thus combines economic sovereignty with the objectives of the European Green Deal in order to consolidate Europe's position as a leading hub for clean technologies. The IAA thereby addresses the growing threat to the EU's economic security and strategic autonomy. In a geopolitical environment where economic dependencies are increasingly being used as leverage, the IAA aims to strengthen the EU's industrial base and harness the transition to climate neutrality as a driver of industrial growth.

Introductory remarks

A review of recent developments in European industrial policy reveals not only the European Commission's attempt to develop a common European industrial policy, but also a tendency to strategically realign industrial policy initiatives (such as the Net Zero Industry Act and the Critical Raw Materials Act) after only a brief period of time. This is primarily due to the increasingly dynamic and competitive international environment. This dynamic also reflects the history of the Industrial Accelerator Act (IAA) itself.

The European Commission's original intention was to formulate a European response to the extensive subsidy programmes and targeted location incentives under the US Inflation Reduction Act (IRA). In the light of this, the Commission initially announced the Industrial Decarbonisation Accelerator Act at the start of the current parliamentary term. The aim of this initiative was to mobilise investment for the decarbonisation of energy-intensive key industries, particularly in the steel, chemical and cement sectors. The focus was on measures to speed up approval procedures, improve financing conditions and create reliable demand prospects for climate-neutral products, such as in the field of green steel. In terms of content, this approach was consistent with existing EU industrial and climate policy initiatives, in particular the Green Deal Industrial Plan, the Net-Zero Industry Act and the Critical Raw Materials Act.

However, over time, the geopolitical landscape changed, leading to an adjustment in the policy's focus. The original focus on decarbonising energy-intensive industries was gradually expanded to include additional industrial policy objectives. These include, in particular, strengthening international competitiveness, measures to retain businesses in the region, and promoting strategic autonomy. This expansion is reflected both in changing the bill's title to Industrial Accelerator Act and in the substance of the package of measures. Alongside climate policy objectives, trade policy instruments are gaining importance. This is reflected, amongst other, in the greater emphasis placed on the European automotive sector and in the tighter regulation of direct investment from third countries under the draft regulation. Overall, the IAA can be interpreted as reflecting industrial policy with a stronger geopolitical focus, in which decarbonisation is no longer the primary objective but is instead embedded within a broader spectrum of economic and security policy goals.

The regulation proposed under the Industrial Accelerator Act (IAA) marks the initial effort to broaden European industrial policy by introducing a tool that specifically targets the demand aspect. Against the backdrop of global economic and geopolitical developments, the European Commission is pursuing several objectives simultaneously: strengthening Europe's position as an industrial hub, increasing strategic autonomy, and safeguarding jobs and value creation. At the same time, achieving climate policy targets remains an integral part of the initiative. However, it is remarkable that the social dimension of industrial transformation is becoming less important compared to previous initiatives. Whilst the just transition played a vital role in the Clean Industrial Deal, this aspect is only taken into account to a limited extent in the IAA. This points to a shift in priorities within European industrial policy. Furthermore, conflicting objectives and inconsistencies can be identified both in relation to existing industrial policy initiatives and within the IAA itself. These indicate shortcomings in strategic coherence when addressing current global challenges. The overall impression is one of a reactive response to external developments, whilst a consistent, long-term strategy is less clearly discernible.

This assessment is supported by an analysis of the specific provisions of the proposed regulation. It is characterised in part by unclear definitions, a lack of transparency regarding the selection and operationalisation of targets, and potential conflicts with existing regulatory frameworks. This gives rise to risks regarding legal certainty and the practical feasibility of the measures. In the worst-case scenario, these factors could hinder the intended acceleration of industrial development. Furthermore, the social dimension of the industrial transformation process remains underrepresented in the operational design. In particular, aspects relating to the training of skilled workers and the incorporation of social conditions within public procurement, for example in the context of 'Made in EU' strategies, have not been adequately addressed.

Overall, it can be concluded that, despite the fundamentally relevant objectives of the IAA, significant revision and clarification are still needed. Especially with regard to strategic coherence, regulatory clarity and the integration of social aspects, further development appears necessary in order to effectively achieve the desired industrial policy outcomes.

