



Brussels, XXX  
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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors and amending Regulation (EU) 2018/1724, Regulation (EU) 2024/1735 and Regulation (EU) 2024/3110 (the Industrial Accelerator Act)**

(Text with EEA relevance)

## EXPLANATORY MEMORANDUM

### (1) CONTEXT OF THE PROPOSAL

#### • **Reasons for and objectives of the proposal**

This explanatory memorandum accompanies the proposal for a Regulation establishing a framework of measures for responding to the EU's economic security challenges and accelerating industrial capacity and decarbonisation in strategic sectors: the 'Industrial Accelerator Act'.

In today's geopolitical landscape, the frequent and targeted use of economic tools to advance strategic objectives poses an existential threat to the Union's resilience, competitiveness, economic security and strategic autonomy. As highlighted in the Draghi report on European Competitiveness, the weaponisation of EU dependencies of trading partners in strategic sectors puts the EU's security, public order, competitiveness and economy at risk.<sup>1</sup> The Union's capacity to respond and reduce third country dependencies lies in the strength of its industrial base, innovation capacity and integrity of the Single Market.

The transition to a clean and digital economy presents a major opportunity to strengthen the EU's industrial base, as outlined, inter alia, in the Commission Communication on Clean Industrial Deal. Global competition, unfair market distortions, the weaponisation of current economic dependencies, rapid technological shifts and foreign subsidies, structural cost disadvantages and rapid technological shifts however are reshaping industrial value chains, while geopolitical tensions enhance current and create new vulnerabilities. Against this backdrop, the EU must act strategically to secure and further strengthen its resilience and industrial base, long-term competitiveness and ensure that the climate transition becomes an engine of industrial prosperity.

The manufacturing sector is essential for safeguarding and boosting the EU's long-term economic resilience and to meet its climate neutrality goal. It is the largest within the EU's business economy in terms of employment (18.7%) and value added (24.1%)<sup>2</sup>, while also accounting for about 26% of EU's greenhouse gas emissions.<sup>3</sup> However, the EU's share of global industry gross value added has declined from 20.8% to 14.3% between 2000 and 2020.<sup>4</sup> This regression is not only an economic reality, but a strategic warning signal with potentially structural impacts to the EU's prosperity and social cohesion. At the same time, the manufacturing sector increasingly faces challenges, such as high energy prices, global overcapacities, high capital and operational costs for decarbonisation and new technology deployment, low investment compared to other regions, as well as regulatory hurdles.<sup>5</sup>

That is why the Industrial Accelerator Act aims to ensure that **by 2035, this trend is reversed and that manufacturing represents 20% of the EU GDP**. It will do so by accelerating permitting for all manufacturing projects, and by providing a toolbox to provide access to the European single market in a way that prevents strategic dependencies, creates manufacturing

<sup>1</sup> Joint Communication, Strengthening EU economic security, JOIN(2025) 977 final

<sup>2</sup> Eurostat, [Businesses in the manufacturing sector \(Statistics Explained\)](#), EU manufacturing structural business statistics (NACE Rev. 2, Section C).

<sup>3</sup> Eurostat, [Air emissions accounts by NACE Rev. 2 activity](#), online data code env\_ac\_ainah\_r2, DOI: 10.2908/env\_ac\_ainah\_r2.

<sup>4</sup> European Round Table for Industry (ERT), [European Competitiveness and Industry – Benchmarking Report 2022](#), Brussels, 2022.

<sup>5</sup> Draghi, M. (2024). [The future of European competitiveness – In-depth analysis and recommendations \(Part B\)](#).

jobs, boosts decarbonisation and climate performance and secure access of European citizens and companies to vital commodities and products at all times.

Achieving the EU's strategic autonomy while maintaining industrial competitiveness and, at the same time, decarbonising requires a strong business case. In that context, strengthening the competitiveness of strategic sectors and technologies, notably net-zero technologies as well as energy intensive industries, and the automotive supply chain, is essential for the EU's resilience, strategic autonomy and climate objectives. Ultimately, economic security means that citizens, businesses, and public authorities have predictable access to resources, jobs, and stable incomes - a foundation of social cohesion, as well as resilient infrastructures and protection against weaponisation of dependencies. A failure to secure and protect crucial supply chains would create significant economic and societal risks, leading to potential disruption of public order in the Union. Persistent vulnerabilities of this kind could weaken our economy, slow down investments and ultimately undermine public support and the business case for the ongoing deep industrial transformation process.

The sectors covered by the Industrial Accelerator Act – energy intensive industries, net-zero technologies manufacturing, and automotive industry – account for a limited share of EU manufacturing output but play a disproportionate strategic role. **Taken together, the strategic sectors targeted by the Industrial Accelerator Act account for around 15% of EU manufacturing production.** Their importance therefore lies less in their aggregate size than in their central role as upstream suppliers and enablers of downstream value chains, including construction, mobility, energy systems and defence.

Delayed or insufficient progress on climate action could intensify the economic and social impacts of climate change, with implications for social stability. Action is especially needed in the following sectors:

**Energy intensive industries** (EIIs) are a key pillar of European prosperity and a cornerstone of the continent's industrial base, underpinning most industrial ecosystems. Yet, production volumes in EIIs have substantially decreased since 2021, compared to other manufacturing sectors.<sup>6</sup> Cost gaps with other world regions have widened and import shares have increased, in particular for basic metals and chemicals.<sup>7</sup> Capacity utilisation rates remain at unsustainably low levels.<sup>8</sup> Decarbonising these industries requires substantial investments<sup>9</sup>; however, the pace of decarbonisation is not fast enough to reach the EU climate objectives. Although many decarbonisation projects have been announced and some are on the way, since 2023 more than half of the projects remain unimplemented.<sup>10</sup> Modernising these sectors is fundamental not only to achieving our climate objectives, but also for Europe's ability to anchor industrial value chains and provide high- quality jobs.

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<sup>6</sup> Internal European Commission analysis, see Impact Assessment report.

<sup>7</sup> OECD Working Papers, [A comprehensive overview of the Energy Intensive Industries ecosystem, 2025/09](#).

<sup>8</sup> A European Steel and Metals Action Plan, COM (2025) 125 final, 19 March 2025.

<sup>9</sup> Approximately EUR 500 billion are needed by 2040 for the chemicals, basic metals, non-metallic minerals and pulp and paper industries - Draghi, M. (2024). [The future of European competitiveness – In-depth analysis and recommendations \(Part B\)](#), p. 99 and Commission [Staff Working Document](#), Impact assessment report, Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society, Part 3, pp.164-167.

<sup>10</sup> JRC analysis, see Impact Assessment report.

**Net-zero technologies** face competitiveness challenges and significant supply chain vulnerabilities.<sup>11</sup> While deployment in the EU – and the world - is progressing, the EU’s manufacturing global market share of these technologies is declining. Production is highly concentrated in China, which accounts for over 80% of battery manufacturing capacity and solar photovoltaic, including solar inverters which carry an essential function in the Union’s critical infrastructure. In other net zero technologies, such as heat pumps and geothermal, EU production depends heavily on components from non-EU suppliers. Wind power technologies are experiencing cost pressures from low-priced Chinese imports, while carbon capture technologies lag in CO2 transport and storage. Without decisive action, the EU risks becoming even more dependent on imported clean technologies, precisely at the moment when global partners are accelerating their industrial strategies<sup>12</sup> and weaponising their industrial successes. At the same time, net-zero technologies are a source of EU’s industrial strength and should be granted a global level-playing field in light of unfairly subsidised overcapacities.

Downstream industries are also under pressure. The competitiveness of the **European automotive industry** – a symbol of Union industrial leadership - has significantly decreased, with the average profitability of European automotive suppliers dropping from 7.4% in 2017 to 5% in 2023.<sup>13</sup> The production index for the European automotive component industry continues to fall at a steady pace, by an average of 11% in 2025 compared to 2021 production volumes.<sup>14</sup> This decline threatens millions of jobs and the integrity of Europe’s industrial future.

The competitiveness of further key strategic technologies is equally essential for the EU’s strategic autonomy. For example, **digital technologies** introduce complexity and interdependence within modern energy systems, which are increasingly vulnerable to cyber threats. These risks have direct implications for the security and resilience of Europe’s critical infrastructure, including for clean energy.

Against this backdrop, the proposal addresses three main sub-problems:

- (1) Supply chain vulnerabilities in strategic sectors and technologies. Global, not always fair, competition and international value chain dependencies undermine Europe’s ability to increase or retain production and therefore its economic security. Many sectors rely heavily on input materials and components sourced from third countries. An area of concern is the lack of technology know-how and manufacturing expertise in the EU for certain key net-zero and digital technologies. This concern is exacerbated by a fragmented EU approach towards foreign investments, which oftentimes do not come with technology transfer, job creation and value chain integration in the EU.
- (2) Limited demand/no lead markets for European low-carbon industrial products. High production costs, different levels of technological readiness and a lack of industrial scaling effects limit the development and market uptake of low-carbon products in energy intensive industries, therefore undermining or delaying the decarbonisation investments. This is further accentuated by the challenges in distinguishing low-

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<sup>11</sup> [Competitiveness Progress Report on Clean Energy Technologies](#), COM(2025) 74 final, 26 February 2025.

<sup>12</sup> BloombergNEF, New Energy Outlook.

<sup>13</sup> [European automotive industry: What it takes to regain competitiveness](#), McKinsey, 10 March 2025.

<sup>14</sup> Eurostat, [Sold production, exports and imports](#), online data code ds-059358\$defaultview.

carbon industrial products from high-carbon equivalents and the limited willingness of downstream sectors to pay a low-carbon premium.

- (3) Industrial technologies are not deployed at scale. Lengthy, fragmented and uncertain permitting procedures for industrial decarbonisation projects, including infrastructure connection, delay the deployment and scale-up of new technologies. Decarbonising industrial processes requires deep and costly transformation of assets and operations, entailing substantial investments, which may become frozen throughout lengthy permitting processes. Difficulties in de-risking investment and accessing funding represent a major bottleneck.

Against this scenario, the Clean Industrial Deal announced a new regulatory initiative to address permitting bottlenecks, introduce resilience and sustainability criteria, and create lead markets for European clean and resilient industrial products and technologies. This includes the development of a label on the carbon intensity of steel.

This proposal delivers on the political commitment made by President von der Leyen, who announced in the 2025 State of the Union Address an **Industrial Accelerator Act (IAA)** to boost demand for clean and Made in EU products in strategic sectors and technologies. It is also announced in the European Economic Strategy Communication of 3 December 2025.

The legislative proposal aims to strengthen the EU's long-term economic resilience, prosperity and strategic autonomy by supporting industrial production and accelerating decarbonisation. It has the following objectives:

- Leverage access to and the scale of the Single Market to boost demand for European low-carbon industrial products and net-zero technologies, including by facilitating differentiation for low-carbon steel to increase its value and marketability.
- Maximise the quality and benefits for the Single Market of foreign investment in the EU in the most strategic sectors.
- Deploy manufacturing projects at scale by speeding-up and simplifying permits for manufacturing projects, as well as by facilitating the development of industrial clusters in industrial acceleration areas ('acceleration areas').

To achieve these objectives, the proposal introduces a balanced regulatory approach to enhance the competitiveness of the industry and mitigate, as well as prevent, strategic dependencies in key sectors. It is limited to the set of minimum requirements necessary to address the problems currently faced by a limited number of strategic sectors, without unduly constraining the market and technological development or disproportionately increasing the cost of specific materials and products. Moreover, the proposal sets a framework to streamline permitting procedures and promote a coordinated approach to investment projects across the Union.

- **Consistency with existing policy provisions in the policy area**

The proposal responds to the Clean Industrial Deal, the 'Competitiveness Compass for the EU' and the Joint Communication on Strengthening EU Economic Security, all of which acknowledge the need for urgent action to safeguard the EU's future as an economic powerhouse, an investment destination and a manufacturing centre. It delivers on the Automotive Action Plan, which states that public support benefiting the automotive industry will be made conditional on resilience and sustainability criteria and calls on the Industrial Accelerator Act to promote Made in EU requirements on battery cells and components in EVs sold in the EU, in line with the Union's international commitments. It also delivers on the automotive package, adopted on 16 December 2025, which, *inter alia*, introduce flexibilities

in the CO2 standards for cars legislation upon the use of made in EU low-carbon steel, or confirms that public support to the decarbonisation of corporate vehicles should be limited to made in EU production.

- **Consistency with other Union policies**

The IAA is consistent with the legislation relevant for EU economic security, industrial competitiveness and decarbonisation. Given the role of energy intensive industries and net-zero technologies in many sectors of the economy and industrial value chains, several sets of European policies and legislation are relevant.

First, the IAA is consistent with and complements the Net Zero Industry Act (NZIA) by extending streamlined permitting provisions, such as single points of contact and time limits to all energy intensive industrial decarbonisation projects, and by introducing Made in EU requirements for some specific net-zero technologies components, in order to prevent circumvention, further build EU manufacturing capacity as well as resilient and competitive domestic value chains.

Second, the proposal is consistent with the European Climate Law, as it aims to contribute to achieving the climate neutrality goal by supporting investments in the decarbonisation of industry and in net-zero technologies.

Third, the proposal is consistent with the most recent initiatives to streamline permitting procedures and enhance the competitiveness of the automotive sector. In particular, the IAA aims to streamline key permitting processes, notably through digitalisation and the reuse of data. It builds on the menu of measures made available under the Environmental Permitting proposal, applying it to the specific needs of the sector.

The proposed Regulation is also consistent with the Automotive Package adopted on 16 December 2025 to support the sector's efforts in the transition to clean mobility.

The IAA is also consistent with and complements forthcoming product-specific environmental legislation. In the construction sector, the Construction Products Regulation (CPR), including the harmonised standard for GHG emissions and the planned low-carbon concrete label. In the steel sector, the forthcoming delegated act on steel under the Ecodesign for Sustainable Products Regulation (ESPR) will build on the principles and methodology of the voluntary low carbon steel label proposed under the IAA. Similarly, the IAA complements the Batteries Regulation, which sets the framework for environmental ambition for EU battery manufacturing, allowing lead market provisions under the Accelerator Act to focus on Made in EU requirements. Finally, it complements the upcoming environmental performance rules for PV modules under the Ecodesign and Energy Labelling by promoting EU manufacturing of compliant products.

The proposal is also consistent with the rest of the EU climate legislation. The EU Emission Trading System (EU ETS) is the main climate policy instrument to reduce GHG emissions and plays a central role in incentivising emission reductions in energy intensive industries as well as power generation. This proposal complements the price signal provided by the EU ETS, supporting the creation of lead markets for low carbon industrial products. It is also aligned with the Carbon Border Adjustment Mechanism Regulation (CBAM).

In terms of upcoming initiatives, the Commission will work to ensure it is aligned with the Circular Economy Act proposal, which aims to support increased recycling of secondary materials, potentially including energy intensive industrial products. Consistency between the sector specific measures in the Accelerator Act and the overarching framework of the upcoming Public Procurement revision will also be ensured.

The proposed Regulation also complements, from a Single Market policy perspective, the Union's trade defence instruments, including the recently proposed measure addressing the negative effects of global overcapacity on the EU steel market. In addition, it operates in complementarity to the existing Foreign Direct Investment framework, which is aimed at safeguarding national security, while the Industrial Accelerator Act is designed to ensure the proper functioning of the Single Market, thereby ensuring synergies and avoiding overlaps between the two frameworks.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

### **• Legal basis**

The appropriate legal basis is Article 114 of the Treaty on the Functioning of the European Union ('the Treaty') which allows the Union to adopt harmonisation measures. Given the complexity and transnational character of resilience and industrial decarbonisation, such measures are needed to establish a level playing field for strategic sectors and ensure the proper functioning of the Single Market.

Moreover, it is also necessary to use Article 207 of the Treaty on the EU common commercial policy as an additional legal basis regarding certain measures introduced under this Regulation. Provisions on foreign investments capture a specific set of sectors to ensure minimum investment conditions, and value added production in the Union. Therefore, the provisions are primarily aimed at the proper functioning of the Single Market. Nevertheless, foreign direct investments are explicitly included in the scope of the EU common commercial policy.

[placeholder market for materials].

### **• Subsidiarity (for non-exclusive competence)**

Competitiveness, sustainable prosperity, economic security and decarbonisation are matters of high EU relevance. No single Member State alone is capable of effectively addressing industrial decarbonisation due to the integrated nature of the challenge: energy markets, climate change mitigation efforts and the need for a level playing field across the Single Market for energy-intensive industrial products and net-zero technologies. The competitiveness challenges currently facing industry are likely to prompt Member States to implement unilateral measures. While such efforts may be justified, leaving them uncoordinated risks distorting competition and fragmenting the Single Market, making the EU more vulnerable to external shocks and unable to leverage the assets of the Single Market to deliver benefits to local and European ecosystems.

A harmonised EU-level approach is therefore necessary under Article 114 TFEU to ensure the well-functioning of the Single Market and to address the challenges of resilience and industrial decarbonisation, while safeguarding the EU's competitiveness. The measures included in this initiative would not be as effective (if at all) if implemented by Member States acting alone, as the challenges they address concern the Single Market. They are not limited to individual Member States or to a subset of Member States, but they relate to the EU industrial base and EU-wide value chains. In addition, measures implemented at Member States' level only are unlikely to adequately meet the needs of closely interconnected supply chains within the Single Market and could lead to further market fragmentation and risks of supply chain disruption.

Furthermore, climate change is a trans-boundary challenge requiring both international and EU-level action to effectively complement and reinforce measures taken at regional, national and local levels. The cost of inaction is pan-European. The necessary industrial

transformation will impact many sectors across the EU economy, making coordinated action at the EU-level indispensable to drive transformative, just and cost-effective transition and upward convergence. Uncoordinated national measures risk imposing diverging rules on market operators, inconsistent procurement and permitting procedures, and ultimately undermining the functioning of the Single Market.

Without further EU action, the status quo is likely to persist, increasing the risk of the EU losing strategic industrial capacities and capabilities, of the Single Market to be further fragmented, and of the EU becoming critically dependent on third countries for green, digital, defence, and economic security objectives. This in turn could have negative implications on the Union's economic security, social and territorial cohesion, primarily through impacts on employment, regional development, and equitable access to industrial opportunities.

In line with this logic, the proposed actions focus on areas where there is a demonstrable value added in acting at Union level due to the scale, speed and scope of the efforts needed - actions aimed at improving the business case for EIIs to invest in decarbonisation and for EU strategic sectors and technologies to strengthen their competitiveness.

Article 5(3) TEU provides that the principle of subsidiarity applies in areas which do not fall within the exclusive competence of the Union. Article 3(1)(e) TFEU provides that the Union has exclusive competence in the area of common commercial policy. Article 207(2) TFEU falls into the category of exclusive competences. Therefore, the question of subsidiarity does not arise insofar Article 207 TFEU is used as an additional legal base for measures implementing the Union's common commercial policy.

- **Proportionality**

The proposed measures meet the principle of proportionality, demonstrating added value in acting at the EU level due to the scale, urgency and scope of the efforts needed.

The measures on permitting will impose obligations on Member States to streamline processes. The digitalisation of the permitting procedures will lead in the long term to time and cost savings for both authorities and businesses, enabling the acceleration of clean manufacturing and industrial deployment across the EU.

The low-carbon and made in EU requirements are proportionate to the European industrial production capacities and designed as to not place significant financial burdens on the Member States' administrative budgets. Establishing lead markets is pivotal to increasing the competitiveness of the key sectors and technologies, thereby strengthening the EU's industrial base and ensuring autonomy in these strategic sectors.

[placeholder market for materials]

Mandatory conditions on foreign direct investment are necessary to achieve the objective of maximising the benefits of these investments across Member States, strengthening the Single Market benefits and leveraging the access to the Single Market. They will ensure investment comes with know-how development, job creation, and value chain integration.

The measures on industrial acceleration areas leave Member States responsible for identifying and designating such areas, while providing benefits aimed at enabling better and more competitive conditions for the manufacturing industry.

The proposal for a label on the carbon intensity of steel is needed to provide a common EU approach on calculating GHG emissions, facilitating the differentiation of low-carbon steel from high-carbon alternatives, thereby supporting the decarbonisation of the steel sector.

- **Choice of the instrument**

A regulation is considered the most appropriate instrument as it makes it possible to set requirements that apply directly to national authorities and relevant economic operators. This will help ensure that the requirements are implemented in a timely and harmonised way, leading to greater legal certainty.

### **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

In line with the Better Regulation Guidelines, the Commission carried out a comprehensive stakeholder consultation process, with the aim of collecting reliable information using a range of methods, consulted parties and tools. The Commission ran multiple activities: an online open consultation between April 15th and July 8th 2025 (314 responses and 133 attached position papers); a call for evidence for the impact assessment; a targeted consultation open to associations and companies from the EIIs sector (62 responses); a reality check workshop open to companies from the EIIs sector (40 participants); a reality check workshop on EU low-carbon steel label, open only to steel companies (34 participants); a reality check workshop open to Member States (46 participants), with all three reality checks including the possibility to submit position papers; and a targeted consultation open for the battery ecosystem and its downstream sectors (63 respondents). The results of the public consultation are summarised in the factual summary report published with the answers to the call for evidence on the ‘Have your say’ portal.