Re Chapter I: General provisions

Re Article 2 – Industrialisation objective

In accordance with Article 2, the IAA stipulates that the Union, together with the Member States, shall ensure that industry accounts for 20 % of gross domestic product, compared to 14.3 % in 2024.

Establishing a measurable target is, in principle, to be welcomed. However, as increasing the share of industry cannot be achieved solely through the targeted growth of key industries, but also, for example, through a decline in the services sector or through growth in industries that do not play a key role, this target should be supplemented by further sector-specific targets. This would also enable the continuous evaluation and sector-specific management of measures aimed at boosting industrial production in strategically important sectors. Likewise, sector-specific productivity growth, rather than just the aggregate industrial share, should be used as an indicator. Sectoral targets focused on boosting European production, productivity and value added are therefore more effective.

Re Chapter II: Enabling conditions for industrial production and decarbonisation

Re Article 4 – Single access points

AK welcomes the proposal for a single access point for project applicants regarding permit applications for industrial manufacturing projects. The tasks that these bodies are to perform via the European Business Wallets should also be viewed positively. Further steps towards digitalisation, as well as increased cooperation between authorities, can help to simplify and speed up procedures.

Re Article 5 – Permit-granting procedure

The proposal for a centralised authorisation procedure administered by a single authority is to be welcomed, as such a procedure offers significant advantages over separate, parallel authorisation procedures. Austria has already implemented this for projects subject to an Environmental Impact Assessment. However, it must be ensured that the authorities are provided with sufficient human and financial resources.

In AK's view, the requirement that public authorities must either request further documentation or confirm the completeness of the existing documents within 45 days is, in principle, to be welcomed. Nonetheless, the rule outlined in paragraph 3, subparagraph 2 - which states that no documents which were not requested in the first request could be asked during a second request for additional information - should not be accepted. If the authorities lack the information needed to make decisions and are unable to request it, negative consequences are likely. In case of doubt, authorities are more likely to reject a project or impose further conditions. The basis for decision-making must be complete in order to enable an informed and transparent decision. In any case, authorities are required to request additional documents as quickly and efficiently as possible.

Re Article 6 – Energy-intensive industry decarbonisation projects

Paragraph 1 extends the provisions on authorisation procedures in the Net Zero Industry Act to decarbonisation projects in energy-intensive industries. In principle, there are no objections to this. However, it should be noted that a wide variety of legal acts are increasingly establishing a multitude of different approval regimes for various projects. In practice, this parallel existence of different procedures leads to a highly confusing legal situation and does nothing to speed up procedures.

Paragraph 2 subjects decarbonisation projects in energy-intensive industries to various provisions of the Environmental Omnibus. As negotiations on this Commission proposal are still ongoing within the EU legislative process, it is not possible to assess the proposal at this stage.

Re Chapter III: Strengthening the Union's strategic industrial value chains

Chapter III introduces, for the first time, a 'Made in EU' criterion and a low-carbon criterion for public procurement. Both approaches are to be welcomed; however, the proposal fails to include accompanying social conditionalities. Where 'Made in EU' requirements are concerned, these must be addressed and enshrined in law within the EU public procurement directives. The European Commission has already launched a consultation on the EU Public Procurement Directives; a proposal is expected in the second quarter of 2026. To prevent wage and social dumping, the subcontracting chain should be limited to the first tier, supplemented by general contractor liability. 'Cleanwashing' (active repentance) should result in a one-year ban from public procurement procedures in cases of breaches of labour and social legislation. Other social conditionalities that need to be enshrined relate to job security, the quality of working conditions, the provision of high-quality training – including apprenticeships – and further training, as well as adherence to collective agreements.

Re Article 8 – Content equivalent to Union origin in public procurement

The public procurement proposal uses a broad definition for 'Made in EU': products from countries with EU trade agreements or members of the WTO Agreement on Government Procurement (GPA) are treated equally. This means that key partner countries (including the US, Japan and the UK) are included, whilst China and, at present, India remain excluded. This broad definition runs counter to the established industrial policy objectives. It undermines efforts to boost European value creation, creates incentives for offshoring or nearshoring, and encourages the relocation of production to third countries with lower social and environmental standards. Furthermore, due to additional global transport emissions, it is environmentally problematic.