Overall, stakeholders confirmed the challenges faced by the EU industries as being the lack of access to affordable, renewable energy, unfair international competition, high capital and operational costs attributed to decarbonisation, low willingness for downstream sectors to pay for green premium, complex, long permitting procedures and difficulty accessing funding for decarbonisation projects.

The Commission received broad support for the idea of creating and protecting lead markets for low-carbon, EU made industrial products, as a key mechanism to stimulate demand and foster investment in decarbonisation. Similarly, stakeholders agreed that the creation of lead markets will serve to protect the competitiveness of EU clean tech and automotive industries. They further confirmed that Made in EU requirements are important for ensuring that the market for low-carbon industry products and clean tech products is not undermined by non-EU competition. The majority of stakeholders from the batteries sector also supported Made in EU requirements in various policy measures, for both public procurement and products placed on the market. Streamlining and speeding up permitting procedures saw a high support, in particular from SMEs, which have less resources to manage the administrative workload. Stakeholders viewed provisions for foreign investment positively, noting that such measures could attract much-needed capital along with additional benefits.

- **Impact assessment**

In line with the Better Regulation Guidelines, this regulatory proposal is based on an impact assessment that analyses the problem and sub-problems related to the need for the EU industry to accelerate the decarbonisation of processes and products, in a global context of competitiveness challenges. The impact assessment identifies possible policy options to

address problem-drivers and assesses their likely impacts. The impact assessment was structured to reflect the consultation of the Commission's Inter-Service Steering Group on the Industrial Accelerator Act.

The impact assessment received a negative opinion from the Regulatory Scrutiny Board (RSB) on 26 September 2025. The Board recommended to:

- Develop the dynamic baseline, including a better explanation of the magnitude of decarbonisation investment slowdown and decarbonisation speed gap.
- Improve analysis on problem drivers, including drivers related to permitting and FDIs, and, based on this, revise the general and specific objectives in a S.M.A.R.T manner, as well as improve the measures.
- Conduct a more in-depth analysis of the availability and economic viability of industrial decarbonisation technologies, and the demand for low-carbon alternatives, including price elasticity and substitutability.
- Improve, by better quantifying, the costs and benefits analysis, including the improvement of Annex 3.
- Acknowledge the robustness of the modelling for the costs and benefits analysis, and transparently report the assumptions used for the calculation.

All the above-mentioned points were addressed to the best extent possible. When the revised impact assessment was resubmitted, the Board issued a positive opinion with reservations on 20 November 2025. The reservations pointed at the need to improve the analysis on the expected impacts of the general objective, as well as the interplay with economic security implications. It also noticed the need to further explain the limitations related to the modelling, as well as the cost benefit calculations and impacts on consumers and downstream sectors. The comments have been addressed via an improved analysis and to the extent feasible. The Board's opinions as well as the final impact assessment and its executive summary are published together with this proposal.

The impact assessment is built around a set of 5 specific objectives that tackle the problem drivers identified. It sets out three policy options for each specific objective, based on the level of policy intervention, the scope, the efficiency and coherence, as well as the proportionality and subsidiarity principles.

**Policy option 1 (PO1)** proposes a carbon intensity label for all energy-intensive sectors. It aims to create lead markets, by introducing low-carbon requirements for energy intensive materials (steel, cement and aluminium) in selected downstream sectors (automotive and construction) in public procurement and support schemes. It also proposes introducing minimum Made in EU requirements for batteries, solar PV systems and vehicle components in public procurement procedures and for public support schemes. Regarding the objective of maximising benefits for FDIs, it introduces voluntary conditions for investments above a specified threshold for battery supply chain and potentially for relevant EIIs. To streamline permitting, the option proposes a unified digital procedure for all permits, applicable to the entire manufacturing sector. Lastly, it recommends Member States to facilitate public funding for projects in industrial areas.

**Policy Option 2 (PO2)** builds upon the first option by broadening the scope and requirements. Regarding lead markets, under PO2, low-carbon and Made in EU requirements are introduced for steel, cement and aluminium used in selected downstream sectors

(automotive and construction) in public procurement and support schemes. Conditions for specific investments are mandatory rather than voluntary. PO2 increases support for the permitting process by introducing additional measures dedicated to EIIs. Lastly, it requires, instead of recommends, Member States to designate industrial areas. The label decreases however its scope by mandating a specific carbon intensity label for steel, with detailed rules that can later be expanded to include other energy-intensive materials.

**Policy Option 3 (PO3)** further extends the previous two options. On lead markets, it introduces low-carbon and Made in EU requirements for all steel, cement and aluminium placed on the market for use in automotive and construction. It also extends Made in EU requirements to all batteries, solar PVs and key vehicle components placed on the market. On permitting, it introduces dedicated measures for industrial areas.

Overall, the preferred option is PO2, as it would meet the objectives in the most effective and efficient way. It also has a more positive impacts in terms of proportionality than the other two options, as it suggests introducing low-carbon and made in EU for public procurement and public support only, while also showing the most coherence. PO2 could bring about one-off net reductions of about EUR 240 million in terms of administrative burden for businesses, mainly from permitting provisions (see Annex 4 of the impact assessment). The costs and benefits analysis concluded that PO2 results in overall net benefits of about EUR 8 billion for the economy, despite showing some adjustment costs for downstream sectors impacted by the low-carbon and/or Made in EU requirements. However, these losses are largely offset by long-term benefits in terms of value-added creation enhanced economic security, resilience and job creation of the European strategic industries, which ultimately provide stability and sustainable economic prosperity. PO3 would be more effective in achieving certain objectives, especially concerning the lead market provisions, but it would disproportionately increase the costs for the economy.

### **Differences compared to the preferred option in the impact assessment**

The proposal for the Regulation contains measures that diverge from the preferred policy option presented in the impact assessment, namely:

- Concerning permitting procedures, specific measures for industrial manufacturing clusters (namely, tacit approval at intermediate stages and priority assessment of connection requests), which were not in the preferred policy option, have been introduced, in view of the synergetic benefits expected with the rest of the provisions on industrial acceleration areas.
- In terms of scope, the provisions on public procurement procedures, auctions and support schemes cover additional net-zero technologies than those analysed in the impact assessment. The proposal introduces Made in EU requirements also for solar thermal, heat pumps, wind, nuclear fission, and hydrogen, in line with the goal of increasing EU's economic security, resilience, sustainability and security of supply. A dedicated annex has been added to present the key impacts of these measures. While batteries and solar PV already today face a unique combination of high global overcapacities and high EU dependencies on single sources of supply, the other net-zero technologies in scope face intense (not always fair) global competition and could experience similar market developments. Therefore, the Commission has decided to introduce such provisions, in order to anticipate and mitigate potential future supply and market risks.

Regarding steel, the proposal limits requirements for steel used in the automotive and construction sectors to low-carbon criteria (rather than combining low-carbon and EU-origin requirements) within the framework of public procurement and support schemes. In light of the recently proposed trade measure addressing the negative trade-related effects of global overcapacity on the Union steel market, introducing a European preference for steel is not considered necessary.

- For the purposes of compliance with the low-carbon requirements, concrete will be considered low-carbon where it meets the criteria laid down in the implementing measures adopted under the Construction Products Regulation (CPR). Likewise, steel products used in construction and covered by a harmonised technical specification must comply with the low-carbon definition established under the CPR framework. Steel products falling outside the scope of the CPR will be considered low-carbon where they meet the product requirements to be set out in the implementing rules adopted under the ESPR. This approach will ensure regulatory consistency with the existing product specific legislation.
- Furthermore, the proposal includes a targeted measure to promote European and low carbon preference for part of certain plastics used in the construction sector. This caters for the need to address specific lead market considerations for the chemicals sector. The impacts of the measure will be limited, leading to an increase by 0.05-0.3% of the total cost for downstream industries. At the same time, it would have a direct positive impact on annual trade balance of EUR 0.5-0.8 billion by substituting virgin polymer imports. This can contribute to the work under the Construction Products Regulation, which will lead to the establishment of labels for construction products reflecting the low-carbon performance of such products.
- [placeholder market for materials].
- In addition, the proposal includes amendments to Article 25 of NZIA on public procurement to clarify the technology scope in including only technologies that are commonly publicly procured, and to mitigate the uneven competition that stems from the inclusion of these technologies in the scope of the Utilities Directive. It also includes an extension of the scope of Article 26 of NZIA on auctions. This is to take account of the growing importance of auctions for securing the Union's energy supply and safeguarding its technological sovereignty. It also includes amendments to Article 1 and 22 of the Construction Products Regulation, regarding the concrete and mortar low-carbon label.

All these measures remain within the overall framework assessed in the impact assessment and do not significantly affect the comparison of options. For clean technologies, the scope extension implies that the downstream impacts of the proposed measures could be widespread. However, the same safeguards that were analysed in detail for batteries and solar apply as well to other net zero technologies.

- **Regulatory fitness and simplification**

This proposal does not envisage significant additional regulatory burden and is consistent with the Union's objective of reducing administrative burdens, which is essential for safeguarding the industry's competitiveness.

The administrative costs for businesses that will apply directly with this Regulation are limited and expected to be offset by efficiency gains from streamlined permitting. They relate to obligations to demonstrate compliance for lead market provisions for a limited set of companies operating in relevant downstream sectors. In terms of conditionalities on

investments, the uniform application of the conditions across the Union would largely prevent forum shopping and race to the bottom in attracting foreign investments, while harmonising and simplifying the business conditions. Overall, businesses will incur administrative savings from the provisions of the Regulation.

The voluntary label on the GHG intensity of steel will entail some costs for steel companies seeking certification. However, these costs are expected to be limited, as the certification will largely rely on existing EU ETS data. The label will enable manufacturers to distinguish their low-carbon products from high-carbon alternatives in a credible and verifiable manner, thereby bringing greater clarity to the market and generating associated benefits. Given its anticipated use in investment frameworks, State aid schemes and Union programmes, these benefits could be substantial.

For Member States, a small increase in administrative costs is expected, connected to the monitoring of lead markets provisions. Similarly, the implementation of conditions on foreign investment, including prescription, monitoring and penalising, will add to the administrative costs. Permitting provisions are also expected to increase costs for public authorities in the short term, while, on the other hand, digitalisation and simplification will deliver substantial cost and time savings in the medium and long term, for both the industry and public authorities. Lastly, the designation of acceleration areas as well as implementation of benefits for industrial areas will come with an additional administrative cost for Member States, against the benefits for individual companies operating within the areas.

- **Fundamental rights**

Article 16 of the Charter of Fundamental Rights of the European Union ('the Charter') provides for the freedom to conduct a business. The measures under this proposal create innovation capacity and foster demand for energy intensive industry products in the Union, which can reinforce the freedom to conduct a business in accordance with Union law and national laws and practices.

#### **4. BUDGETARY IMPLICATIONS**

The proposal has budgetary implications for the Commission. Specifically, it will require approximately 6 full-time equivalents per year to implement, an additional recurring cost of EUR 20 000 per section for the expansion of Annex 1 of the SGDR with the envisioned permitting provisions and a one-off cost of EUR 20 000 for investment in the back-end of the Single Digital Gateway (SDG) system. Compared to the Impact assessment report, the figures have been adjusted to reflect to wider scope of the measures proposed in the Act.

The budget implications are mainly to carry out the work foreseen to i) develop a low-carbon label for steel, including system boundaries and calculation methodologies, as well as rules for ensuring high-data quality via verification and certification, and certifying other labels; ii) review foreign direct investment notifications submitted by the Investment Authorities within Member States; iii) monitor enforcement of Member States' obligations on lead market provisions and iv) implement the expansion of Annex 1 of the SGDR and the back-end SDG system to meet permitting provisions.

#### **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Commission will evaluate the coherence, results, impacts, proportionality and subsidiarity of this proposal three years after the date on which it becomes applicable. A

review clause is proposed after five years, to assess whether lead market provisions remain necessary in light of market developments, or whether such measures should be considered for other sectors critical to the EU's economic security. The measures proposed are conceived as targeted and time-bound interventions to accelerate the Union's industrial capacity and boost economic security of strategic sectors only. This guarantees that the tailor-made approach remains flexible, evidence-based and can be adapted to the evolving needs of Europe's industrial base.

In order to conduct the evaluation, Member States and national competent authorities will provide necessary and relevant information to the Commission, as appropriate, on its request.

- **Detailed explanation of the specific provisions of the proposal**

Chapter I of the Regulation outlines the general provisions of the Regulation, including the subject matter, namely the improvement of the functioning of the internal market by establishing a framework to ensure the Union's access to a secure, sustainable, and resilient supply of relevant manufacturing products and their supply chains; the scope of the Regulation, the industrialisation objective and the definitions needed for the purposes of this Regulation.

Chapter II outlines the enabling conditions for industrial production and decarbonisation. It sets out provisions that ensure streamlined, efficient and digital permit-granting procedures for industrial manufacturing projects. It also introduces provisions on permit-granting procedures for energy intensive decarbonisation projects and net zero industry projects.

Chapter III establishes a framework for the application of Union origin and low-carbon requirements to certain products and services from strategic sectors in the context of public procurement and public support schemes.

It sets out low-carbon requirements for steel, and Union origin and low-carbon requirements for cement, aluminium and plastics used in specific downstream sectors, namely buildings, infrastructure and transport, as well as Union origin requirements for vehicles. In addition, it provides an empowerment for the introduction of corresponding requirements for the chemical industry.

Chapter IV outlines [...].

Chapter V establishes the framework for the imposition of conditions on foreign direct investments in emerging strategic sectors, where the investment value exceeds EUR 100 million. Such investment will not take effect until the relevant conditions have been fully complied with. The Investment Authorities designated by Member States will be responsible for reviewing and monitoring compliance with those conditions, with the Commission playing a coordinating role.

Chapter VI establishes a framework for the designation of industrial acceleration areas by Member States based on a defined set of criteria. These areas are intended to facilitate the geographical clustering industrial activities and to promote favourable conditions for the industries established therein. Industrial acceleration areas will be developed in synergy with other Union initiatives.

Chapter VII establishes a voluntary Union label on the greenhouse gas intensity of steel. It lays down the requirements governing the rules for the calculation and verification of greenhouse gas intensity data, the classification of product performance, the certification process and the content of the label. It also specifies the entities authorised to carry out certification and sets out the procedure for their authorisation.

It empowers the Commission to adopt implementing acts specifying the design features for the label. It also provides empowerment for the Commission to adopt implementing acts for setting out the rules and template to be used by accredited verifiers for the verification report; for further specifying the governance rules applying to the label and for requiring additional data and information to be submitted in support of the application of the label.

Chapter VIII establishes the common, final provisions of the Regulation by setting out implementation rules, including evaluation, monitoring, review, exercising the delegation power, penalties and the handling of confidential information. It also includes amendments to Regulation (EU) 2018/1724 [Single Digital Gateway Regulation]; Regulation (EU) 2024/1735 [Net-Zero Industry Act], including provisions on origin requirements for public procurement procedures; cybersecurity requirements for public procurement and strengthened cybersecurity provisions for auctions; origin requirements for auctions and for other types of public intervention. Finally, it includes amendments to Regulation (EU) 2024/3110 [Construction Products Regulation] in order to ensure coherence and synergies with, and to support the objectives of, this proposal.

Annex I sets out the list of strategic sectors.

Annex II defines low-carbon content requirements, Union origin content requirements, or both, for certain products of energy intensive industries in the context of public procurement procedures and public support schemes.

Annex III sets out Union origin requirements for vehicles for public procurement procedures and public support schemes. It also sets the criteria for a small zero-emission vehicle to be considered 'made in the EU' for the purposes of Article 5 of Regulation 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO2 emission performance standards for new light duty vehicles and vehicle labelling].

Annex IV [...].

Annex V sets out the methodology for the calculation of the greenhouse gas intensity of products covered by Chapter VII, namely hot rolled carbon steel.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors and amending Regulation (EU) 2018/1724, Regulation (EU) 2024/1735 and Regulation (EU) 2024/3110 (the Industrial Accelerator Act)**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 and 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The global COVID-19 pandemic, Russia's illegal and unprovoked war of aggression against Ukraine, hostile economic actions, cyberattacks, foreign interference, the weaponisation of Union economic dependencies, arbitrary deployment of trade measures and rising geopolitical tensions have exposed the Union's vulnerabilities and pose a serious threat to the Union's societies, economies, and undertakings. The Union's economic security is therefore inextricably linked to its capacity to strengthen resilience and mitigate risks arising from economic interconnections. The Union is committed to protecting its economic security and addressing threats to its supply chains, infrastructure, key technologies and threats coming from the weaponisation of its economic dependencies.<sup>15</sup>
- (2) The Union's economic security requires the strengthening of the resilience of its supply chains and the safeguarding of its internal market and industrial capacity. This includes fostering a strong and competitive industrial base in strategic sectors, such as clean and digital technologies, energy intensive industries as well as automotive. This is essential for securing access to strategic materials and technologies as well as for retaining high-quality jobs in the Union.
- (3) The European Economic Security Strategy (JOIN/2023/20), the Commission Recommendation on critical technology areas for the Union's economic security for further risk assessment with Member States (COM(2023)6689) and the Economic Security Communication of 3 December 2025 (JOIN(2025)977) clearly set the Union's pathway towards addressing geo-economic tensions and technological shifts.

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<sup>15</sup> <https://www.consilium.europa.eu/en/policies/european-economic-security/>

As experienced in recent years, the weaponisation by third countries of the Union's economic dependencies in critical industrial supply chains, technologies and infrastructures can lead to local shortages and to a threat to competitiveness, the economy overall and ultimately social cohesion and public order.

- (4) This Regulation should be implemented in accordance with the international obligations of the Union. Such obligations should be interpreted taking into account the Union's economic security, as well as strategic and existential autonomy.
- (5) The Union's manufacturing industry is the largest sector of the Union's economy in terms of its contribution to employment and value added. The Union has objectives of economic security, resilience, quality jobs and climate neutrality, but manufacturing capacity has decreased over the last twenty years despite its essential role for the above-mentioned objectives. The Union's share of global industrial gross value added declined from 20.8% in 2000 to 14.3% in 2020. It is therefore necessary to strengthen economic resilience, competitiveness and job creation, while also ensuring that the Union's climate and energy targets are met. The Union's manufacturing capacity should aim to account for at least 20% of the Union's gross value added by 2035. The development of industrial manufacturing projects within the Union should be facilitated to contribute to this objective.
- (6) Given the complexity and transnational character of industrial decarbonisation, fragmented national measures aimed at increasing decarbonised and resilient industrial production could undermine the functioning of the internal market. Such measures may lead to the introduction of divergent requirements for market operators, inconsistent procurement practices, and diverging processes and durations for permit-granting, thus creating obstacles to cross-border trade. To safeguard the functioning of the internal market, a common Union framework should be created to accelerate industrial production and decarbonisation and thereby secure the Union's strategic and existential autonomy.
- (7) To ensure legal certainty, reference should be made to the most recent revision of the European Classification of Economic Activity, known as NACE, Rev. 2. Defining industrial manufacturing as well as energy intensive industries by reference to the NACE classification codes should therefore ensure consistency with existing Union legislation and enable the uniform application of this Regulation across the Union.
- (8) The Commission's Recommendation 'on critical technology areas for the EU's economic security for further risk assessment with Member States'<sup>16</sup> identified a list of ten critical technology areas for the Union's economic security. Such critical technology areas encompass a well-defined list of strategic sectors. These sectors are considered essential for the Union's strategic autonomy given their role in ensuring economic security, public order, competitiveness and resilience.
- (9) Energy intensive industries are a key pillar of the Union's prosperity. They enable a wide range of downstream industries and contribute to the Union's economy by creating jobs, supporting growth and fostering innovation. However, they also account for around 22.3% of the Union's greenhouse gas emissions and require substantial investments in decarbonisation. The combination of high energy prices, the need for large-scale decarbonisation investments and unfair global competition places energy intensive industries at a competitive disadvantage, and there are growing signs of industrial decline.

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<sup>16</sup> COM(2023)6689.

- (10) Net-zero technologies are pivotal to achieving the Union's energy and climate targets. They play a crucial role in reducing greenhouse gas emissions and enabling the decarbonisation of a wide range of economic sectors, including building, transport and the industry. They are also key in advancing sustainable energy solutions, by enabling the decarbonisation of the energy supply and providing innovative solutions to enable the needed expansion and digitalisation of electricity grids and the energy system as a whole. However, the Union's net-zero technology manufacturing sector faces significant challenges, including increasing global competitive pressures and supply chain vulnerabilities. This endangers the Union's competitiveness and economic resilience.
- (11) The automotive industry is a cornerstone of the Union economy. The sector accounts for around EUR 1 000 billion in GDP contribution, 8% of the total manufacturing value added within the Union, and a third of total private research and development investments. With a view to deliver on the Union's climate policy objectives, over the past years, the European automotive industry has been investing heavily in the development of cleaner vehicles and innovative components. Electric vehicles and electric vehicle components, including traction batteries, e-powertrain components and electronic systems, are essential technologies for advancing the decarbonisation of road transport. However, as a result of costs disadvantage and the transformation of the value chain with an increasing value share for batteries, e-powertrain and electronics, the level of Union content in vehicles produced in the Union is decreasing. According to the Draghi report, more than 10% of local production may be displaced in the following five years, accelerating a trend of significant job losses and ultimately creating serious risks for the Union's economic security. Effective countermeasures are now becoming unpostponable. In the absence of such corrective measures, the perpetuation of the current circumstances would certainly lead to a full reliance on third countries for key vehicle components. This represents a serious threat to the Union's economic security and future resilience, as well as for its climate goals.
- (12) The unpredictability, complexity and, at times, excessive length of national permit-granting procedures undermine the business case for investments necessary for the development of industrial activities. Member States should therefore apply streamlined and digitalised permit-granting processes in order to ensure and speed up their effective implementation. A competent authority should be designated to coordinate all permit granting processes and to issue a comprehensive decision within the applicable time limit. Where a Member State's internal organisation requires so, it should be possible to delegate the tasks of the national competent authority to a different authority, subject to the same conditions. To ensure the effective implementation of their national competent authorities' responsibilities, Member States should provide them, or any authority acting on their behalf, with sufficient personnel and resources.
- (13) Against this background, Regulation (EU) [202X/XX] on speeding up environmental assessments establishes a common acceleration framework for environmental assessments in order to boost the Union's roll out of key technologies, reduce dependencies and strengthen competitiveness. Procedures linked to environmental assessments should be accelerated and streamlined for plans, programmes and projects across all sectors of the economy while maintaining high levels of protection of human health and of the environment.
- (14) Some sectors may, however, require yet faster environmental assessments. Therefore, in order to safeguard the coherence of the legal framework of environmental

assessments, whilst allowing for the additional needs for acceleration in certain strategic sectors, Regulation (EU) [202X/XX] establishes a dedicated toolbox that is, therefore, used in the context of this Regulation (EU) [202X/XX -IAA].

- (15) Further to the Ministerial Declaration on eGovernment (the Tallinn Declaration) and the EU Digital Rights and Principles, public services should be made available ‘digital-by-default’ and be aligned with Union values and principles, such as the once-only principle and user-centricity. Digital public services with cross-border data exchange are governed by Regulation (EU) 2024/903 of the European Parliament and of the Council<sup>17</sup>. The European Interoperability Framework facilitates cross-border data exchange.
- (16) The implementation of single digital portals should to the extent possible use existing Union digital infrastructures, catalogues and building blocks, including those developed under the Once-Only Technical System and its implementing acts, and be interoperable with the European Business Wallets established pursuant to Proposal for a Regulation on the establishment of European Business Wallets 2025/838. This would promote complementarity, interoperability and the efficient use of public resources, while avoiding duplication of existing digital solutions.
- (17) Ensuring the consistent and automated re-use of data is in line with the Union’s objective of reducing administrative burdens, which is essential to safeguarding the Union’s competitiveness. The simplification and digitalisation of procedures are key to achieving these objectives.
- (18) Regulation (EU) 2024/1735<sup>18</sup>, the *Net Zero Industry Act*, sets out provisions that streamline administrative and permit-granting processes for net-zero technology manufacturing projects. Some specific components in the supply chain of net-zero technologies are produced through energy-intensive production processes. Energy-intensive industry decarbonisation projects fall within the scope of Regulation (EU) 2024/1735 where the relevant facilities produce components that are part of the supply chain of a net-zero technology. However, energy-intensive facilities that do not produce components that are used in net-zero technologies are currently excluded from the scope of Regulation (EU) 2024/1735. This creates the risk of an unlevel playing field between energy intensive industries and slows down decarbonisation efforts.
- (19) Given their role in ensuring the achievement of the Union’s climate targets, and contribution to the Union’s resilience and economic security, projects from energy intensive industries, as well as industrial manufacturing projects located in acceleration areas and net-zero technology projects, should benefit from expedited permit-granting procedures within clear and reasonable deadlines. Such projects should be considered strategic projects within the meaning of Article 14(1) of [Proposal for a Regulation on speeding-up environmental assessment]. To that end, competent authorities should consider these projects to be in the public interest. Furthermore, the absence of a reply from the competent authorities should result in the relevant intermediary procedural steps being considered approved. However, such a mechanism should not apply if the specific project is subject to an environmental

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<sup>17</sup> Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act).

<sup>18</sup> Regulation 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 (OJ L, 28.6.2024).

- impact assessment under Directives 92/43/EEC, 2000/60/EC, 2008/98/EC, 2009/147/EC, 2010/75/EU, 2011/92/EU or 2012/18/EU or where the principle of administrative tacit approval does not exist under the national law of the Member State concerned.
- (20) While the Union is and remains an open economy, its economic security requires the strengthening of the resilience of its supply chains and protecting the integrity of its internal market and industrial capacity. As set out in the Communication of 3 December 2025, the Union should adopt a more strategic approach in leveraging its economic weight and the value of access to its internal market. In this context, the Union should pursue proactive and targeted measures to mitigate strategic dependencies in key goods and services, support critical industrial sectors and ensure Union leadership in critical technologies.
- (21) The Union is mobilising a toolbox of policy instruments to safeguard existentially important value chains and technology ramp up in support of preventing critical dependencies. The strategic use of public intervention is one of the key tools in that toolbox. Public procurement amounts to 15% of the Union's GDP. Contracting authorities and entities should therefore, where appropriate, ensure that public procurement requirements foster economic security and resilience of supply chains. Public support schemes also play an important role in stimulating demand in downstream sectors that account for a significant share of demand for certain strategic products and technologies. These schemes should therefore favour beneficiaries that make a greater contribution to strengthening the Union's resilience and advancing its decarbonisation objectives. Auctions are key for the deployment of net-zero technologies and should be designed to foster demand for such technologies including components originating from the Union.
- (22) The Union and Member States maintain an open investment environment, as enshrined in the Treaty on the Functioning of the European Union (TFEU) and embedded in their international commitments. Under the Government Procurement Agreement (GPA) of the World Trade Organisation (WTO), as well as other applicable international and bilateral trade agreements, the Union retains the right to apply general or security exceptions. These exceptions, including those based on public order, allow for the necessary and proportionate restriction of access to public procurement procedures. As regards the Union's international commitment, contracting authorities and entities can rely on the Commission's database on Procurement for Buyers<sup>19</sup>.
- (23) For contracts covered by the Union's Appendix I to the World Trade Organisation Agreement on Government Procurement (GPA) or by other relevant international agreements by which the Union is bound, procurement of products and technologies as set out in Annex II and III of this Regulation shall be considered as procurement indispensable for public order within the meaning of Article III.2 a) of the GPA.
- (24) The Union is committed to building strong collaboration with trusted partners. To facilitate these strategic objectives, the Union should be able to identify such third countries, where content originating from such third countries should be deemed equivalent to Union origin content for the purposes of this Regulations.

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[Procurement for buyers.](#)

- (25) As regards energy-intensive industries, demand-side measures should focus on establishing low-carbon requirements, Union-origin requirements, or a combination of both, for steel, cement, aluminium and plastics used in buildings, infrastructure and transport, where appropriate. Among energy-intensive industries, steel and cement are priority sectors, as they are the largest emitters and together account for more than 6% of the Union's annual greenhouse gas emissions. The chemical industry, which is the third-largest contributor to CO<sub>2</sub> emissions in the Union after steel and cement. Aluminium production is also highly carbon-intensive and aluminium is recognised as a strategic raw material, with demand expected to increase by 33% until 2050, driven by the green and digital transitions. In view of their high emissions intensity, these sectors require accelerated investments in decarbonisation, which can be supported through targeted low-carbon demand-side requirements. At the same time, these industries face significant structural challenges. Over the past decade, the Union's market share in the production of steel and aluminium has declined substantially. The Union has lost more than 50% of its primary aluminium production capacity since 2021. Production volumes in the chemical industry declined by 14% between 2021 and 2023, putting up to 200 000 jobs at risk. As a derived chemical product, the plastics is responsible of close to 4% of Union's greenhouse gas emissions, and plastics used in construction represent a significant share of the plastics sectors. The Union's plastics production fell sharply by 8.3% in 2023. to 54 million tonnes, with post-consumer mechanical recycling also down by 7.8%.
- (26) To avoid the risk of de-industrialisation, loss of competitiveness and strategic autonomy, plant closure, and related social unrest, low-carbon demand-side measures should be combined with Union origin requirements to adequately support the transition of such industries. With regard to steel, the Proposal for a Regulation addressing the negative trade-related effects of global overcapacity on the Union steel market already provides such safeguard, rendering additional Union-origin requirements unnecessary. These sectors are characterised by a limited cost impact on downstream industries. In this context, targeted demand-side measures can help create lead markets for low-carbon and Union-produced energy-intensive industrial products, supporting decarbonisation while strengthening the Union's industrial base.
- (27) Downstream sectors that represent a significant share of demand for certain energy-intensive materials, such as the construction and automotive sectors, are subject to substantial demand from public procurement and support schemes, and for which the cost impact is limited, should be prioritised under this Regulation when establishing low-carbon content requirements, Union-origin content requirements, or both.
- (28) In order to ensure regulatory consistency with existing Union product legislation, steel, concrete, aluminium and plastics in construction should be considered low carbon in compliance with the requirements set out in the implementing measures adopted pursuant to Regulation (EU) 2024/3110 and Regulation (EU) 2024/1781.
- (29) Low-carbon and Union origin requirements in public procurement procedures should be established as minimum mandatory technical specifications. The requirements set for specific product groups should be complied with not only when directly procuring those products in public supply contracts but also in public works, public services contracts and concessions, where those products will be used for activities conducted under those contracts. In compliance with the public procurement framework, those minimum mandatory technical specifications should avoid artificially restricting competition and avoid favouring a specific economic operator. Contracting authorities and contracting entities should conduct the public procurement procedures in

- compliance with Directives 2014/23/EU<sup>20</sup>, 2014/24/EU<sup>21</sup> and 2014/25/EU<sup>22</sup> and applicable sectoral legislation.
- (30) This Regulation should lay down the conditions under which contracting authorities may, on an exceptional basis, decide not to apply the requirements laid down herein. Those conditions should cover cases where the application of such requirements would result in technical incompatibilities in the operation or maintenance of a project. This may include situations involving the use of low-carbon construction products subject to requirements under this Regulation where such use would risk compromising the fulfilment of basic requirements for construction works set out in Regulation (EU) 2024/3110 of the building or infrastructure.
- (31) In order to simplify procedures and reduce administrative burden, the verification of compliance by economic operators with the requirements laid down in this Regulation should not impose a significant burden on either economic operators or contracting authorities. To that end, economic operators should be required to submit a self-declaration of conformity. For construction products placed on the market in accordance with Regulation (EU) 2024/3110, the Declaration of Performance and Conformity should serve as such a self-declaration and form part of the documentary evidence demonstrating compliance with the requirements set out in this Regulation.
- (32) To ensure the Union's economic security and resilience and the strategic use of public financing instruments, schemes benefiting producers in certain strategic sectors should be reserved for domestic producers. The Commission should be empowered to determine, for each relevant strategic sector, which entities qualify as domestic producers, taking into account objective and verifiable criteria such as the nationality or place of incorporation of the recipient entity, the location of its main manufacturing facilities, the number of employees in the Union, the origin of the products manufactured by the recipient, and the nature and value of the research and development activities carried out within the Union. Such requirements should not differentiate between Member States. Public authorities should promote the purchase of final products that will make a higher contribution to the Union's resilience, economic security and decarbonisation objectives, by making the eligibility of schemes conditional on low-carbon and/or Union origin requirements. Public authorities should also ensure that their schemes are open, transparent and non-discriminatory.
- (33) To ensure that the requirements established by this Regulation remain appropriate even as market conditions, technological developments and the Union's climate and single market policy objectives continue to evolve, the Commission should be empowered to revise the requirements based on objective criteria and monitoring results. When assessing whether to revise Union origin requirements, low-carbon requirements, or both, the Commission should take into account developments in the relevant legislative frameworks, including the Emissions Trading System, the Carbon Border Adjustment Mechanism, and trade defence instruments.

(34) [...].

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<sup>20</sup> Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, pp. 1-64).

<sup>21</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

<sup>22</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

- (35) [...].
- (36) [...].
- (37) [...].
- (38) [...].
- (39) [...].
- (40) [...].
- (41) The increasing integration of global value chains has heightened the Union’s exposure to disruptions in the supply of certain critical raw materials that are essential for industrial production for the Union’s economic security, defence capabilities, the twin transition and the functioning of the internal market. In particular, restrictions imposed by third countries on the export, transit or availability of such critical raw materials, in the context of the weaponisation of supply chains in this area, should be prevented through the use of all relevant instruments, including the Anti Coercion Instrument.
- (42) Investment, including from foreign entities, plays a critical role in fostering a strong internal market, particularly by promoting innovation and driving economic growth in the Union which is essential for its competitiveness. However, divergent conditions applied by Member States fragment the internal market by creating unequal conditions for investors and by allowing investments that do not contribute genuine added value to the Union economy. The divergent conditions in the internal market for foreign investment in certain sectors also create competitive pressure among Member States to lower costs or standards and an incentive for “forum shopping” by investors. Consequently, the added value creation associated with strategic technologies and innovative activities remains outside the Union. Therefore, the provisions of this Regulation should ensure that the internal market remains attractive for investment, and that investment adds value to the Union’s economy and society.
- (43) This Regulation should establish common criteria for foreign direct investment in emerging strategic sectors. These should be sectors with innovative potential where Union entities are not at or near the global innovation frontier. Entities based in the Union and active in such sectors typically tend to exhibit lower levels of research and development activity than their global competitors, more limited innovation intensity and strong dependence on imported technologies, knowledge, or critical inputs. They may also struggle to capture significant value or market share in the fastest-growing technological segments of the global economy.
- (44) In order to effectively protect the single market and ensure the economic security of the Union, these criteria should apply to investors from countries that can significantly disrupt the supply chains on the single market. Accordingly, the criteria should apply to foreign investors owned or controlled by a natural person of a third country who does not hold the nationality of a Member State, or an entity established in a country which holds over 40% of the global manufacturing capacity in emerging strategic sectors. The Commission should monitor the global manufacturing capacity of these sectors and publish it to enhance the implementation of this Regulation.
- (45) To ensure that investment criteria for the emerging strategic sectors remain appropriate even as market conditions, technological developments and the Union’s competitiveness policy objectives continue to evolve, the Commission should be empowered to adopt implementing acts imposing foreign investment criteria to additional strategic sectors as defined by this Regulation. In its implementing act, the

- Commission should assess in particular the threshold value, that could be defined separately for each sector, as well as whether all of the investment criteria referred to in this regulation are appropriate and necessary to meet the objectives of this regulation.
- (46) Greenfield foreign investments occur where the foreign investor or a foreign investor's subsidiary in the Union sets up new facilities or a new undertaking in the Union. Both Greenfield and Brownfield foreign investments should fall within the scope of this Regulation, as they both have the possibility to distort the internal market.
- (47) The provisions of this Regulation should apply to investments in scope notwithstanding the screening mechanism established under Regulation (EU) 2019/452. The conditions established under this Regulation should ensure harmonized investment conditions to secure high added value investments for relevant industries in the internal market, while Regulation (EU) 2019/452 establishes a framework for the screening by Member States of foreign direct investments into the Union on the grounds of security or public order and for a mechanism for cooperation between Member States, and between Member States and the Commission, with regard to foreign direct investments likely to affect security or public order.
- (48) The investment criteria under this Regulation are intended to capture emerging strategic sector investments in the Union by third-country investors ('foreign investors') in the Union. However, it may also be necessary to include in the scope investment in the Union by entities that are controlled, directly or indirectly, by a third-country person or entity regardless of the ultimate owner's location ('foreign investor's subsidiary'). Therefore, Investment Authorities should apply the investment conditions established by this Regulation where it is clearly needed to effectively ensure economic security through the added value of the investment.
- (49) This Regulation should ensure that a lasting link between the foreign investor and the Union target, whether it is carried out directly by a foreign investor or through an entity established in the Union and controlled by a foreign investor, is captured by Member States and the Union in emerging strategic sectors. However, they should not apply to the acquisition of company securities that are intended purely for financial investment and without any intention to influence the management or control of the company ('portfolio investments').
- (50) Restructuring operations within a corporate group and investments made in financial institutions in application of a resolution tool as well as of write down and conversion powers should fall outside of the scope of this Regulation. Internal restructurings should only be excluded from the scope of application to the extent that they are conducted solely for the purpose of the internal reorganisation of a Union target or of the corporate group to which the Union target belongs, without resulting in any changes in the beneficial ownership of the Union target. In particular, internal restructurings should be excluded where they do not result in a situation where a new foreign investor acquires ownership or control over the Union target or over a company that directly or indirectly owns or controls that Union target, where there is an increase in the shares held by foreign investors, or where the transaction results in additional rights for foreign investors that may lead to a change in the effective participation of one or more foreign investors in the management or control of the Union target.
- (51) The conditions set out by this Regulation should only apply to emerging strategic sector foreign direct investments reaching an investment value threshold that is able to

- disrupt the functioning of the internal market. A threshold of EUR 100 million should be considered as having potential for distorting the internal market in emerging strategic sectors. Such foreign direct investment covered by the scope of this Regulation would bear high risk of not producing enough added value for the internal market without compliance with the conditions prescribed.
- (52) In order to ensure the effective and uniform application of this Regulation, each Member State should designate an investment authority that will be responsible for assessing the conditions of investment by foreign entities in emerging strategic sectors. Such an authority should be designated in a complementary manner to the authority designated pursuant to Regulation (EU) 2019/452. Moreover, it should be equipped with the legal, administrative, and financial resources to carry out its tasks effectively and independently. This should be done with due regard to the authorities already responsible for implementing the FDI Screening Regulation.
- (53) To enable Member States to effectively identify investments in emerging strategic sectors where value added to the internal market should be ensured, foreign investors should notify competent authorities prior to acquiring or establishing significant stakes in undertakings or assets within the Union. Setting a threshold at 20 percent for both undertakings and assets should ensure that the mechanism captures investments capable of distorting the internal market.
- (54) To minimise the risk of circumvention through fragmented or indirect acquisitions, where several foreign investors act in concert, or where investments are made through affiliated entities or complex ownership structures, their respective interests should be aggregated for the purpose of determining the investment value and the notification threshold. Aggregation should also apply to existing holdings in the same Union undertaking or asset, whether direct or indirect, individual or joint, to ensure that successive transactions leading to significant influence or control are duly notified. The aggregation rules should ensure that Union targets or Union assets that are controlled by Union entities are not controlled by foreign investors after the establishment of direct and lasting links.
- (55) In order to ensure that foreign direct investments fulfil the conditions established by this Regulation, the Investment Authority should examine each notification and issue a reasoned decision on its approval or rejection. Investment Authorities should establish the fulfilment of the conditions, or as appropriate, the intent of the foreign investor to comply with the conditions. Such investments should not be implemented without the explicit approval of the Investment Authority. Accordingly, foreign investors should comply with a set of conditions before starting their economic activity. These decisions should be rendered in a timeframe ensuring both procedural efficiency and legal certainty. Where justified by the complexity of the case or the need for additional information, this period may be extended, provided that the reasons for such extension are duly substantiated.
- (56) Member States should inform the Commission on notifications received. This is to allow the Commission to effectively monitor the investment landscape and ensure a harmonised investment framework across the internal market.
- (57) In order to ensure the horizontal application of this Regulation on the internal market, the Commission should be provided with the possibility to provide an opinion on whether the investment fulfils the conditions set out in this Regulation. This opinion could be made publicly available. If the opinion is negative, Member States should be able to hold the approval process for two additional months in order to properly assess