Against the backdrop of increasing industrial policy activity (e.g. in the US and Canada), the 'Made in EU' criterion should be defined more narrowly. Doing so would promote more resilient, lower-carbon supply chains and ensure higher standards. However, this requires a sector-specific approach in order to minimise conflicting objectives. At the same time, it should be borne in mind that restrictions on EU market access could trigger retaliatory measures, making it more difficult for European companies to access third-country markets. Striking a balance is important, specifically by reducing external dependencies and strengthening the internal market. At international level, the EU should work towards WTO reforms in favour of 'local content' rules and align its trade policy more closely with socio-environmental objectives, including a reassessment of existing agreements.

In this context, paragraph 2 is particularly noteworthy, as it grants the European Commission the power to restrict the scope of market access privileges by means of delegated acts – for example, where a partner country fails to open up its markets to the same extent, where there is a risk of dependency, or where security of supply needs to be ensured. Whilst this approach is to be welcomed, it is open to criticism that, according to the proposal, such fundamental decisions are to be taken by the European Commission through delegated acts. As these issues involve key political decisions of principle, they must not be removed from public debate involving the European Parliament. Rather, there is a need for broad democratic legitimacy for EU regulations that may conflict with trade rules.

Re Article 9 – Content equivalent to Union origin in other forms of public intervention
In addition to public procurement, the 'Made in EU' criteria should also apply to public interventions, such as national support schemes. The criteria determining which countries' products qualify as 'Made in EU' are similar to those for public procurement under Article 9; consequently, the criticisms raised also apply to the provisions on public intervention. Furthermore, it should be noted that existing national requirements must not be circumvented.

Re Article 11 – Public procurement
Article 11 provides for an exemption clause which allows contracting authorities not to apply the 'Union Origin' and 'Low-Carbon' requirements if doing so would result in additional costs of 25 % or more. As to other public measures (Article 12(3)(b)), the threshold is 30 %. These regulations do not provide protection against social dumping or the circumvention of EU environmental standards, which are generally higher than those in third countries, thereby undermining the EU social model.

In order to prioritise the decarbonisation and industrial strengthening of Europe, higher thresholds for additional costs are required. However, given the severe constraints on Member States' budgetary scope, it is essential to ensure that higher thresholds do not, in turn, undermine the implementation of strategically important industrial policy projects. In order to create the necessary investment opportunities for Member States, it would therefore be necessary, on the one hand, to increase the budgetary leeway available to national governments and to boost workers' purchasing power through appropriate wage agreements on the other.

In the meantime, the IAA should set higher thresholds for additional costs, differentiated by sector, which not only reflect the strategic importance of the respective sectors for Europe but also take into account the cost implications for the public sector arising from existing dependencies on third countries, as well as market and supply chain structures. A continuous review of these thresholds also seems advisable over time.
Paragraph 4 allows companies to submit self-declarations regarding where their products are manufactured in order to comply with the 'Made in Europe' requirements. However, a self-declaration does not guarantee that EU added value actually exists. Therefore, harmonised EU legislation should be considered, in which European added value is defined on a sector-by-sector basis, thereby providing legal certainty for contracting authorities.

Re Chapter IV: Foreign investment contribution

Re Article 17 – Scope
The approach proposed in the IAA, which aims to link foreign direct investment more closely to industrial policy objectives and to promote technological co-operation between non-European industry leaders and European companies (e.g. in the form of joint ventures), is to be welcomed. This expansion of opportunities for a strategic foreign trade policy is in line with the recommendations of the Draghi Report, which states that the potential for know-how transfer through foreign direct investment should be utilised more actively. However, the threshold of EUR 100 million set out in paragraph 1 for the application of binding conditions is very high. Many 'hidden champions' and start-ups operating in strategically important sectors, with only low capitalisation, fall below this threshold. However, these companies too should be given special protection against takeovers from outside Europe. The threshold should therefore be lowered.