- the Commission's arguments. When taking a decision, Member States should justify how they took the Commission's opinion into account.
- (58) In order to preserve strategic autonomy and safeguard essential interests for emerging strategic sectors within the Union, this Regulation should establish limits on the extent of ownership and control that foreign investors may acquire in Union undertakings and assets. Accordingly, foreign investors should not, whether directly or indirectly, establish, acquire, hold, or exercise ownership interests exceeding forty-nine percent (49%) of the share capital, voting rights, or equivalent ownership interests in any Union target, nor establish or obtain equivalent ownership, leasehold, or other rights conferring control over a Union asset.
- (59) To ensure that foreign investors and Union entities cooperate in emerging strategic sectors while ensuring sufficient participation of Union partners, joint venture requirements should be prescribed. The foreign investor should not hold more than 49% of the Union target or should form a joint venture with a Union partner in order to establish or acquire the Union asset, not holding more than 49% in the legal entity owning the Union asset. This condition should also contribute to the strategic autonomy of the Union and ensure value added to the internal market.
- (60) The establishment of investment authorities contributes to the effective functioning of the internal market by ensuring that foreign direct investments in emerging strategic sectors bring sufficient added value to the Union, while providing clarity and predictability for investors. Transfer of technology is often a necessary component of a direct foreign investment, to the extent that it ensures the success of the foreign direct investment, and the economic activities carried out in that context. It is therefore necessary to assess, as part of the conditions to be considered for having a foreign direct investment approved, whether the transfer of technology is adequate to achieve the objectives of this Regulation, and the objective of the economic activities considered in the context of the foreign direct investment. To achieve these objectives, the Union Target, the joint venture or the legal entity acquiring or owning the Union asset should have access to and be entitled to use the relevant products, processes and technologies, including those protected by intellectual property rights. The foreign investors should therefore license to the Union Target, the joint venture or the legal entity acquiring or owning the Union asset the relevant intellectual property rights, and share any relevant know-how, necessary for carrying out the concerned economic activity in the context of the foreign direct investment. Appropriate intellectual property licensing agreement(s) should therefore be put in place by the foreign investor to the benefit of the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. The scope and conditions of these agreements, such as the exact IP rights concerned, the exclusive nature of the license, the duration of the license or confidentiality-preserving measures, should be appropriate to the circumstances and to the objective pursued under this Regulation and the relevant investment. The foreign investor should prove that it has put in place the appropriate agreements and measures ensuring an effective and appropriate licensing of intellectual property rights and sharing of know-how. This could be achieved by providing a description of the main aspects of the licensing agreements as well as a description of the undertaken measures, on a confidential basis, with the Competent Authority. For the purpose of this regulation, any legal entity acquiring or owning the Union asset should be established under the laws of a Member State.
- (61) Where the Union Target or the legal entity acquiring or owning the Union asset develops an invention, a work or any other asset subject to intellectual property

protection, including when carrying out activities in the context of the foreign direct investment, the intellectual property rights should fully and exclusively belong to the Union Target or the legal entity acquiring or owning the Union asset. The foreign investor should not claim any intellectual property right nor undertake any activity that would affect the ability of the Union Target or the legal entity acquiring or owning the Union asset to claim intellectual property rights on its own inventions, works, trademarks, designs or any other relevant asset. Cases may happen where an invention, a work or any other asset subject to intellectual property protection is the result of a collaborative work between the Union Target or the legal entity acquiring or owning the Union asset and the foreign investor or as a result of the joint venture. In such cases, the intellectual property rights should be owned jointly by the foreign investor, the Union Target or the legal entity acquiring or owning the Union asset, depending on the circumstances. Where feasible, the joint venture shall fully and exclusively own all intellectual property rights on assets developed by it. The conditions accompanying the co-ownership of intellectual property rights should, to the extent possible, be defined and communicated to the Competent Authority, ahead of the approval of the foreign direct investment. These conditions should include clarifications as to the possibility for one co-owner to grant a licence and start infringement procedures as well as the financial agreements as regards the filing and registration of intellectual property rights and licensing agreements. In the case of a joint venture, clarifications should be provided to the Competent Authority as to the issue of intellectual property ownership in case of no legal personality or limited duration of the joint venture.

- (62) To ensure that foreign direct investment provide added value to the Union, including its competitiveness and prosperity goals, the investors' expertise should circulate within the Union, enhancing technological development both within and outside the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. To that end, foreign investors should commit to invest in research and development projects to be executed within the Union. It is therefore necessary to assess, as part of the conditions to be considered for having a foreign direct investment approved, whether the foreign investors' commitments are adequate to achieve that objective. These commitments could include investments to the benefit of research institutions established in the Union, including in the context of joint projects with the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. These commitments could also include investments to be made within the Union target, the joint venture or the legal entity acquiring or owning the Union asset, for developing or executing specific research and development activities. These commitments could furthermore consist of investment in the training of Union workers, or direct or indirect financial support to research and development projects within the Union Target, the joint venture or the legal entity acquiring or owning the Union asset.
- (63) To promote sustainable integration of investments by foreign entities to the internal market and the development of skills in emerging strategic sectors, and to ensure meaningful social contribution at the place of the investment, it should be safeguarded that such investments employ a proportion of Union workers, and that appropriate training and capacity-building measures are applied, involving education and training providers, as well as social partners. The foreign investor should ensure that the thresholds established in this Regulation are fulfilled across all categories of workforce, including the operational, technical, supervisory, and managerial positions.
- (64) To strengthen the industrial capacity of emerging strategic sectors and to integrate foreign direct investment into the Union's industrial ecosystem, it is to be safeguarded

- that inputs manufactured in the Union are included in products placed on the Union market by such investments.
- (65) The Investment Authorities should not only ensure compliance with the conditions at the time of its notification, but also throughout its operation, as appropriate, to safeguard that the benefits of the foreign direct investment are maximised on the internal market.
- (66) In order to ensure that the specificities of foreign direct investments are taken into account and to provide the necessary flexibility when applying the conditions, foreign investors should be able to request exemptions from some of the investment conditions prescribed in this Regulation. To ensure the coherent application of this Regulation across the internal market, such exemptions should be submitted to the Commission with duly justified reasons. Any exemption provided by the Commission should be justified and communicated to the foreign investor requesting the exemption, as well as to the competent Investment Authority to ensure the coherent application of this Regulation across the internal market.
- (67) Clustering industrial activity can contribute substantially to achieving the objectives of this Regulation and to strengthening strategic sectors in the internal market. To that end, this Regulation should promote the development of industrial acceleration areas. Such areas should be limited in geographical scope in order to foster industrial symbiosis. When designating the areas, Member States should, in cooperation with regional authorities where appropriate, take into account industrial production and development, in particular for strategic sectors located in the scope of the acceleration area.
- (68) The industrial acceleration measures under the acceleration areas should seek appropriate synergies with other Union initiatives, including strategic projects recognised in Union legislation. This is to align the strategic priorities in the internal market and benefit industrial installations vital for the Union's strategic autonomy and competitiveness. These benefits should also apply to undertakings awarded with the competitiveness seal under Regulation (EU) XXXX/[XX] (European Competitiveness Fund), unless specifically excluded by the Member State.
- (69) To enable an adequate supply of critical raw materials for projects in the acceleration areas, the European Critical Raw Materials Board set up by Article 35 of Regulation (EU) 2024/1252 should aim to provide a platform to exchange information on critical raw materials related supply chain bottlenecks in the acceleration areas. Projects in relevant areas may benefit from the Joint purchasing mechanism established in Article 25 of Regulation (EU) 2024/1252 set up by Regulation (EU) 2024/1252 to aggregate their demand for strategic raw materials and increase their negotiating power with potential sellers, especially when they contain SMEs and SMCs. Moreover, Member States should facilitate the priority access of the acceleration areas to critical raw materials from the stockpiles set up under this Regulation.
- (70) Sufficient and timely energy supply to the acceleration areas constitutes a fundamental enabling condition for their effective deployment and for the development of manufacturing activities. Reliable and accurate information on future energy demand contribute to cost-effective grid development. Member States should therefore prepare an analysis for each acceleration area, identifying its future energy needs. This analysis should serve the purpose of providing information for the national grid planning thereby contributing to purposeful anticipatory grid investments and faster energy connections for the acceleration area. When defining the scope, Member States

- should take into account the availability of relevant transport and network infrastructure, and assess the need for any new grid connections. The results of these assessments should be reflected in national network development plans to adequately capture future points of energy demand in upcoming grid planning.
- (71) When setting up acceleration areas, their designation should correspond to the potential to access or organise education and training opportunities to ensure the availability of skilled labour.
  - (72) To promote the development of industrial acceleration areas and to expedite the permit-granting procedures necessary for industrial activities within those areas, Member States should establish an aggregated baseline permit reflecting the specific characteristics of each identified industrial acceleration area and tailored to the industrial manufacturing sector or sectors to be deployed therein. That aggregated baseline permit should cover the permits commonly required for such activities within the area. Consequently, project promoters should be required to obtain additional permits only for activities not covered by the aggregated baseline permit as well as environmental impacts assessments where required. This approach should significantly accelerate permit-granting procedures and reduce the administrative burden associated with them.
  - (73) The Clean Industrial Deal Communication highlighted the need to create lead markets for industrial products with a low greenhouse gas emissions intensity, including by promoting such products on the internal market through the establishment of a Union labelling scheme, starting with the steel sector. That label should enable industrial producers to differentiate the greenhouse gas emissions intensity of their industrial production and to benefit from market-based incentives and public support schemes. In order to avoid the creation of unnecessary administrative burden, participation in the Union greenhouse gas intensity labelling scheme for steel should be voluntary for manufacturers. With a view to ensuring broad uptake, manufacturers established both within and outside the Union should be eligible to apply for the label.
  - (74) In order to facilitate investment, Union funding instruments aimed at supporting the competitiveness and decarbonisation of the steel sector may refer to the label when establishing eligibility criteria in their award procedures. Similarly, national public support schemes may, in accordance with State aid rules, make reference to the label in their eligibility conditions.
  - (75) A product-specific classification and methodology should initially be developed for steel which is among the most greenhouse gas-intensive industrial sectors, accounting for approximately 20 % of industrial greenhouse gas emissions in the Union. Hot-rolled carbon steel constitutes the most appropriate initial product scope, as it allows for the establishment of a classification system that maximises the comparability of different production processes and provides a clear transition pathway across all relevant production technologies. Moreover, hot-rolled carbon steel is already covered by several existing labelling initiatives and received broad support as the product scope for the label during stakeholder consultations.
  - (76) To ensure the robustness, environmental integrity, and administrative feasibility of the label, it is crucial to rely on well-established and monitored emissions accounting methodologies. For domestic installations and sub-installations, the EU Emissions Trading System (EU ETS) provides relevant products benchmarks and system

boundaries in Annex I to Commission Delegated Regulation (EU) 2019/331<sup>23</sup> and robust emissions accounting rules in Commission Implementing Regulation (EU) 2018/2066<sup>24</sup>. Concerning imported products, to limit administrative burden and provided it covers comparable system boundaries and data to those obtained under the EU ETS, it is appropriate to enable the use of data already verified in the context of the Carbon Border Adjustments Mechanism (CBAM), in accordance with implementing rules adopted pursuant to Article 7(a) of Regulation (EU) 2023/956 of the European Parliament and of the Council<sup>25</sup>. EU ETS and CBAM verified data on emissions should be submitted by the manufacturer as part of its application for the label.

- (77) To ensure robust and reliable monitoring, as well as a swiftly operational labelling scheme, it is appropriate to require EU ETS and CBAM accredited verifiers to verify emissions and data covered by Annex V to this Regulation.
- (78) In view of reflecting accurately the greenhouse gas intensity of the steel to be labelled, in addition to covering the direct emissions typically related to the installation's activities covered by Annex I of Directive 2003/87/EC of the European Parliament and of the Council<sup>26</sup>, it is appropriate to also account for the most important sources of indirect emissions, including those from electricity, hydrogen and heat production used in the steelmaking process. Concerning emissions from hydrogen, it is appropriate to zero rate emissions attributed to the production of hydrogen categorised as renewable fuel of non-biological origin in accordance with Commission Delegated Regulation (EU) 2023/1184<sup>27</sup> or categorised as low-carbon fuel in accordance with Directive (EU) 2024/1788 of the European Parliament and of the Council<sup>28</sup>.
- (79) In order to ensure a reliable governance, the label should only be delivered by certification schemes appointed by the Commission to perform certification activities in accordance with Chapter VII of this Regulation. Existing steel label schemes could integrate the Union label on greenhouse gas intensity through applying to become authorised certification scheme under this Regulation. To ensure continued compliance with the requirements set out in this Regulation, it is appropriate for the Commission to perform a bi-yearly audit of authorised certification schemes.
- (80) The definition of performance classes by means of delegated acts pursuant to Article 43(2) should allow for better information of end-users and relevant economic operators concerning the greenhouse gas emissions intensity of the steel product. To

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<sup>23</sup> Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council, OJ L 59, 27.2.2019, pp. 8–69.

<sup>24</sup> Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012.

<sup>25</sup> Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism, OJ L 130, 16.5.2023, pp. 52–104.

<sup>26</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

<sup>27</sup> Commission Delegated Regulation (EU) 2023/1184 of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin, OJ L 157, 20.6.2023, p. 11.

<sup>28</sup> Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the single markets for renewable gas, natural gas and hydrogen, amending Directive (EU) 2023/1791 and repealing Directive 2009/73/EC (recast), OJ L, 2024/1788.

ensure predictability and a future proof approach, the performance classes and thresholds should take into account the current state of the art and best available technologies, as well as the emission reduction potential of emerging technologies for the manufacturing of steel. The most ambitious performance classes should be compatible with climate neutrality. These principles should also aim to inform similar labels or information requirements developed under other legislative frameworks, in particular those to be established under Regulation (EU) 2024/3110 of the European Parliament and of the Council<sup>29</sup> and Regulation (EU) 2024/1781 of the European Parliament and of the Council<sup>30</sup>.

- (81) The voluntary Union label is to be seen in the broader context of other Union products legislation and labelling and information requirements. It should integrate within more comprehensive product labelling requirements, such as those to be established under implementing legislation in the context of Regulation (EU) 2024/3110 of the European Parliament and of the Council<sup>31</sup> and Regulation (EU) 2024/1781, without requiring additional digital tools to be developed. The voluntary Union labels should also provide a basis for the developing of methodologies to account for the greenhouse gas intensity of products. In view of ensuring a consistent policy framework and to reduce administrative burden, these different product labelling schemes should be aligned. In particular, the ambition level of the performance classes developed within the product labelling frameworks should be comparable. To ensure consistency and limit administrative burden, full life cycle methodologies should make use of emissions reported under the voluntary label established in this Regulation, where available and relevant, and complement those with emissions not captured within the boundaries of the voluntary label established under this Regulation.
- (82) Where other Union law applies to products in scope of this Regulation, requires a digital product passport to be used, the public summary and label certificate required pursuant to this Regulation, in addition to the data already required by Union law, should be made available via a single digital product passport.
- (83) Member States should be encouraged to make use of the voluntary Union label when designing green public procurement schemes for the relevant products in so far as no other label, requirements or classes of performance under Regulation (EU) 2024/3110 or Regulation (EU) 2024/1781 are in force.
- (84) In order to establish a framework to ensure the Union's strategic autonomy and economic security through access to a secure, sustainable and resilient supply of relevant manufacturing products, the power to adopt acts in accordance with Article 290 TFEU is delegated to the Commission in respect of:
- the third countries from which content shall be treated as equivalent to content of Union origin;

<sup>29</sup> Regulation (EU) 2024/3110 of the European Parliament and of the Council of 27 November 2024 laying down harmonised rules for the marketing of construction products and repealing Regulation (EU) No 305/2011, OJ L, 2024/3110, 18.12.2024.

<sup>30</sup> Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC, OJ L, 2024/1781, 28.6.2024.

<sup>31</sup> Regulation (EU) 2024/3110 of the European Parliament and of the Council of 27 November 2024 laying down harmonised rules for the marketing of construction products and repealing Regulation (EU) No 305/2011, OJ L, 2024/3110, 18.12.2024.

- the rules defining which entities qualify as producers based in the Union;
  - establishing Union origin requirements for additional net-zero technologies;
  - modifying Union origin requirements, low-carbon requirements, or both for products and services set out in Annex II and III;
  - laying down incentives for products from the chemical industry;
  - additional emerging strategic sectors to be subject to foreign investment criteria;
  - the system boundaries and calculation methodology for determining the greenhouse gas intensity of products;
  - monitoring and verification requirements for the labels established under Chapter VII;
  - determining and updating the threshold values to be applied for the purpose of the classification system for labels established under Chapter VII;
- (85) It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (86) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission as regards establishing the following: a list of reference standards and specifications and procedures under the digital permitting systems; and threshold values for the classification and performance class for hot rolled carbon steel. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.
- (87) The Commission should evaluate this Regulation based on the information provided by Member States. Pursuant to paragraph 22 of the Interinstitutional Agreement on Better Law-Making of 13 April 2016, this evaluation should be based on the five criteria of efficiency, effectiveness, relevance, coherence and Union value added. It should also serve as the basis for impact assessments of possible further measures.
- (88) To ensure compliance with the obligations laid down in this Regulation, Member States should provide for penalties to be imposed on undertakings that do not comply with their obligations. These penalties should be without prejudice and in addition to specific penalty requirements set out by this Regulation, for instance on materials and foreign direct investments. It is therefore necessary that Member States lay down effective, proportionate and dissuasive penalties in national law for failure to comply with this Regulation. It is also necessary for Member States to ensure that project promoters have access, where relevant, to administrative or judicial review in accordance with national law.
- (89) In order to ensure trustful and constructive cooperation of competent authorities at Union and national levels, all parties involved in the application of this Regulation should respect the confidentiality of information and data obtained in carrying out their tasks. The Commission and the national competent authorities, their officials,

- employees and other persons working under the supervision of those authorities as well as officials and employees of other authorities of the Member States should not disclose information acquired or exchanged by them pursuant to this Regulation where such information is covered by the obligation of professional secrecy. The data collated pursuant to this Regulation should be handled and stored in a secure environment.
- (90) In order to allow businesses and manufacturing industry project promoters, including for cross-border projects, to directly enjoy the benefits of the internal market without incurring an unnecessary additional administrative burden, Regulation (EU) 2018/1724 of the European Parliament and of the Council<sup>32</sup>, which established the Single Digital Gateway, provides general rules for the online provision of information, procedures and assistance services that are relevant to the functioning of the internal market. The information that needs to be submitted to any relevant authorities as part of the permit-granting process under this Regulation is covered in Annex I to Regulation (EU) 2018/1724. The related procedures are included in Annex II to that Regulation to ensure that project promoters can benefit from fully online procedures and the Once-Only Technical System Services. In particular, promoters of manufacturing industry projects should be able to fully access and complete any procedure related to the permit-granting process online, in accordance with Article 6(1) of and Annex II to Regulation (EU) 2018/1724.
- (91) Regulation (EU) 2024/1735, the Net-Zero Industry Act, introduces resilience requirements for a range of net-zero technology final products. These measures will reduce dependencies on individual third countries of supply, but they are not sufficient to enable Union industries to scale up the potential of the internal market and carry a risk of circumvention. Moreover, the legislative framework should ensure the need to attract and retain technological know-how within the Union. The targeted additional intervention, provided for in this Regulation, is therefore necessary in order to address these challenges.
- (92) The provisions on public procurement laid down in this Regulation should build on the provisions of Regulation (EU) 2024/1735 on resilience; and complement them by introducing additional requirements for battery energy storage systems, solar photovoltaic and solar thermal technologies, heat pumps, onshore and offshore wind technologies, and nuclear fission energy technologies. Such additional requirements should ensure that a certain share of the products and their main specific components originate in the Union. This approach should ensure sufficient diversification while strengthening strategic manufacturing capacity and technological sovereignty within the Union.
- (93) In addition to complementing the public procurement provisions of Regulation (EU) 2024/1735, this Regulation should also streamline them. The scope of Article 25 of Regulation (EU) 2024/1735 should be limited to those net-zero technologies for which public procurement of a relevant scale is expected to take place, thereby enhancing the legal clarity of the provision. Furthermore, contracting entities within the meaning of Directive 2014/25/EU should be excluded from the scope of the public procurement provisions, as such entities often compete in private markets with privately owned operators. Not applying the public procurement rules under Regulation (EU)

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<sup>32</sup> Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012 (OJ L 295, 21.11.2018, pp. 1–38).