Furthermore, in the context of merger control, transaction thresholds should be introduced in addition to turnover thresholds, so that takeovers are subject to competition law scrutiny. This applies in particular to companies that are acquired at a high price but generate little or no revenue (so-called 'killing mergers'). Austria and Germany have already introduced relevant regulations at national level. It would be sensible to introduce comparable regulations at European level as well.

Re Article 18 – Value added foreign direct investment criteria
Article 18 sets out six conditions for foreign direct investment, at least four of which must be met by foreign investors for the direct investment to be approved. These conditions are to be welcomed in principle. However, they need to be significantly tightened up, as it is possible to circumvent them legally ('by substituting') simply by meeting only four out of six conditions.

Under the current proposal, foreign investors would be permitted to acquire a maximum of 49 % of a company's shares or voting rights. It must be ensured though that there are no loopholes that could be exploited through corporate structures or the division of shares.

One positive aspect worth highlighting is that the employment policy condition is enshrined as a mandatory criterion (Article 18(3)) for approving foreign direct investment in strategic sectors. The requirement for at least 50 % of the workforce to be based in the EU, together with requirements regarding qualifications and the retention of business locations, represent considerable progress. In addition, provision should be made to ensure that the investor guarantees the relevant total wage and salary during this period.

The obligation to strengthen European value chains, as set out in Article 18(2)(f), remains largely non-binding, as the mere 'effort' to achieve a minimum share of 30 % of EU-based inputs is unlikely to have any real impact in practice. Since this value can sometimes be difficult to monitor, or could be actively diluted, due to group procurement structures and active supply chain management, it is too low and should be increased.

It should be noted that in the EU's free trade agreements with Canada and Vietnam – in the sense of 'TRIMS-plus' – the very instruments that are now to be applied more extensively within the IAA have been restricted, including those 'performance requirements' relating to joint ventures and technology transfer. Whilst therefore the EU is set to impose stricter industrial policy requirements on foreign direct investment, comparable scopes for similar measures in countries in the Global South remains limited in many cases. A coherent international economic policy would require a broader recognition of such policy leeway as a matter of principle.

Re Article 19 – Prior notification of planned foreign direct investments
Under Article 19(3), foreign direct investment is deemed to have acquired control of a company if 30 % of the company's shares are acquired within the EU. Here, too, there is a discrepancy compared with the current thresholds for investment control, which in some Member States are less than 10 %. In AK's view, this threshold should be lowered to below 20 %.

Re Article 21 – Review of foreign direct investment by the Commission
The criteria under which the Commission may assess an investment should be supplemented to include employment and social policy considerations. Investments should therefore be subject to critical scrutiny when they have a high potential to trigger negative employment-related or social effects. This could be achieved by adding a clause worded as follows: 'high potential of having detrimental employment-related or social effect'.

Re Article 22 – Monitoring and enforcement by the Investment Authority
As regards sanctions, consideration should be given to increasing the fines provided for in Article 22(4) in the event of non-compliance with Article 18(2)(e) (staff reductions) and to using these funds to support socially acceptable solutions that are in the interests of employees.

Re Chapter V: Industrial manufacturing acceleration areas

Re Article 25 – Designating national industrial manufacturing acceleration areas
Overarching planning is to be welcomed. However, such planning initiatives should not be conducted in a fragmented manner. The planning of industrial areas, for example, must be coordinated with other infrastructure planning. Furthermore, there also appears to be a need for coordination at national level regarding protected areas, restoration areas, acceleration areas for renewables, etc. In Austria, spatial planning is mainly dealt with by federal states, complicating comprehensive planning efforts. From a planning perspective, the designation of acceleration areas is particularly welcome when it is coordinated with other planning documents and, preferably, takes place at national level. This also applies to coordination with existing acceleration or target areas established under other European legislation, such as Net-Zero Valleys.