- 2024/1735 should enable them to compete on a level playing field with privately owned operators.
- (94) In line with the same policy objective pursued for renewable energy auctions under Regulation (EU) 2024/1735, this Regulation should extend the additional Union origin requirements to renewable energy auctions. This should contribute to strengthening the Union's industrial base and ensuring resilience of net-zero technology supply chains. To reflect the specific characteristics of renewable energy auctions, the requirements should apply to the net-zero technologies that are most relevant in the context of auctions, which are battery energy storage systems, solar photovoltaic technologies, hydrogen, as well as on- and offshore wind technologies. Where Union origin requirements apply to auctions, other provisions setting similar requirements for public support schemes should not apply to those auctions.
- (95) To reinforce the effectiveness of the framework, and to reflect recent increases in geopolitical risks and global market distortions as mentioned above, the share of auctions covered by the requirements should be increased and a higher cost threshold for the opt-out from these requirements should be introduced. This should also prevent excessive use of exemptions and provide an effective incentive to boost European production of renewable energy technologies.
- (96) Businesses and households are an essential part of the Union's demand for net-zero technologies. Public support schemes designed to support consumer demand for such products are important tools for strengthening the Union's economic security and accelerating the green transition. The provisions on other forms of government intervention laid down in this Regulation should build on the Net-Zero Industry Act's provisions on resilience; and complement them by introducing additional requirements for battery energy storage systems, solar photovoltaic and solar thermal technologies, and heat pumps. Such additional requirements should ensure that a certain share of the products, and in some cases their main specific components, originate in the Union. This approach is in line with the general objective of support schemes to promote socially-desirable outcomes and should ensure sufficient diversification while strengthening strategic manufacturing capacity and technological sovereignty within the Union.
- (97) Digital technologies continue to transform the way we generate, distribute, and consume energy. This digital evolution, while presenting unprecedented opportunities, has also introduced complexity and interdependence within modern energy systems, which are now susceptible to a growing array of cyber threats. The integration of digital technologies into energy systems increases the attack surface for malicious actors, who can exploit vulnerabilities to disrupt operations, steal sensitive data, or manipulate energy markets. Such disruptions not only threaten the security and stability of our energy infrastructure and continuous supply of energy but also have cascading effects on all sectors of the economy that rely on stable energy inputs. Furthermore, energy system disruptions could undermine investor confidence and deter investment in essential modernisation and decarbonisation efforts. Therefore, safeguarding the cybersecurity of these systems is paramount to ensuring economic security, maintaining trust, and fostering resilience against future challenges.
- (98) The Cybersecurity Act allows to define high-risk suppliers. The provisions in this Regulation should build on the identification of those high-risk suppliers by requiring that high-risk suppliers may not supply to bidders of renewable energy auctions,

- tenderers of public procurement procedures, and final products supported by government intervention in the scope of this Regulation.
- (99) Furthermore, the cybersecurity provisions of Article 26 of Regulation (EU) 2024/1735 should not only apply to 30%, but to all renewable energy auctions. Indeed, cybersecurity is essential to the stability and integrity of the Union's energy system as a whole. A gap even in just one element of an energy system's cybersecurity can endanger the stability of the whole system. Extending the scope of the cybersecurity requirements of Regulation (EU) 2024/1735 should reduce the vulnerabilities of the Union's energy system and contribute to securing energy and economic stability.
- (100) The requirements on Union origin and cybersecurity for net-zero technologies should be applied as a complement to requirements on sustainability and resilience enshrined in Regulation (EU) 2024/1735. They should therefore be inserted in Regulation (EU) 2024/1735. This will ensure a greater consistency among requirements and simplify implementation by the relevant authorities.
- (101) In line with the measures for public procurement, auctions and public support schemes, this Regulation should also complement Regulation (EU) 2024/1735 with Union origin requirements for Member State support to the construction of nuclear power plants and to the manufacturing of hydrogen electrolysers. Nuclear power offers a compelling solution for the EU's decarbonisation, energy security, grid stability, and industrial competitiveness objectives. Although investment in the sector has been modest over the past few decades, the EU's nuclear supply chain still features substantial expertise and competence. Nevertheless, to meet the challenges posed by the upcoming wave of new nuclear builds, the supply chain industry needs stronger support. To secure long term EU sovereignty, energy security, and sector resilience, it is essential that the upcoming nuclear plants, both large scale reactors and small modular reactors, prioritise as much as possible Union sourced technologies and components while maintaining the highest quality standards. This strategy will not only boost domestic capabilities but also position the Union as a reliable, competitive player in the global nuclear market.
- (102) Hydrogen is a crucial energy carrier for the energy transition in many industry applications and is instrumental in driving the transition to cleaner energy systems. To accommodate the emergence of gigawatt scale electrolyser deployments in the EU, a concerted, enhanced support system is essential. Achieving long-term EU sovereignty and sector resilience hinges on new electrolysers sourcing their components predominantly from within the Union, while maintaining the highest quality and safety standards. Such approach will bolster Union capabilities, create economies of scale and reinforce the position of the Union as a competitive player in the global hydrogen market.
- (103) Regulation (EU) 2024/3110 lays down harmonised rules for the placing and making available on the market of construction products. The Regulation aims, inter alia, to reduce the environmental impact of construction products. In addition, Regulation (EU) 2024/3110 should also prioritise the resilience of the Union's manufacturing industry in the construction product sector. Regulation (EU) 2024/3110 should therefore be amended to reflect this objective.
- (104) Regulation (EU) 2024/3110 empowers the Commission to adopt delegated acts to establish environmental sustainability labelling requirements for specific product categories and families of construction products, provided that a product is typically chosen by consumers and does not have a different overall environmental performance

over its life cycle depending on its installation. These strict conditions should be removed in order to enable the Commission to set requirements for the labelling of construction products on the basis of their carbon intensity, also for those products that are not typically sold to end consumers.

- (105) Furthermore, it is necessary to update the list in Annex I of Regulation (EU) 2024/3110 regarding basic requirements for construction works to which the essential characteristics of construction products should be linked. This list should include the possibility for a requirement regarding the origin of products in order to foster the resilience of the Union's manufacturing industry.
- (106) To the extent that any of the measures envisaged by this Regulation constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU.
- (107) Since the objective of this Regulation, namely to support resilient and decarbonised industrial production, cannot be sufficiently achieved by the Member States and can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

## CHAPTER I GENERAL PROVISIONS

### *Article 1*

#### **Subject matter**

This Regulation aims at improving the functioning of the internal market by establishing a framework to ensure the Union's strategic autonomy and economic security through access to a secure, sustainable and resilient supply of relevant manufacturing products, while contributing to the Union's climate objectives, to high-quality jobs and to making the Union more competitive.

### *Article 2*

#### **Scope**

1. This Regulation lays down rules and measures to support the development and competitiveness of the Union's manufacturing sector, with a focus on key strategic sectors, [critical raw materials], and foreign direct investments.
2. This Regulation applies to:
  - (a) industrial manufacturing projects, including energy intensive decarbonisation projects, with respect to permit-granting procedures;
  - (b) certain products in key strategic sectors, with respect to Union origin content requirements, low-carbon requirements, or both, in the context of public procurement, public support schemes and support to Union producers;
  - (c) [...];
  - (d) foreign direct investments in emerging strategic sectors;

- (e) industrial acceleration areas to be designated by Member States for the purpose of boosting industrial activities;
- (f) the establishment of a voluntary Union label on the greenhouse gas-intensity of steel.

### *Article 3*

#### **Industrialisation objective**

The relevant Union institutions and the Member States shall take the necessary measures at Union and national level respectively, to ensure that the manufacturing industry accounts for at least 20% of the Union's gross value added by 2035.

### *Article 4*

#### **Definitions**

For the purposes of this Regulation, the following definitions apply:

- (1) 'manufacturing activities' means activities as classified under NACE Code C;
- (2) 'comprehensive decision' means the decision or set of decisions taken by a Member State authority or authorities, following a unified digital permit-granting process, not including courts or tribunals, that determines whether or not a project promoter is authorised to build, expand, convert and operate a decarbonisation project;
- (3) 'industrial manufacturing project' means the construction or conversion of an industrial site intended for carrying out an economic activity classified under NACE Code C (Manufacturing);
- (4) 'energy intensive industries' means the industries listed in Annex I;
- (5) 'energy-intensive industry decarbonisation projects' means the construction or conversion of the commercial facility of an energy-intensive business as defined in Article 17(1), point (a), of the Directive 2003/96/EC in the energy intensive industries listed in Annex I of this Regulation that are to reduce emission rates of CO<sub>2</sub> -eq of industrial processes significantly and permanently to an extent which is technically feasible;
- (6) 'net-zero technology manufacturing project' means a planned commercial facility or an extension or repurposing of an existing facility to manufacture net-zero technologies as listed in Article 4 paragraph 1 of Regulation (EU) 2024/1735;
- (7) 'permit-granting procedure' means a process that covers all relevant permits to build, expand, convert and operate industrial manufacturing projects, including building, chemical and grid connection permits, and environmental assessments and authorisations where required, and encompassing all applications and procedures from the acknowledgement that the application is complete to the notification of the comprehensive decision on the outcome of the procedure;
- (8) 'contract' means public contracts as defined in Article 2(1), point (5), of Directive 2014/24/EU, supply, works and service contracts as defined in Article 2, point (1), of Directive 2014/25/EU, and concessions as defined in Article 5, point (1), of Directive 2014/23/EU;
- (9) 'contracting authority' means [in the context of public procurement procedures], a contracting authority as defined in Article 6 of Directive 2014/23/EU, Article 2(1), point (1), of Directive 2014/24/EU and Article 3 of Directive 2014/25/EU;

- (10) 'contracting entity' means, [in the context of public procurement procedures], a contracting entity as defined in Article 7 of Directive 2014/23/EU and Article 4 of Directive 2014/25/EU;
- (11) 'economic operator' means the manufacturer, the authorised representative, the importer, the distributor, the dealer and the fulfilment service provider; for the purposes of public procurement procedures, economic operator means economic operator as set out in Article 5(2) Directive 2014/23/EU, Article 2(1)(10) Directive 2014/24/EU and Article 2(6) Directive 2014/25/EU;
- (12) 'fuel cell' means an energy converter transforming chemical energy (input) into electrical energy (output) or vice versa;
- (13) 'fuel cell vehicle' or 'FCV' means a vehicle equipped with a powertrain containing exclusively fuel cell(s) and electric machine(s) as propulsion energy converter(s);
- (14) 'motor vehicle' means any vehicle of categories M and N as referred to in Article 4(1), points (a) and (b), of Regulation (EU) 2018/858;
- (15) 'off-vehicle charging hybrid electric vehicle' or 'OVC-HEV' means a hybrid electric vehicle that can be charged from an external source;
- (16) 'public procurement procedure' means either of the following:
  - (a) a procedure for the award of works or a service concession covered by Directive 2014/23/EU;
  - (b) any type of award procedure covered by Directive 2014/24/EU for the conclusion of a public contract or Directive 2014/25/EU for the conclusion of a supply, works and service contract;
- (17) 'pure electric vehicle' or 'PEV' means a vehicle equipped with a powertrain containing exclusively electric machines as propulsion energy converters and exclusively rechargeable electric energy storage systems as propulsion energy storage systems;
- (18) 'Chemical industry' means activities classified under NACE Rev. 2, Code C20 (Manufacture of chemicals and chemical products), carried out by manufacturers established in the Union;
- (19) 'Substance' and 'mixture' mean the substance and mixture as defined in Article 2 of Regulation (EC) No 1272/2008 [of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006];
- (20) 'product' means any physical goods that are placed on the market or put into service;
- (21) 'made available on the market' means any supply of a product for distribution, consumption or use on the Union market in the course of a commercial activity, whether in return for payment or free of charge;
- (22) 'control' is defined in accordance with Article 3 of Council Regulation (EC) No 139/2004 [OJ reference in the footnote];
- (23) 'foreign direct investment' means an investment into a Union target or a Union asset by a foreign investor or by the foreign investor's subsidiary aiming to establish or to maintain lasting and direct links between the foreign investor and the entrepreneur to

whom or the undertaking to which the capital is made available in order to carry on an economic activity in a Member State, including investments which enable effective participation in the management or control of a company carrying out an economic activity;

- (24) ‘foreign investor’ means a natural person of a third country who does not hold the nationality of a Member State or an undertaking of a third country, intending to make or making a foreign direct investment;
- (25) ‘foreign investor’s subsidiary’ means an undertaking established under the laws of a Member State which is directly or indirectly controlled by a foreign investor;
- (26) ‘third country undertaking’ means an undertaking established in a third country not ultimately controlled by a Union entity, or an undertaking controlled by a natural person of a third country who does not hold the nationality of a Member State or an undertaking of a third country;
- (27) ‘Union target’ means an undertaking established under the laws of a Member State;
- (28) ‘Union asset’ means an immovable asset used or intended to be used for manufacturing products in emerging strategic sector investments in the territory of the Union;
- (29) ‘Union worker’ means any natural person who has an employment contract or employment relationship as defined by the law, collective agreement or practice in force in a Member State and is either a citizen of the Union or a third country national legally residing in a Member State with a right to work;
- (30) ‘turnover’ means the amount derived by an undertaking within the meaning of Article 5(1) of Council Regulation (EC) No 139/2004<sup>33</sup>;
- (31) ‘accredited verifiers’ means any legal person or other legal entity accredited or otherwise authorised to carry out verification activities in accordance with Commission Implementing Regulation (EU) 2018/2067<sup>34</sup> or delegated acts adopted pursuant to Article 18 of Regulation (EU) 2023/956 of the European Parliament and of the Council<sup>35</sup>, as applicable;
- (32) ‘emission source’ means a separately identifiable part of an installation or a process within an installation, from which relevant greenhouse gas are emitted;
- (33) ‘emissions’ means the release of greenhouse gas into the atmosphere from the production of goods;
- (34) ‘greenhouse gas intensity’ means emissions released during the production of products referred to in Article 33, calculated in accordance with the formula laid down in Annex V;
- (35) ‘hot rolled carbon steel’ means a steel product containing less than 8% metallic alloying elements that has undergone hot rolling as production step;

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<sup>33</sup> Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings ([OJ L 24, 29.1.2004, p. 1](#)).

<sup>34</sup> Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council (OJ L 334 31.12.2018, p. 94).

<sup>35</sup> Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52).

- (36) 'imported product' means a product manufactured in a third country and subsequently brought into the Union;
- (37) 'installation' means a stationary technical unit where one or more activities listed in Annex I of Directive 2003/87/EC are carried out or one or more goods listed in Annex I to Regulation (EU) 2023/956 is produced, and any other directly associated activities which have a technical connection with the activities carried out on that site and which could have an effect on emissions and pollution;
- (38) 'manufacturer' means any natural or legal person that manufactures a product or that has a product designed or manufactured, and markets that product under their name or trademark;
- (39) 'misstatement' means an omission, misrepresentation or error in the manufacturer or operator's reported data, excluding the degree of uncertainty permissible for measurements and laboratory analyses;
- (40) 'material misstatement' means a misstatement that, in the opinion of the verifier, individually or when aggregated with other misstatements, exceeds the materiality level or could affect the treatment of the manufacturer or operator's reported data by the competent authority;
- (41) 'measurable heat' means a net heat flow transported through identifiable pipelines or ducts using a heat transfer medium, such as, in particular, steam, hot air, water, oil, liquid metals and salts, for which a heat meter is or could be installed;
- (42) 'operator' means any person who operates or controls an installation or, where this is provided for in national legislation, to whom decisive economic power over the technical functioning of the installation has been delegated;
- (43) 'recycling' means any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes;
- (44) 'renewable fuels of non-biological origin' means renewable fuels of non-biological origin as defined in Article 2, point (36) of Directive (EU) 2018/2001;
- (45) 'scrap share' means the percentage of input material in the steel product that was obtained through recycling of another steel material;
- (46) 'source stream' means either of the following:
- (a) a specific fuel type, raw material or product giving rise to emissions of relevant greenhouse gas at one or more emission sources as a result of its consumption or production;
  - (b) a specific fuel type, raw material or product containing carbon and included in the calculation of greenhouse gas emissions using a mass balance method;
- (47) 'steel production installation' means an installation producing hot-rolled carbon steel;
- (48) 'system boundary' means the group of chemical or physical processes included in the calculation of the greenhouse gas intensity of products;
- (49) 'waste gas' means a gas containing incompletely oxidised carbon in a gaseous state under standard conditions, meaning temperature of 273,15 K and pressure conditions of 101 325 Pa defining normal cubic metres (Nm<sup>3</sup>), which is a result of any of the following processes:

- the chemical, electrolytic or pyrometallurgical reduction of metal compounds in ores, concentrates and secondary materials;
  - the removal of impurities from metals and metal compounds;
  - the decomposition of carbonates, including those used for flue gas cleaning;
  - chemical syntheses of products and intermediate products where the carbon bearing material participates in the reaction;
  - the use of carbon containing additives or raw materials;
  - the chemical or electrolytic reduction of metalloids or non-metal oxides such as silicon oxides and phosphates;
- (50) ‘active material’ means a material which reacts chemically to produce electric energy when the battery cell discharges or to store electric energy when the battery is being charged;
- (51) ‘electric vehicle battery’ means a battery that is specifically designed to provide electric power for traction in hybrid or electric vehicles of category L as provided for in Regulation (EU) No 168/2013, that weighs more than 25 kg, or a battery that is specifically designed to provide electric power for traction in hybrid or electric vehicles of categories M, N or O as provided for in Regulation (EU) 2018/858;
- (52) ‘supplier’ means a manufacturer established in the Union, the authorised representative of a manufacturer who is not established in the Union, or an importer, who places a product on the Union market;
- (53) ‘precursor’ means any input material into a production process that is part of the system boundaries.

## CHAPTER II

# ENABLING CONDITIONS FOR INDUSTRIAL PRODUCTION AND DECARBONISATION

### *Article 5* **Single digital portals**

1. Member States shall set up a single digital portal at national level for permit-granting procedures for industrial manufacturing projects referred to in Article 6(2).
2. When setting up the national single digital portals, Member States shall, where appropriate, make use of existing Union digital infrastructure, catalogues and building blocks established by Union law.
3. Member States shall ensure that applicants can access and submit permit applications and all relevant documents required for the permit-granting procedure through the single digital portal.
4. The single digital portal shall automate the attribution of permit applications to the competent authority which shall process the applications and documents in electronic form and interact directly with the applicants.
5. The single digital portal shall include features allowing the applicant to be informed about all steps of the permit-granting procedure, the status of the procedure and of the decisions of the relevant authorities, and to check compliance with applicable deadlines.

The single digital portal shall ensure all the following functions:

- (a) interoperability and automated data exchange between competent authorities;
  - (b) re-use of data and documents already held by public authorities;
  - (c) a high level of cybersecurity, and integrity of information; and
  - (d) transparency and accountability of the permit-granting procedure.
6. The Commission may, by means of implementing acts, set out the rules, technical standards and procedures necessary to ensure the interoperability, security and effective functioning of the national single digital portals referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 44(3).
  7. This Article shall apply from [OP: Please insert the date = [one] year after the date of entry into force of this Regulation].

#### *Article 6*

#### **Permit-granting procedure**

1. Applicants for industrial manufacturing projects shall be entitled to submit a single application covering all permits required for the project.
2. Member States shall establish a single permit-granting procedure for the applications referred to in paragraph 1, which shall be accessible through the single digital portals referred to in Article 5(1).

The competent authority shall coordinate that procedure for the adoption and issuance of a comprehensive decision on those applications.

3. No later than 45 days from the receipt of the application for a permit referred to in paragraph 1, the competent authority shall acknowledge that the application is complete or request any missing information needed to process the application.

Where, after the submission of any missing information, the submitted application is still deemed to be incomplete, the competent authority may, within 30 days of the second submission, make a second request for any information still missing. The competent authority shall not request information in areas not covered in the first request for additional information and shall request further information only as necessary to cover the missing information. The permit-granting procedure for a particular application shall start on the day on which the competent authority acknowledges the completeness of the application.

4. This Article shall apply without prejudice to Union law establishing specific permitting procedures or requirements for particular sectors or activities.

#### *Article 7*

#### **Energy intensive industry decarbonisation projects**

1. Chapter II, Section II, of Regulation (EU) 2024/1735 shall apply to all energy-intensive industry decarbonisation projects.
2. For the purposes of ensuring tacit approval in certain circumstances and determining the public interest of projects, all energy intensive decarbonisation projects shall be considered strategic projects within the meaning of Article 14(1) of [Proposal for a Regulation on speeding-up environmental assessment].

## CHAPTER III

# STRENGTHENING THE UNION'S STRATEGIC INDUSTRIAL VALUE CHAINS

### *Article 8* **Subject-matter**

This Chapter establishes a framework for applying Union origin requirements, low-carbon requirements, or both on certain products and services in the context of in order to reinforce the Union's strategic autonomy and economic security.

### *Article 9* **Union origin**

1. For the purposes of this Chapter, content of Union origin refers to content originating in the European Union and the European Economic Area.
2. For the purposes of Article 11, the Commission shall adopt delegated acts in accordance with Article 43 by [OP: Please insert the date = [xx] months after the date of entry into force of this Regulation] to supplement this Regulation by specifying, for products and services covered by Annex II and III, the third countries from which content shall be treated as equivalent to content of Union origin. In identifying such trusted partners, the Commission shall take into account, in particular:
  - (a) reciprocal international commitments such as the Government Procurement Agreement and;
  - (b) contribution to the Union's competitiveness, resilience and economic security objectives.

The Commission may adopt delegated acts in accordance with Article 43 to exclude a third country from a list specified in paragraph 2 of this Article in the case of a serious breach of their commitments towards the Union or public order or economic security concerns.