Re Article 27 – Permit-granting procedures in acceleration areas
This article provides for aggregated baseline permits for the designated acceleration areas, meaning that individual projects would only require approval for those aspects that are project-specific and not covered by the aggregated baseline permit. Before such a aggregated baseline permit is granted, all necessary assessments, including environmental assessments, must be conducted. The necessary assessments are therefore shifting from the project level to the planning level. This is to be welcomed, as it can help to achieve acceleration effects.

However, this is subject to the condition that the checks at the planning stage represent an equivalent alternative to checks at the project stage in terms of their scope and depth, and that there remains scope for project-specific checks. Effective public participation must also be ensured at the planning stage, as must the right to seek legal redress against the results of the assessments and the planning decisions. Provided that all these conditions are met, such comprehensive approvals are to be welcomed.

In this context, the exact implementation of this provision is also open to question. Permits in Austria require an application and cannot be issued automatically by authorities. Special provisions would therefore be required for the proposed comprehensive approvals. It is also important to ensure that the designation of areas for the aggregated baseline permit of industrial production projects does not result in any circumvention of labour law provisions. Although aggregated baseline permits can be an important part of industrial policy strategies, they must not be at the expense of the relevant due diligence obligations.

Re Chapter VI: Final provisions

Re Article 28 – Evaluation

Article 28(a), which sets out the objectives of the forthcoming evaluation study on the impact of the legislative act, should also stipulate that the ex-post evaluation should take into account social and employment effects, including the impact on the quality of employment.

Re Article 29 – Review

In view of the current global technological advances, their pace of development and the current geopolitical upheavals, the requirements of the 'Made in EU' criterion must also apply to other technologies. Although the IAA stipulates that the Commission must review, three years after its entry into force, whether 'Made in EU' requirements should also apply to other critical sectors, this applies in particular to rail and shipping equipment. While it is understandable from an organisational and administrative perspective that the current proposal covers only a limited number of sectors, the selection of sectors is not sufficiently justified. Other sectors are also of paramount importance for Europe's industrial future and the reduction of strategic dependencies. These should also be included and, in addition to the rail industry – which must encompass both rolling stock and infrastructure – also cover the fields of robotics, semiconductors, quantum technologies, the circular economy, as well as Artificial Intelligence and digital infrastructure.

Re the appendices

The selection of strategically relevant sectors to which the provisions of the IAA apply is missing transparency and raises some questions. For example, steel production is excluded from the 'Made in EU' origin criterion in public procurement. It should be examined whether the 'Made in EU' criterion can also be applied to green steel.

Furthermore, it is difficult to understand why, whilst the automotive sector is included as a strategic sector, the production of non-automotive vehicles for public transport or public infrastructure, as well as the construction of public rail networks, is not. It is worth noting here the considerable potential for employment and value creation in the rail industry in Austria and Europe, which is addressed only indirectly in the proposed regulation as a user of raw materials.

Specifically, 'Made in EU' requirements should be introduced for products in the rail industry, in line with the provisions for the automotive sector. As Annex III focuses on vehicles, a two-part legislative solution is recommended, distinguishing between the two product categories within the rail industry. Rail vehicles could be covered by the insertion of a new Part IV in Annex III – with exclusive reference to Article 11 on public procurement. A separate Annex IV should be created for rail infrastructure products, defining 'Made in Europe' requirements for public procurement. Product-specific component and value-added requirements would need to be defined for both areas. To prevent any resulting distortions of competition between public and private rail transport operators, the railway regulatory framework also needs to be adjusted.

Contact Us!

In Vienna:

Peter Hilpold
peter.hilpold@akwien.at

Michael Soder
michael.soder@akwien.at

Austrian Federal Chamber of Labour
Prinz-Eugen-Straße 20-22
1040 Wien, Österreich
T +43 (0) 1 501 65-0

www.arbeiterkammer.at

In Brussels:

Florian Wukovitsch
florian.wukovitsch@akeuropa.eu

AK EUROPA
Permanent Representation of Austria to the EU
Avenue de Cortenbergh 30
1040 Brussels, Belgium
T +32 (0) 2 230 62 54

www.akeuropa.eu

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