3. The origin of products shall be determined in accordance with the rules of origin laid down in Regulation (EU) No 952/2013 of the European Parliament and of the Council and in Commission Delegated Regulation (EU) 2015/2446.

### *Article 10* **Low-carbon**

1. For the purposes of this Chapter, a product covered by Annex II and III shall be considered low-carbon when it complies with the conditions set out in delegated acts, as follows:
  - (a) the delegated acts adopted pursuant to Article 5(5) or Article 22(9) of Regulation (EU) 2024/3110 of the European Parliament and of the Council, for products covered by a harmonised technical specification or a European Technical Assessment and placed on the market in accordance with that Regulation;

- (b) the delegated acts adopted pursuant to Article 4 of Regulation (EU) 2024/1781 of the European Parliament and of the Council, for products not placed on the market in accordance with Regulation (EU) 2024/3110.
2. For the purposes of Article 15 paragraph 1, low carbon sources mean biomass, waste and carbon recovered from the capturing and use of carbon dioxide emission.

#### *Article 11*

#### **Public procurement**

1. For public procurement procedures referred to in Annex II and III, contracting authorities and contracting entities shall exclude from access to such procurement procedures tenders from economic operators of third countries which have not concluded an international agreement with the Union guaranteeing such access.
2. Public procurement procedures referred to in Annex II and III shall include the Union origin content requirements, low-carbon content requirements, or both, laid down therein, in accordance with Articles 9 and 10.
3. Contracting authorities and contracting entities may procure products and services that do not meet the requirements set out in Annex II and III where any of the following conditions is fulfilled:
- (a) the required products or services can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;
  - (b) no suitable tenders or no suitable requests to participate were submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;
  - (c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 30%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.
4. Contracting authorities and contracting entities shall require economic operators supplying products or services falling within the scope of this Section to submit a self-declaration, or an equivalent document, demonstrating compliance with the requirements set out in this section.

#### *Article 12*

#### **Public support schemes**

1. Without prejudice to Articles 107 and 108 TFEU, public support schemes shall include the Union origin content requirements, low-carbon content requirements, or both, laid down in Part II of Annex II and the Union origin requirements laid down in Part II of Annex III.

Member States shall apply the requirements referred to in the first subparagraph to schemes representing a minimum of 90% of the annual national budget allocated to the relevant support schemes.

2. When designing and implementing a public support scheme covered by Annex II or III, the authority shall assess the compliance of products and technologies with the requirements laid down therein on the basis of an open, non-discriminatory and transparent process.

#### *Article 13*

#### **Public support to Union-based producers**

1. Without prejudice to Articles 107 and 108 TFEU and in accordance with the Union's international commitments, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law that set up new schemes or update existing schemes that benefit producers in strategic sectors listed in Annex I sections I, II and III, shall ensure that such schemes provide for support to be granted exclusively to producers based in the Union.

The first subparagraph shall apply from the entry into application of the delegated act referred to in paragraph 2.

2. For the purposes of paragraph 1, the Commission may adopt delegated acts in accordance with Article 43 to supplement this Regulation with rules defining for each strategic sector listed in Annex I sections I, II and III which entities qualify as producers based in the Union, having regard, in particular, to the following criteria:
  - (a) nationality or place of incorporation of the recipient entity;
  - (b) location of the main manufacturing facilities;
  - (c) number of employees within the Union;
  - (d) origin of the products manufactured by the recipient within the Union;
  - (e) nature and value of the research and development activities conducted within the Union.

#### *Article 14*

#### **Credits for CO<sub>2</sub> emission performance standards for vehicles**

1. For the purposes of Article 5 of Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO<sub>2</sub> emission performance standards for new light duty vehicles and vehicle labelling], small zero-emission vehicles 'made in the EU' shall comply with the criteria set out in Part III of Annex III of this Regulation.

Made in the EU' shall be considered equivalent to Union origin within the meaning of Article 9 of this Regulation.

2. For the purposes of Article 5b of Regulation (EU) 2019/631 [as amended by the Proposal for a Regulation of 16 December 2025 amending Regulation (EU) 2019/631 as regards CO<sub>2</sub> emission standards for new light duty vehicles and vehicle labelling], 'low-carbon steel made in the EU' shall be understood as follows:
  - (a) 'low carbon' shall be considered low carbon within the meaning of Article 10 of this Regulation;
  - (b) 'made in the EU' shall be considered equivalent to Union origin within the meaning of Article 9 of this Regulation.

*Article 15*  
**Delegation of powers**

1. The Commission is empowered to adopt delegated acts in accordance with Article 43 to supplement this Regulation in order to lay down incentives for products from the chemical industry in order to promote:
  - (a) The production and sales of substances and mixtures from low carbon sources of Union origin.
  - (b) The use of substances and mixtures from low carbon sources of Union origin in products made available on the market.

In the preparation of the delegated acts, the Commission shall consider the recommendations of the Critical Chemicals Alliance.
2. The Commission may adopt delegated acts in accordance with Article 43 in order to amend Annex II or III to modify the Union-origin requirements, low-carbon requirements or both that are set out for products referred to therein, taking into account the following criteria:
  - (a) the market situation at Union level, as identified through monitoring activities, including declining Union market shares and Union industry producing at below capacity;
  - (b) technological progress;
  - (c) the contribution of the requirements to the Union's objective of public order, economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;
  - (d) demand for the relevant products or technologies driven by the downstream sectors' growth;
  - (e) share of product or technology in total production value of the downstream sector;
  - (f) the impact of setting Union origin requirements, low-carbon requirements, or both on the overall competitiveness and greenhouse gas emissions of the relevant sectors.
3. The Commission may adopt implementing acts in accordance with Article 44 to specify the method for calculating the proportion of goods originating in the Union, as well as the procedures for relevant competent national authorities, including contracting authorities and entities, to verify that proportion and, where appropriate, to use digital tools for the purposes of calculation, verification, and demonstrating compliance.

## CHAPTER IV MATERIALS

*Article 16.*

*Article 17.*

*Article 18.*

*Article 19.*

*Article 20.*

*Article 21.*

*Article 22.*

*Article 23.*

## CHAPTER V FOREIGN INVESTMENT CONTRIBUTION

*Article 24*  
**Scope**

1. The objective of this chapter is to ensure that foreign direct investments in emerging strategic sectors defined in paragraph 6 add value to the Union's economy and society, while enhancing the long-term competitiveness of the Union's industry, strengthening its technological edge and safeguarding economic security and its internal market, as well as promoting the creation of quality jobs in the Union.
2. This chapter shall apply to foreign investors owned or controlled by a third country national or an undertaking of a third country, where that third country holds more than 40% of the global manufacturing capacity in the sectors concerned.
3. For the purposes of paragraph 2, the Commission shall monitor the global manufacturing capacity for each of the emerging strategic sectors, building on existing monitoring activities performed, in particular under Regulation (EU) 2024/1735.  

The Commission shall provide and publish updated information on the most recent year for which data is available for each of the emerging strategic sectors. The country of origin shall be determined in accordance with Regulation (EU) No 952/2013.
4. This chapter shall apply to investments exceeding the value of EUR 100 million and through which the investor would acquire or establish control of a Union target or a Union asset. Such investments shall not be implemented and shall be considered invalid unless explicitly approved by the Investment Authority in accordance with this Chapter.

5. This chapter shall not apply to:
  - (a) investors and investments covered by free trade agreements in force or provisionally applied concluded by the Union to the extent relevant commitments have been made under those agreements; and
  - (b) investments targeted at performing services as defined in General Agreement on Trade in Services (GATS).
6. This chapter shall apply to foreign direct investments in manufacturing in any of the following emerging strategic sectors:
  - (a) Battery technologies and its value chain for battery energy storage systems;
  - (b) Pure electric vehicles, plug-in hybrid electric vehicles and fuel-cell electric vehicles, including components related to electrification and digitalisation;
  - (c) Solar PV technologies;
  - (d) extraction, processing and recycling of critical raw materials.
7. The Commission shall be empowered to adopt implementing acts in accordance with Article 44 to expand the list of emerging strategic sectors to be covered by this chapter to sectors critical to the Union's economic security, including as listed in Annex I, section 4 and, net-zero technologies listed in Article 4(1), points (b), (d), (e), (g), (h), (j), (k), (n), (p), and (s), as well as nuclear fuel cycle technologies referred to in Article 4(1), point (i), and electric propulsion technologies for transport referred to in Article 4(1), point (r) of Regulation (EU) 2024/1735.

These implementing acts shall be without prejudice to other Union acts establishing investment criteria for these sectors.
8. The Commission shall base the implementing act set out in paragraph 7 on the following:
  - (a) an assessment whether the measure is to achieve its intended objectives without unduly deterring or discouraging foreign direct investment in the Union;
  - (b) number of foreign direct investments in that sector and their added value to the Union's economy;
  - (c) market situation and conditions on Union level;
  - (d) technological developments and the Union's competitiveness in that sector;
  - (e) supply chain dependence on one country with more than 40% of the global manufacturing capacity.
9. The implementing act adopted pursuant to paragraph 7 shall contain at least:
  - (f) The threshold value referred to in paragraph 4 for each of these additional sectors;
  - (g) whether all the investment criteria referred to in Article 25 are appropriate and necessary to meet the objectives set out in paragraph 1, and if not, which of these criteria should be applied.

*Article 25*

**Value added foreign direct investment criteria**

1. Member States shall, by [OP insert date: 1 month after entry into force of this Regulation], designate an authority ('Investment Authority') tasked with implementing the provisions of this Chapter.

Member States shall provide that Investment Authority with the necessary resources, legal and administrative means for performing the review of foreign investments.

2. By [OP insert date: 12 month after entry into force of this Regulation], Investment Authorities shall approve only those foreign direct investments that fulfil all the following conditions:
  - (a) Foreign investors shall not, whether directly or indirectly, acquire, hold, or exercise ownership interests representing more than forty-nine percent (49%) of the share capital, voting rights, or equivalent ownership interests in any Union target, or equivalent ownership, leasehold or other rights conferring control over a Union asset;
  - (b) Foreign direct investments shall be undertaken through a joint venture with one or more EU-domestic entities, with the foreign investor holding no more than 49% of the equity in the Union target or in the legal entity acquiring or owning the Union asset. Such joint ventures shall be structured to ensure effective participation of Union partners in management, technology transfer, and capacity building.
  - (c) Foreign investors shall put in place appropriate agreements and measures providing for the licensing of their intellectual property rights and the sharing of their know-how to the benefit of the Union Target, or, in the case of point b the joint venture defined therein or the legal entity acquiring or owning the Union asset as to enabling them to carry out their economic activities in the context of the foreign direct investment. All intellectual property rights or assets developed in that context by the Union Target or the legal entity acquiring or owning the Union asset shall be fully and exclusively owned by it. All intellectual property rights or assets either developed in that context as a result of a collaboration with the foreign investor's other business assets, or in the case of point b, developed by the joint venture, shall be owned jointly by the Foreign Investor and the Union Target, the joint venture defined in point b or the legal entity acquiring or owning the Union asset.
  - (d) The Foreign Investor shall commit to the Investment Authority to annually direct an amount equivalent to at least 1% of its share in the gross annual global revenue in the Union of the Union Target, the joint venture or the legal entity acquiring or owning the Union asset to research and development spending in the Union.
  - (e) The Union target, the joint venture defined in point (b) or the legal entity acquiring or owning the Union asset shall, at the time of implementing the foreign direct investment and continuously throughout its operation, employ at least 50% of Union workers across all categories of the workforce, including operational, technical, supervisory, and managerial positions. Such employment shall be accompanied by appropriate training and capacity-building measures.

- (f) Products placed on the Union market by foreign direct investment undertakings shall incorporate inputs of which at least 50 % are manufactured within the Union.
3. Investment Authorities shall apply the conditions listed in paragraph 1 to direct investments made within the Union by a foreign investor's subsidiary only where not applying them to such direct investments would be insufficient to effectively achieve the objectives of this Regulation. In assessing whether to apply the above conditions to such direct investments, Investment Authorities shall consider:
- (a) whether the objectives of this Regulation would otherwise be undermined or circumvented by the foreign investor concerned;
- (b) whether there are alternative measures that are reasonably available and less restrictive of direct investment within the Union to meet the objectives of the Regulation.
4. Investment Authorities shall specify the detailed rules for verifying the fulfilment of the conditions by [OP please insert date: 6 months after entry into force of this Regulation].
5. By way of derogation from paragraph 1 and 2, Investment Authorities may exempt an investment from fulfilling a maximum of two conditions under paragraph 1. The reasons for the exemptions shall be duly justified in the decision issued pursuant to Article 27.

The Commission shall respond within 30 days either confirming or not the exemption. In complex cases, the Commission may extend that deadline by an additional 10 days. The exemptions shall be valid only upon the confirmation of the Commission or, in the absence of a Commission response, upon the expiry of the deadline.

#### *Article 26*

#### **Prior notification of planned foreign direct investments**

1. A foreign investor shall notify any planned investment within the scope of Article 24 to the Investment Authority of the Member State where the Union target or Union asset is located.
2. The notification shall contain all necessary information to allow the Investment Authority to undertake the investment review pursuant to Article 27.
3. For the purposes of determining whether the investment value reaches the threshold set out in Article 24, previous investments made in the same Union target or Union asset by the foreign investor shall be aggregated.
4. For the purposes of determining the investments falling under Article 24(4), foreign investors shall be considered to have control, where the investment in question reaches the following threshold:
- (a) 20 percent or more share capital or voting rights in a Union target;
- (b) 20 percent or more of ownership of a Union asset, and leasehold or other rights conferring control over a Union asset.
5. For the purposes of calculating whether the threshold has been reached:

- (a) interests held directly or indirectly, including through affiliates, chains of ownership or by foreign investors acting in concert shall be aggregated;
  - (b) interests held by investments in which a foreign investor's acquisition or establishment would cause the total ownership or control held by foreign investors to exceed the thresholds specified in paragraph 4 shall be notified.
6. Where a foreign direct investment falls within the scope of Article 24 in more than one Member State, the foreign investor shall notify the competent Investment Authorities of all Member States on the same day with reference to the other notifications. Each Member State concerned shall endeavour to coordinate the review of such notifications with the other Member States concerned.

The Commission may, where appropriate, provide guidance to Member States on the processing of such notifications.

Foreign investments notified under this paragraph shall be required to fulfil the conditions laid down in Article 25 in all Member States concerned.

#### *Article 27*

#### **Review and approval**

1. The Investment Authority shall decide on the admissibility of the notification under Article 26 within 30 days of receiving the notification. This deadline may be extended by a further 15 days where justified by the circumstances.
2. Where the Investment Authority decides a notification is admissible, the Investment Authority shall immediately transmit the full notification to the Commission including all documents received.
3. Within 30 days after receiving the notification, the Commission may issue a written opinion on whether the foreign direct investment falls under the scope of Article 24 and whether it fulfils the conditions laid out in Article 25.
4. After issuing the written opinion, the Commission shall transmit it to the Investment Authority without delay. The Commission may publish the written opinion on its official website.
5. No sooner than 30 days after transmitting the notification to the Commission and no later than 90 days after receipt of the notification, the Investment Authority shall issue a reasoned decision approving or declining the foreign direct investment. This deadline may be extended by a further 30 days where justified by the circumstances.  
The Investment Authority shall communicate such decisions to the Commission within 3 days of adoption.
6. If, in its opinion, the Commission considers that the foreign direct investment does not fulfil the conditions laid down in Article 25, the Investment Authority shall assess the notification in greater detail for an additional period of two months.
7. Investment Authorities shall, in their decision issued pursuant to Article 27, justify how the opinion of the Commission was taken into account.
8. The Investment Authority shall, in its approval decision, set out details of reporting obligations on the investor concerned, with a view to assessing the ongoing fulfilment of the conditions laid down in Article 25.

9. Any party subject to a decision issued under paragraph 1 or 5 shall have the right to seek judicial recourse against such decision.

#### *Article 28*

#### **Monitoring and enforcement**

1. The Investment Authority shall regularly monitor that the foreign direct investment continues to fulfil the conditions laid down in Article 25. For this purpose, the foreign investor shall regularly report to the Investment Authority on compliance with the conditions.
2. Upon request by the Commission, the Investment Authority shall transmit the investor's reports to the Commission together with its own assessment on each of these reports.
3. The Investment Authority shall establish penalties in case of non-compliance with the provisions of this Chapter, in particular for:
  - (a) foreign investors not notifying the Investment Authority in accordance with Article 27 or providing false or misleading information in its notification;
  - (b) foreign investors or investments not meeting with the conditions laid down in Article 25;
  - (c) foreign investors not complying with the monitoring obligations established by this Article, including providing false or misleading information.

Penalty payments established by the Investment Authority shall consist of at least 5% of the average daily aggregate turnover of the foreign investor undertaking.

In case of a private person foreign investor, the Investment Authority shall establish a penalty payment of at least 5% of the investment value.

The Investment Authority shall inform the Commission without undue delay of any non-compliance of the kind referred to in this paragraph and of the penalties imposed as a consequence.

## **CHAPTER VI INDUSTRIAL ACCELERATION AREAS**

#### *Article 29*

#### **Designating national industrial acceleration areas**

1. Member States shall designate at least one industrial acceleration area on their territory by [OP please insert date: 12 months following the entry into force of this Regulation] clustering industrial activity in Strategic sectors listed in Annex I, to which the facilitating measures of this chapter shall apply.
2. Member States shall designate industrial acceleration areas on the basis of the following elements:
  - (a) the impact of the acceleration area's production on the security of the Union's supply for strategic sectors;
  - (b) the potential of the acceleration area to support the deployment of products in strategic sectors, strengthen Union value chains, and foster synergies within the

- internal market, in alignment with strategic projects carried out pursuant to other Union legislation;
- (c) the potential of the acceleration area to contribute to sustainable industrial activities, including the promotion of decarbonisation;
  - (d) the number of SMEs and SMCs that would benefit from the provisions of this Chapter within the territory of the acceleration area.
3. The decision referred to in paragraph 2 shall designate areas:
- (a) where the deployment of a specific sector or sectors of industrial manufacturing is not expected to have a significant environmental impact;
  - (b) taking account of Natura 2000 sites and areas designated under national protection schemes for nature and biodiversity conservation, as well as other areas identified on the basis of sensitivity maps, except for artificial and built surfaces.
  - (c) prioritising artificial and built surfaces, industrial sites, and brownfield sites;
  - (d) defining a clear geographic scope for the acceleration area; and
  - (e) setting out which manufacturing industries, and notably which strategic sectors, would be included within the scope of the acceleration areas in accordance with paragraph 3.
4. Member States shall take into account when designating such areas, as relevant, the following considerations:
- (a) the infrastructural needs of the acceleration area;
  - (b) the financing needs of manufacturing industry located in the acceleration area taking into account applicable State aid rules where applicable;
  - (c) the supply chain needs within the acceleration area and the essential materials necessary for manufacturing activities;
  - (d) the feasibility of connecting the acceleration area with sufficient energy supply for the acceleration of industrial activity;
  - (e) skill needs, the shortages and employment trends and support measures to achieve the adequate reskilling and upskilling of the local workforce;
  - (f) the need, as relevant, for depollution of the acceleration area to facilitate the commencement of new industrial activities;
  - (g) research and innovation needs for accelerating the manufacturing industrial activity in the area.
5. Before their adoption, the decisions designating industrial acceleration areas shall be subject to an environmental assessment pursuant to Directive 2001/42/EC of the European Parliament and of the Council, and, if they are likely to have a significant impact on Natura 2000 sites, to the appropriate assessment pursuant to Article 6(3) of Directive 92/43/EEC.
6. Member States shall, within 30 days from the decision referred to in paragraph 2, communicate to the Commission such decision and the assessment referred to in paragraph 5.

*Article 30*  
**Enabling conditions**

Member States shall take all necessary measures to facilitate the development of acceleration areas. In particular, Member States shall undertake the following measures:

- (a) facilitate financing of projects in the acceleration areas in line with applicable State aid rules where applicable and in synergy with Union programmes, taking into account the development of the acceleration areas and the competitiveness of industry located therein and the participation of SMEs and SMCs;
- (b) identify synergies with existing and future public funding opportunities for the acceleration areas and take into account the financing needs of the strategic sectors located therein;
- (c) conduct, and review at least every [three] years, a comprehensive analysis of the energy needs of each acceleration area, identifying the required grid connections needed for the proper functioning and development of strategic sectors located in the acceleration area. This analysis shall be conducted, at least, when designating the industrial acceleration area and for the milestones of years 2030, 2040 and 2050;
- (d) ensure that the network development plans prepared by transmission system operators pursuant to Article 51 of Directive (EU) 2019/944 and distribution system operators pursuant to Article 32 of Directive (EU) 2019/944 take due account of the analysis prepared pursuant to Article 34(5), considering the potential of anticipatory investments to accommodate future system needs;
- (e) consider, where necessary, accelerating grid access in the acceleration areas by adapting prioritisation rules based on the maturity or electricity needs of the project located in therein;
- (f) promote the uptake of power purchase agreements ('PPAs') in the acceleration areas, including by removing unjustified barriers and disproportionate or discriminatory procedures or charges. Member States shall ensure appropriate coordination to pool demand for PPAs to facilitate the participation of entities in the acceleration areas in the PPA market;
- (g) exchange information on relevant supply chains, identify potential bottlenecks, and strengthen coordination between acceleration areas on critical raw materials issues within the framework of the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252;
- (h) promote entities in the acceleration areas and facilitate their participation, where relevant, in the joint purchasing mechanism established by Article 25 of Regulation (EU) 2024/1252, including by providing guidance, support, and information to ensure effective engagement;
- (i) support the development and availability of a highly skilled workforce and provide appropriate training and apprenticeship opportunities, thereby contributing to high-quality employment within those acceleration areas;
- (j) exchange information on the skills needs, potential shortages and best practices applied in the acceleration areas within the framework of the Industrial Forum expert group established by COM/2020/102;

- (k) ensure synergies and promote the benefits provided under the Pact for Skills introduced by COM/2020/274 for entities established in the acceleration areas, with particular attention to Large-Scale Skill Partnerships and Regional Skills Partnerships included therein.

#### *Article 31*

##### **Permit-granting procedure in acceleration areas**

1. Member States shall, for each designated acceleration area, prepare an aggregated baseline permit that authorises industrial activities. The aggregated permit shall be in accordance with the specificities of each identified acceleration area.
2. For the purposes of preparing the aggregated baseline permit referred to in paragraph 1, Member States shall conduct all the necessary assessments, including relevant environmental assessments, planning, and evaluations of the acceleration area.
3. Sponsors of industrial manufacturing projects within acceleration areas shall be required to obtain additional permits only for activities falling outside the aggregated baseline permit referred to in paragraph 1.
4. For the purposes of ensuring tacit approval in certain circumstances and determining the public interest of projects, industrial manufacturing projects located within an acceleration area shall be considered strategic projects within the meaning of Article 14(1) of [Proposal for a Regulation on speeding-up environmental assessment].

#### *Article 32*

##### **Synergies with other Union initiatives**

Articles 35 and 36 shall apply, as appropriate, to net-zero acceleration valleys defined under Regulation (EU) 2024/1735 and strategic projects recognised by Regulation (EU) 2024/1735 and Regulation (EU) 2024/1252, as well as to undertakings awarded with the competitiveness seal in accordance with Regulation (EU) XXXX/[European Competitiveness Fund] unless specifically excluded in the decision referred to in Article 34(2).

Member States may also apply the provisions of Article 30, as appropriate, to acceleration areas and strategic projects defined under other Union legislation.

## **CHAPTER VII VOLUNTARY UNION LABEL ON GREENHOUSE GAS INTENSITY OF STEEL**

#### *Article 33*

##### **Subject matter and scope**

This Chapter establishes a voluntary Union label on greenhouse gas intensity of steel ('the label'). It applies to any hot rolled carbon steel product, in accordance with the system boundaries defined in Annex V.

#### *Article 34*

##### **Greenhouse gas intensity**

1. The label shall reflect the greenhouse gas intensity of the product in accordance with the calculation methodology set out in Annex V.

The reference period for determining the greenhouse gas intensity shall be the calendar year preceding the submission of the application for a label pursuant to Article 38. In the case of the start of the operation of a new installation, the reference period may be shortened to a minimum of the six months preceding the application for the label.

2. The Commission is empowered to adopt delegated acts in accordance with Article 43 to supplement this Regulation by further specifying and adapting the system boundaries and calculation methodology for determining the greenhouse gas intensity of products covered by this Chapter, including through setting rules on the zero rating of fossil-free electricity and updating of default values.

### *Article 35* **Verification**

1. Emissions and all other relevant data used for the calculation of the greenhouse gas intensity shall be verified by accredited verifiers.
2. Emissions shall be monitored in accordance with the rules laid down in Chapter III of Commission Implementing Regulation (EU) 2018/2066. The data monitoring methods and quality requirements set out in Annex VII to Delegated Regulation (EU) 2019/331 shall apply.

By way of derogation, for imported products covered by Annex I to Regulation (EU) 2023/956, the emissions may be monitored in accordance with Annex IV to Regulation (EU) 2023/956 and implementing acts adopted pursuant to Article 8 of that Regulation. The data monitoring methods and quality requirements established by implementing acts adopted pursuant to Article 7(7), point (a), of Regulation (EU) 2023/956 shall apply.

The derogation referred to in the second subparagraph shall only apply where it provides for comparable data to those obtained through the first subparagraph.

3. The manufacturer applying for a label in accordance with this Chapter shall provide the accredited verifier with all necessary information and documentation required to verify the greenhouse gas intensity in accordance with the methodology laid down in Annex V.
4. At one or more appropriate times during the verification process, accredited verifiers shall conduct a site visit at the manufacturer's premises and, where relevant, the premises of manufacturer of precursors in order to assess the operation of measuring devices and monitoring systems, to conduct interviews, to carry out the activities required by this Chapter as well as to gather sufficient information and evidence to be able to conclude whether the information and data provided by the manufacturer and, where applicable, manufacturers of precursors are free from material misstatements.

The manufacturers and, where relevant, manufacturers of precursors used, shall provide accredited verifiers access to its sites.

The accredited verifier shall also conduct a site visit to assess the boundaries of the installation as well as the completeness of source streams and emission sources.

5. As a result of the verification process, the accredited verifier shall issue a verification report that includes a summary of its findings. The Commission is empowered to

adopt implementing acts setting out the rules and template to be used by accredited verifiers for the verification report to be issued pursuant to this paragraph.

6. The Commission is empowered to adopt delegated acts in accordance with Article 43 to supplement this Regulation by further specifying monitoring and verification requirements for the labels. This includes establishing additional requirements to ensure that the derogation as allowed for in the second subparagraph of paragraph 2 provides for comparable system boundaries and data to those obtained through the first subparagraph of that paragraph.

#### *Article 36* **Classification**

1. The performance of the product shall be determined based on a uniform classification system, in accordance with the performance classes and thresholds values established by means of delegated acts pursuant to paragraph 2.
2. The Commission is empowered to adopt delegated acts determining and updating the threshold values to be applied for the purpose of the classification.

Those delegated acts shall define performance classes ranging from A to F, in accordance with the greenhouse gas intensity of the product, with A representing the best performance class and F the worst performance class. In determining the thresholds values for the performance classes, the Commission shall:

- (a) take into account the latest applicable product benchmark values under Directive 2003/87/EC;
- (b) consider the greenhouse gas intensities of state-of-the-art low-carbon production technologies, as well as the estimated emissions' reduction potential of emerging technologies;
- (c) where the scrap share in the product ranges from 20% to 90%, the threshold values for the performance classes shall be gradually adjusted to reflect and incentivise the use of recycled content; and
- (d) ensure that the highest performance class within the classification system corresponds to greenhouse gas intensity and production processes that are aligned with climate neutrality objectives, as laid down in Regulation (EU) 2021/1119 of the European Parliament and of the Council.

#### *Article 37* **Certification schemes**

1. Any legal person or other legal entity may submit to the Commission a request to be appointed as certification scheme overseeing the delivery and use of the label.

A certification scheme shall be independent from the manufacturers and any other economic operators involved in the value chain of products for which a request for a label is submitted.

To ensure independence and impartiality, the certification scheme and any part of the same legal entity, including subsidiaries and subcontractors, shall not be a manufacturer of products for which a request for a label is submitted, a shareholder in the manufacturer's company, nor shall the certification scheme be owned by the

manufacturer's company or have any other relations with the manufacturer that could affect its independence and impartiality.

2. The Commission shall only appoint a legal person or any other legal entity as certification scheme for the purpose of this Chapter where the following conditions are fulfilled:
  - (a) the personnel undertaking the activities pursuant to this Chapter have the necessary competence to review the verification of emissions in accordance with the methodology laid down in Annex V;
  - (b) the certification scheme and its personnel undertaking activities pursuant to this Chapter meet the independence requirements set out in paragraph 1 and do not have any potential conflict of interest; and
  - (c) the personnel undertaking activities pursuant to this Chapter are sufficient in number to ensure business continuity and a consistent approach to certification.

The Commission may adopt implementing acts providing for additional conditions to be met by a legal person or any other legal entity to be appointed as certification scheme for the purpose of this Chapter. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 44.

3. Every two years, the Commission shall verify whether certification schemes appointed pursuant to paragraph 2 still meet the criteria laid down in that paragraph.

Where non-compliance is demonstrated, the Commission may, after appropriate consultation with the certification scheme, suspend or revoke the authorisation of the certification scheme.
4. The Commission may adopt implementing acts further specifying the governance rules applying to the label. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 44.

#### *Article 38*

##### **Application for a label**

1. A manufacturer may submit an application for a label to any certification schemes appointed by the Commission pursuant to Article 37.
2. An application submitted pursuant to paragraph 1 shall at least include the verification report issued pursuant to Article 35(5), together with all other information and data required to determine the product's greenhouse gas intensity and performance class pursuant to Annex V, including scrap share and production data.
3. The Commission may adopt implementing acts requiring additional data and information to be submitted in support of the application, complementing the minimum mandatory elements laid down in paragraph 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 44.

#### *Article 39*

##### **Delivery and design of the label**

1. The label shall only be delivered by a certification scheme that was appointed pursuant to Article 37, after it has reviewed data and information provided as part of

- the application submitted in accordance with Article 38, ensuring compliance with the methodology set out in this Chapter.
2. Where compliance is confirmed by the review referred to in paragraph 1, the certification scheme shall release a public summary and deliver a label certificate indicating at least the following:
    - (a) the trade mark and the origin of the product to be labelled;
    - (b) the greenhouse gas intensity resulting from the calculation methodology set out in Annex V;
    - (c) the performance class determined in accordance with the thresholds established by means of delegated acts pursuant to Article 36(2);
    - (d) the scrap share in the product;
    - (e) the reference to this Regulation: ‘202[X]/[xx]’;
    - (f) the date the label was delivered by the certification scheme and its end of validity date;
    - (g) the name and address of the certification scheme that delivered the label; and
    - (h) the name and address of the accredited verifier that verified the greenhouse gas intensity of the product in accordance with Annex V.
  3. The label delivered by the certification scheme in accordance with paragraph 1 shall be valid for a period of one year after the label was delivered.

Without prejudice to Article 19 of Regulation (EU) 2024/3110 and Article 17 of Regulation (EU) 2024/1781, the manufacturer may only display the label on the product’s units manufactured during the year of validity of the label.
  4. The Commission shall adopt implementing acts specifying the design features for the labels established under this Chapter. If these implementing acts require the public summary and label certificate to be made available via a digital tool, the digital product passport in accordance with Regulation (EU) 2024/1781 shall be used.

Implementing acts pursuant to this paragraph shall be adopted in accordance with the examination procedure referred to in Article 44.

Where other Union law applying to products in scope of this Regulation requires the use of a digital product passport, the public summary and label certificate required under this Article shall be made available through a single digital product passport, in addition to the information already required by Union law.

## CHAPTER VIII FINAL PROVISIONS

### *Article 40*

#### **Synergies with the European Competitiveness Fund**

This Regulation shall be implemented in synergy with Article 10 of Regulation (EU) XXXX/XXXX [ECF Regulation].

*Article 41*  
**Evaluation**

1. By ... [OP: Please insert the date = three years after the date of entry into force of this Regulation], and every three years thereafter, the Commission shall carry out an evaluation of this Regulation and of its contribution to the functioning of the internal market, considering the following:
  - (a) the progress in achieving the objectives specified in Article 1, particularly on resilience, economic security and decarbonisation of industrial production;
  - (b) the progress in achieving the industrialisation objective under Article 3, taking into account the challenges and opportunities in the internal market and global markets.

*Article 42*  
**Review**

1. By ... [OP: Please insert the date five years after the date of entry into force this Regulation], the Commission shall assess the need to amend Chapter III. That assessment shall be carried out periodically every three years after the first review.

When carrying out its review, the Commission shall pay particular attention to the need to introduce Union origin requirements for products from sectors critical to the Union's economic security, including, in particular, in particular, the sectors listed in section 4 of Annex I.

*Article 43*  
**Exercise of the delegation of power**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles [cite] shall be conferred on the Commission for an indeterminate period of time from the entry into force of this Regulation.
3. The delegation of power referred to in paragraph 1 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to this Article shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That

period shall be extended by two months at the initiative of the European Parliament or of the Council.

#### *Article 44*

##### **Committee procedure**

1. The Commission shall be assisted by a Committee. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011<sup>36</sup>.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### *Article 45*

##### **Penalties**

Member States shall lay down rules on penalties applicable to infringements of this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall, without delay, notify the Commission of those rules and of those measures and shall notify it, without delay, of any subsequent amendment affecting them.

#### *Article 46*

##### **Handling of confidential information**

1. Information acquired in the course of implementing this Regulation shall be used only for the purposes of this Regulation and shall be protected by the relevant Union and national law.
2. Member States and the Commission shall ensure the protection of trade and business secrets and other sensitive, confidential and classified information obtained and processed in application of this Regulation in accordance with Union and relevant national law.
3. The Commission and Member States shall ensure that classified information provided or exchanged pursuant to this Regulation is not downgraded or declassified without the prior written consent of the originator in accordance with relevant Union or national law.
4. The Commission and the national authorities, their officials, employees and other persons working under the supervision of those authorities shall ensure the confidentiality of information obtained in carrying out their tasks and activities in accordance with relevant Union or national law.

#### *Article 47*

##### **Amendments to Regulation (EU) 2018/1724 [Single Digital Gateway Regulation]**

Regulation (EU) 2018/1724 is amended as follows:

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<sup>36</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers

1. Annex I is amended as follows:

- (k) the following row ‘Permit-granting procedures’ is added at the bottom of the table:

‘Permit granting processes	Information on permit-granting procedures for industrial manufacturing projects including Net-zero technology manufacturing and critical raw material projects.’;
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- (a) in the row ‘R. Net-zero technology manufacturing projects’, in the second column, point 1 is deleted;
- (b) in the row ‘AJ. Critical raw materials projects’, in the second column, point 2 is deleted;

2. Annex II is amended as follows:

- (c) the row ‘Starting, running, and closing business’ is amended as follows:

- (a) in the second column, the following second subparagraph is added:

‘Permission for exercising a business activity, including procedures related to all relevant permits to build and operate critical raw materials projects<sup>2</sup>, procedures for all relevant permits to build, expand, convert and operate net-zero technology manufacturing projects<sup>3</sup>, and procedures related to industrial manufacturing projects.’;

- (b) in the third column, the following second subparagraph is added:

‘Confirmation of the request for permission for business activity, as well as all outputs pertaining to the procedures related to critical raw material, net-zero technology manufacturing and manufacturing industry projects (ranging from the acknowledgement that the application is complete to the notification of the comprehensive decision on the outcome of the procedure, including by the designated contact point).’;

- (d) the rows ‘Critical raw materials projects’ and ‘Net-zero technology manufacturing projects’ are deleted.

#### *Article 48*

#### **Amendments to Regulation (EU) 2024/1735 [Net-Zero Industry Act]**

Regulation (EU) 2024/1735 is amended as follows:

1. In Article 3, the following definitions are inserted:

- (a) ‘industrial battery’ means a battery that is specifically designed for industrial uses, intended for industrial uses after having been subject to preparation for repurposing or repurposing, or any other battery that weighs more than 5 kg and that is neither an electric vehicle battery, an LMT battery, nor an SLI battery as defined in in Article 3(1), point (11) of Regulation (EU) 2023/1542(11);
- (b) ‘stationary battery energy storage system’ means an industrial battery with internal storage that is specifically designed to store from and deliver electric energy to the grid or store for and deliver electric energy to end-users, regardless of where and by whom the battery is being used;

- (c) ‘hydronic heat pump’ means a space heater using ambient heat from an air source, water source or ground source, and/or waste heat for heat generation and heating space through a water circuit;
2. In Article 9, a paragraph 14 is inserted: ‘For the purposes of ensuring tacit approval in certain circumstances and determining the public interest of projects, all net-zero technology manufacturing projects shall be considered strategic projects within the meaning of Article 14(1) of [Proposal for a Regulation on speeding-up environmental assessment].’
3. Article 25 is amended as follows:
- (a) In paragraph 1 “For public procurement procedures falling within the scope of Directive 2014/23/EU, 2014/24/EU or 2014/25/EU, where contracts have net-zero technologies listed in Article 4(1), points (a) to (k), of this Regulation as part of their subject matter” is replaced by “For public procurement procedures falling within the scope of Directive 2014/23/EU or 2014/24/EU, where contracts have net-zero technologies listed in Article 4(1), points (a) to (d), and (i), of this Regulation as part of their subject matter, and for public procurement procedures falling within the scope of Directive 2014/23/EU, 2014/24/EU or Directive 2014/25/EU, where contracts have net-zero technologies listed in Article 4(1), point (h), of this Regulation as part of their subject matter”.
- (b) In paragraph 7, ‘public procurement procedures falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, where such contracts have net-zero technologies listed in Article 4(1), points (a) to (k), of this Regulation as part of their subject matter, or in the case of the works contracts and works concessions referred to in paragraph 1, including said technology, and in the case of contracts awarded on the basis of a framework agreement where the estimated value of those agreements is equal to or above the values set out in Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU’ is replaced by ‘public procurement procedures, work contracts and works concessions referred to in paragraph 1’.
4. Article 26 is amended as follows:
- (a) The title is replaced by ‘Auctions for net-zero technologies’
- (b) The chapeau of paragraph 1 is replaced by ‘For auctions for net-zero technologies listed in Article 4(1), points (a) to (j), Member states shall include:’
- (c) In paragraph 1 (a), point (iv) is inserted: ‘high-risk suppliers: For auctions published after [1 year after entry into force of this Regulation] and that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, suppliers identified as high-risk in accordance with Union law shall not be involved in:
- (a) The supply of those products or systems;
- (b) The design, development or production of those products or systems;
- (c) The management, control or operation of those products or systems;
- (d) The development, maintenance, operation, or updating of their software
- (d) Paragraph 1, point (b), is replaced by ‘pre-qualification criteria or award criteria as referred to in paragraphs 2 and 2b’.

- (e) Paragraph 2b is inserted: ‘When the auctions have net-zero technologies listed in Annex II as part of their subject-matter, Member States shall include the pre-qualification or award criteria laid down in Annex II.
  - (f) In paragraph 3, ‘paragraph 1’ is replaced by ‘paragraph 1(a), points (i) to (iii) and paragraph 2’
  - (g) In paragraph 4, ‘criteria to assess the auction’s sustainability and resilience contribution’ is replaced by ‘criteria referred to in paragraphs 2 and 2b’.
  - (h) Paragraph 5 is replaced by ‘Member States shall not be obliged to apply the considerations relating to the pre-qualification and award criteria laid down in paragraph 1(a), points (i) to (iii), and paragraph 1(b) where, by applying those criteria, they would incur disproportionate costs. Estimated cost differences above 25 % per auction, based on objective and verifiable data, may be presumed by Member States to be disproportionate.’
  - (i) In paragraph 7 ‘shall apply to at least 30% of the volume auctioned per year per Member State or alternatively to at least 6 Gigawatt per year per Member State’ is replaced by ‘shall apply to at least 50% of the volume auctioned per year per Member State.
  - (j) In paragraph 7, a sentence is added: ‘Paragraph (1)(a)(ii) and (iv) shall apply to 100% of the volume auctioned per Member State’.
  - (k) The chapeau of paragraph 8 is replaced by: ‘By 31 December 2027, the Commission shall carry out a comprehensive assessment of the application of the criteria referred to in paragraph 2 and their effect on the accelerated deployment of renewable energy technologies. By 31 December 2029 and every two years thereafter, the Commission shall carry out a comprehensive assessment of the application of the criteria referred to in paragraphs 2 and 2b and their effect on the accelerated deployment of renewable energy technologies. In particular, the Commission shall assess the impact of the criteria on:’
5. The following articles and Annex II are inserted:

*‘Article 25b*

**Origin requirements for public procurement procedures**

- 1. For public procurement procedures referred to in Annex II, contracting authorities and contracting entities shall exclude from access to such procurement procedures tenders from economic operators of third countries which have not concluded an international agreement with the Union guaranteeing such access.
- 2. Public procurement procedures referred to in Annex II shall include the Union origin requirements laid down therein.
- 3. Contracting authorities and contracting entities may decide not to apply the requirements set out in this Section where any of the following conditions are fulfilled:
  - (a) the required products can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;

- (b) no suitable tenders or no suitable requests to participate have been submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;
  - (c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in operation and maintenance. Estimated cost differences exceeding 30%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.
4. Contracting authorities and contracting entities may decide not to apply the requirement set out in Annex II for nuclear fission technologies, where its application would jeopardise the project or lead to significant delays due to the unavailability of the required components.
  5. Contracting authorities shall require economic operators supplying products falling within the scope of this section to submit a self-declaration, or an equivalent document, demonstrating compliance with the requirements set out in this section.

#### *Article 25c*

#### **Limitations to high-risk suppliers in public procurement**

1. For public procurement procedures published after the entry into force of this Regulation falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, where contracts, works contracts or work concessions include the procurement of net-zero technologies covered by Articles 25 and 25b, procurement documents shall include the requirements set out in paragraph 2.
2. For public procurement procedures referred to in paragraph 1, for net-zero technology final products including control systems, management control systems, supervisory control and data acquisition systems, remote access systems and firewalls, suppliers identified as high-risk in accordance with Union law shall not be involved in:
  - (a) The supply of those products or systems;
  - (b) The design, development or production of those products or systems;
  - (c) The management, control or operation of those products or systems;
  - (d) The development, maintenance, operation, or updating of their software.
3. Contracting authorities and contracting entities may, on an exceptional basis, decide not to apply requirements set out in paragraph 2 where:
  - (a) The required products can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;
  - (b) No suitable tenders or no suitable requests to participate have been submitted, including in response to a similar former public procurement procedure launched by the same contracting authority or contracting entity in the two years immediately before the commencement of the planned new procurement procedure.

#### *Article 28b*

##### **Origin requirements for other types of public intervention**

1. Without prejudice to Articles 107 and 108 TFEU, support schemes referred to in Annex II shall include the requirements laid down therein.
2. This Article shall apply to at least 90% of the annual national budget allocated to the support schemes in scope.
3. When designing and implementing a scheme pursuant to paragraph 1, the authority shall assess the requirements of products and technologies originating from entities established within the Union on the basis of an open, non-discriminatory and transparent process.
4. When additional financial compensation is granted, it shall amount to at least 15% of the cost of the final product for the consumer, including transport and installation costs where relevant.

#### *Article 28c*

##### **Limitations to high-risk suppliers for other forms of public intervention**

For support schemes within the scope of Articles 28 and 28b that are set up or updated after [1 year after entry into force of this Regulation] and include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, Member States shall design those schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme only where suppliers identified as high-risk in accordance with Union law are not be involved in:

- (a) The supply of those products or systems;
- (b) The design, development or production of those products or systems;
- (c) The management, control or operation of those products or systems;
- (d) The development, maintenance, operation, or updating of their software.

#### *Article 28d*

##### **Union origin requirements for Member State support to manufacturing**

1. Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, when supporting the manufacturing of net-zero technology final products referred to in Annex II, Member States shall ensure that the Union origin requirements laid down in annex II are met.
2. Member States may decide not to apply paragraph 1 where:
  - (a) the required components can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;
  - (b) its application would result in technical incompatibility in the operation or maintenance; or
  - (c) its application would jeopardise the project or lead to significant delays due to the unavailability of the required components.

3. Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, when supporting the manufacturing of net-zero technology final products referred to in Annex II and that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, Member States shall ensure that suppliers identified as high-risk in accordance with Union law are not be involved in:
  - (a) The supply of those products or systems;
  - (b) The design, development or production of those products or systems;
  - (c) The management, control or operation of those products or systems;
  - (d) The development, maintenance, operation, or updating of their software.

*Article 28e*  
**Union origin**

1. For the purposes of Articles 25b, 26 and 28b to 28f, Union Origin content refers to content originating from the Union and the European Economic Area.
2. For the purposes of Article 25b, the Commission shall adopt delegated acts in accordance with Article 44 within [xx] months from entry into force of this Regulation, to supplement this Regulation by specifying, for products and services covered by Annex II, the third countries from which content shall be treated as equivalent to content of Union origin. In identifying such trusted partners, the Commission shall take into account, in particular:
  - (a) reciprocal international commitments such as the Government Procurement Agreement and;
  - (b) contribution to the Union's competitiveness, resilience and economic security objectives.

The Commission may adopt delegated acts in accordance with Article 43 to exclude a third country from a list specified in paragraph 2 of this Article in case of a serious breach of their commitments towards the Union or public order or economic security concerns.
3. The origin of products shall be determined in accordance with the rules of origin laid down in Regulation (EU) No 952/2013 of the European Parliament and of the Council and in Commission Delegated Regulation (EU) 2015/2446.

*Article 28f*  
**Delegation of power**

1. The Commission may to adopt delegated acts in accordance with Article 44 in order to revise the Union origin requirements laid down in Annex II, taking into account the following criteria:
  - (a) the market situation at Union level including declining Union market shares and Union industry producing at below capacity;
  - (b) the contribution of the requirements to the Union's objective of public order, economic security, resilience and climate neutrality set out in Regulation (EU) 2021/1119;
  - (c) technological progress;

- (d) demand for the relevant net-zero technologies;
- (e) the impact of setting Union origin requirements on the overall competitiveness and greenhouse gas emissions of the relevant sectors.

The Commission may adopt delegated acts to supplement Annex II with Union origin requirements for additional specific net-zero technology final products referred to in Article 4(1), points (g), (j), (k), (n), (p), and (s), as well as nuclear fuel cycle technologies referred to in Article 4(1), point (i), and electric propulsion technologies for transport referred to in Article 4(1), point (r), which shall be required in accordance with Articles 25b, 26, 28b and 28d. In doing so, the Commission shall take into account:

- (a) the market situation at Union level, as identified through monitoring activities, including declining Union market shares and Union industry producing at below capacity;
  - (b) the contribution of the requirements to the Union's objective of public order, economic security, resilience and climate neutrality;
  - (c) the impact of setting Union origin requirements, low-carbon requirements, or both on the overall competitiveness and greenhouse gas emissions of the relevant sectors.
  - (d) demand for the relevant products or technologies.
2. The delegated acts referred to in paragraph 2 shall set out:
- (a) the products to which the minimum Union origin requirements shall apply;
  - (b) the scope of application of the minimum Union origin requirements;

*ANNEX*

*II*

Union origin requirements for net-zero technologies

### **Part I – Public procurement**

1. In accordance with Article 25b, for public procurement procedures published after the entry into force of this Regulation falling within the scope of Directives 2014/23/EU or 2014/24/EU where contracts, works contracts or work concessions include the procurement of the following net-zero technologies, procurement documents shall include the requirements laid down below:
- (a) Battery energy storage systems:
    - (a) From [OP: Please insert the date = 1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], the battery energy storage systems shall be assembled in the Union and contain a battery management system as well as two additional main specific components that originate within the Union.
    - (b) From [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems originate within the Union and contain battery cells, cathode active materials and battery management systems as well as three additional main specific components that originate within the Union.
  - (b) Solar PV technologies:

- (a) From [OP: Please insert the date = 1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], the PV inverter and at least two additional main specific components shall originate within the Union;
  - (b) From [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter and at least three additional main specific components shall originate within the Union.
  - (c) Solar thermal technologies: The solar thermal collector shall originate within the Union.
  - (d) Hydronic heat pumps: The hydronic heat pump shall be assembled within the Union.
  - (e) Onshore and offshore wind technologies:
    - (a) From [OP: Please insert the date = 1 year after the entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], one main specific component shall originate within the Union.
    - (b) From [OP: Please insert the date = 3 years after the entry into force of this Regulation], two main specific components shall originate within the Union.
  - (f) Nuclear fission technologies: For public procurement procedures published after [OP: Please insert the date = 3 years after entry into force of this Regulation] where works contracts or work concessions include the construction on a new-build nuclear power plant, including small modular nuclear reactors (SMR), at least four main specific components shall originate within the Union.
2. In accordance with Article 25b, for public procurement procedures published after the entry into force of this Regulation falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU where contracts, works contracts or work concessions include the procurement of the following grid technologies, procurement documents shall include the requirements laid down below:
- (a) Electricity grid technologies: From [OP: Please insert the date = 3 years after entry into force of this Regulation], cables and lines for electricity transmission and distribution, and cables connecting net-zero technologies to the electricity grid (overhead lines, underground and undersea cables, including HVDC and HVAC), inverters, converters, electric cabinets protection relays and smart circuit breakers shall originate within the Union.
  - (b) Electric charging technologies for transport: From [OP: Please insert the date = 3 years after entry into force of this Regulation], electric vehicle supply equipment, shore-side electricity supply equipment, and electric air transport supply equipment shall originate within the Union.
  - (c) Technologies to digitalise the grid and other electricity grid technologies: From [OP: Please insert the date = 3 years after entry into force of this Regulation], smart meters / advanced metering and control infrastructures shall originate within the Union.

## Part II – Auctions

In accordance with Article 26, when auctions have the following net-zero technologies as part of their subject-matter, Member States shall include the pre-qualification or award criteria laid down below:

- (a) Battery energy storage systems:
  - (a) For auctions published from [OP: Please insert the date = 1 year after entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage system shall be assembled in the Union and contain a battery management system as well as two additional main specific components that originate within the Union.
  - (b) For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage system shall be assembled in the Union and contain battery cells, cathode active materials and battery management systems as well as three additional main specific components that originate within the Union.
- (a) Solar PV technologies:
  - (a) For auctions published from [OP: Please insert the date = 1 year after entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter, as well as two additional main specific components shall originate within the Union.
  - (b) For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], PV inverter as well as three additional main specific components shall originate within the Union.
- (b) Hydrogen: For auctions published after [OP: Please insert the date = 1 year after the entry into force of this Regulation], the electrolysers used to produce the hydrogen shall be assembled within the Union, and the stacks as well as two additional main specific components shall originate within the Union.
- (c) Onshore and offshore wind technologies:
  - (a) For auctions published from [OP: Please insert the date = 1 year after entry into force of this Regulation] until [OP: Please insert the date = 3 years after entry into force of this Regulation], one main specific component of the wind turbine shall originate within the Union.
  - (b) For auctions published after [OP: Please insert the date = 3 years after entry into force of this Regulation], two main specific components of the wind turbine shall originate within the Union.

### **Part III – Other forms of public intervention**

In accordance with Article 28b, when deciding to set up new schemes or to update existing schemes benefitting households or companies that support the demand for or deployment of net-zero technology final products listed in this paragraph, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall design the schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme or to additional financial compensation only where the requirements laid down below are fulfilled:

- (a) Battery energy storage systems:

- (a) For schemes set up or updated between [OP: Please insert the date = 1 year after entry into force of this Regulation] and [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall be assembled in the Union and contain a battery management system as well as two additional main specific components that originate within the Union.
- (b) For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall be assembled in the Union and contain battery cells, cathode active materials and a battery management system as well as three additional main specific components that originate within the Union.
- (b) Solar PV technologies:
  - (a) For schemes set up or updated between [OP: Please insert the date = 1 year after entry into force of this Regulation] and [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter as well as two additional main specific components shall originate within the Union.
  - (b) For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], the PV inverter as well as three additional main specific components shall originate within the Union.
- (c) Solar thermal technologies: The solar thermal collector shall originate within the Union.
- (d) Hydronic heat pumps: The hydronic heat pump shall be assembled in the Union.
- (e) Grid technologies:
  - (a) Electric charging technologies for transport: For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], electric vehicle supply equipment, shore-side electricity supply equipment, and electric air transport supply equipment shall originate within the Union.
  - (b) Technologies to digitalise the grid and other electricity grid technologies: For schemes set up or updated from [OP: Please insert the date = 3 years after entry into force of this Regulation], smart meters / advanced metering and control infrastructures shall originate within the Union.

#### **IV – Member State support to manufacturing**

In accordance with article 28d, when supporting the manufacturing of the following net-zero technology final products, Member States shall ensure that the Union origin requirements laid down below are fulfilled:

- (a) From [OP: Please insert the date = 1 year after entry into force of this Regulation] when supporting the manufacturing of hydrogen electrolyzers, Member States shall ensure that the stack and at least two additional main specific components of the electrolyser originate within the Union.
- (b) From [OP: Please insert the date = 3 years after entry into force of this Regulation] when supporting the construction of new-build nuclear power plants, including small modular nuclear reactors (SMR), Member States shall

ensure that at least four main specific components of the nuclear fission technology final products originate within the Union.

#### *Article 49*

### **Amendments to Regulation (EU) 2024/3110 [Construction Products Regulation]**

Regulation (EU) 2024/3110 is amended as follows:

1. in Article 1, paragraph 3 is replaced by the following:

‘3. This Regulation aims to contribute to the efficient functioning of the internal market by ensuring the free movement of safe and sustainable construction products in the Union. It also aims to contribute to the objectives of a green and digital transition by preventing and reducing the impact that construction products have on the environment and on the health and safety of persons, and to support the objective of ensuring a resilient manufacturing industry within the Union.’;
2. in Article 22(9), the first subparagraph is replaced by the following:

‘In order to ensure transparency for users and to promote sustainable products, the Commission is empowered to adopt delegated acts in accordance with Article 89 to supplement this Regulation, by establishing specific environmental sustainability labelling requirements for particular product families and product categories.’;
3. in Annex I, the following point 9 is added:

**‘9. Origin of construction works**

The construction works and any part of them shall be designed, constructed, used, maintained and deconstructed or demolished in such a way that they contribute to ensuring a resilient manufacturing industry within the Union, by maximising the gross value added generated in the Union.’;
4. in Annex X, the following point 7 is added:

‘7. Origin.’.

#### *Article 50*

### **Entry into force**

This Regulation shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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Agence Europe

## 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

### 1.1. Title of the proposal/initiative

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors and amending Regulation (EU) 2018/1724, Regulation (EU) 2024/1735 and Regulation (EU) 2024/3110 (Industrial Accelerator Act).

### 1.2. Policy area(s) concerned

Single market, Competitiveness, Climate.

### 1.3. Objective(s)

#### 1.3.1. General objective(s)

The general objective is to increase decarbonised and resilient industrial production in the EU manufacturing industry, with a special attention on energy intensive industries (EIIs) and clean technologies, considering their contribution to Europe's competitiveness, economic security, and sustainable economic growth, in line with the Clean Industrial Deal's objectives.

#### 1.3.2. Specific objective(s)

##### Specific objective No 1

Facilitate differentiation for low-carbon industrial products to increase their value and marketability.

##### Specific objective No 2

Boost demand for European low-carbon products and clean tech.

##### Specific objective No 3

Maximise the quality and benefits of foreign investment in the EU.

##### Specific objective No 4

Speed-up and simplify permits for industrial decarbonisation

##### Specific objective No 5

Increase investment projects in industrial areas.

#### 1.3.3. Expected result(s) and impact

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

##### Economic Impacts

Introducing a harmonised low-carbon label for industrial products and verification mechanism will improve market transparency, allowing producers to capture value for cleaner production and stimulate competition based on performance rather than cost alone. It will create new commercial opportunities for EU manufacturers, enhance price differentiation in international markets, and attract private investment in low-carbon technologies.

By increasing the share of EU-made and low-carbon products in domestic consumption, the measure will boost demand within European market, strengthen

industrial competitiveness, and reduce dependence on high-carbon or imported alternatives. Creating lead markets for low-carbon steel, cement, and clean technologies will accelerate economies of scale and stimulate further investment.

Encouraging joint ventures and strategic partnerships that generate European added value will increase knowledge transfer, industrial innovation, and technological sovereignty. It will improve supply-chain security, diversify input sources, and enhance the resilience of EU industrial ecosystems.

Reducing permitting times will shorten project delays and lower financing costs, strengthening the investment climate for industrial decarbonisation. Faster approvals will speed up the deployment of clean-energy infrastructure, carbon-capture facilities, and electrification projects, stimulating industrial productivity and regional development.

Supporting a higher number of final investment decisions (FIDs) in industrial areas will drive capital formation, modernise existing facilities, and attract complementary private financing. Concentrating investment in industrial clusters will generate economies of scale and strengthen regional competitiveness.

#### Social impacts

The label on greenhouse gas intensity of industrial products will strengthen consumer and buyer confidence in low-carbon products, supporting skilled employment in verification, testing, and certification services. By rewarding innovation, it will help sustain quality industrial jobs and foster upskilling and reskilling across manufacturing supply chains.

Increased EU demand will help preserve and create high-quality jobs in manufacturing regions transitioning to low-carbon industries. It will also improve regional cohesion by fostering re-industrialisation in affected areas, while mitigating adjustment costs for workers through stable production prospects.

High-quality foreign investments and partnerships will create new employment opportunities, particularly in advanced manufacturing and research-intensive segments. They will also strengthen cooperation between EU and non-EU companies, promoting workforce training and skills exchange.

Simplified procedures will benefit SMEs and local communities by providing faster access to investment and job opportunities. Improved transparency and digital tools will increase citizen trust and participation in local industrial projects.

Increased industrial activity in existing sites will generate stable employment and strengthen local supply chains, while minimising social disruption by utilising brownfield sites and leveraging existing workforce skills. Industrial clustering will support regional convergence and resilience.

#### Environmental impacts

A reliable and comparable labelling framework will incentivise the reduction of greenhouse-gas (GHG) emissions across industrial value chains. It will encourage continuous improvement in product design, materials use, and energy efficiency, helping industry meet climate-neutrality objective.

By introducing low-carbon requirements, greater uptake of low-carbon products will drive significant emission reductions in the construction and transport sectors. This demand-driven approach complements supply-side innovation, accelerating the overall decarbonisation of the European economy.

Shorter and more predictable permitting processes will accelerate the deployment of low-carbon technologies and environmental upgrades, enabling earlier emission reductions and contributing to the EU's intermediate climate targets.

By concentrating new projects within industrial areas, the measure promotes efficient energy and natural resource use, and enables shared infrastructure for CO<sub>2</sub> capture, renewable energy, and waste recycling. This approach aligns industrial growth with environmental protection and circular-economy principles.

#### 1.3.4. *Indicators of performance*

*Specify the indicators for monitoring progress and achievements.*

The number of awarded low-carbon label certificates for relevant industrial products will measure progress in creating a reliable and transparent framework that allows producers to differentiate their products based on carbon performance. It will demonstrate the EU's progress in making low-carbon industrial products visible, verifiable and comparable on the market, thereby strengthening their competitiveness and value creation.

The share of EU and low-carbon production in EU consumption for relevant products will capture the proportion of clean and domestically produced materials in overall EU demand. It indicates whether demand-side measures, such as public procurement, investment incentives, and EU-content criteria, are effectively stimulating the uptake of low-carbon and European-made products. A growing share will demonstrate the emergence of strong EU lead markets for green industrial goods and will point to reduced dependence on high-carbon imports.

The number of joint ventures in relevant sectors that create European added value, innovation and industrial resilience will measure the level of high-quality industrial partnerships between EU and non-EU actors contributing to technology transfer, innovation, and secure supply chains. This indicator reflects the success of the IAA in attracting sustainable, "high quality" foreign investment and promoting collaboration that strengthens the EU's industrial base. Increases in such ventures signal a more resilient and innovative industrial ecosystem that retains greater value within Europe.

The average permitting time for industrial decarbonisation projects will track the efficiency of administrative procedures across Member States. It measures how long competent authorities take to process and approve applications for industrial decarbonisation projects, including grid and clean-energy connections. A reduction in average permitting times will demonstrate that the streamlining, coordination and digitalisation measures introduced under the IAA are effectively accelerating investment and reducing bureaucratic barriers for companies.

The number of industrial FIDs realised in relevant industries will serve as a direct indicator of investment momentum and business confidence in the EU's industrial transition. It reflects the extent to which companies are committing capital to new or upgraded decarbonisation projects, particularly within existing industrial areas and clusters. Rising numbers of realised FIDs will show that the framework established

by the IAA is translating into tangible projects, supporting job creation, regional re-industrialisation and faster deployment of clean technologies across Europe.

**1.4. The proposal/initiative relates to:**

- a new action
- a new action following a pilot project / preparatory action<sup>37</sup>
- the extension of an existing action
- a merger or redirection of one or more actions towards another/a new action

**1.5. Grounds for the proposal/initiative**

*1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

The proposal responds to the urgent need to accelerate industrial decarbonisation and strengthen Europe's manufacturing competitiveness in a context of global technological competition and rising investment needs. The initiative aims to remove barriers that slow down investment in low-carbon and resilient industrial production and to ensure the integrity of the Single Market in its transition towards climate neutrality.

*1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.*

Reasons for action at EU level (ex-ante)

Industrial decarbonisation and resilience challenges transcend national borders. Divergent definitions of low-carbon products, uncoordinated demand-side measures and inconsistent permitting procedures risk fragmenting the Single Market and weakening Europe's industrial base. Only coordinated EU-level action can guarantee a level playing field, prevent investment diversion, and ensure that climate and industrial policies reinforce one another. The Regulation acts under Article 114 TFEU to preserve the functioning of the single market and, where relevant, Article 207 TFEU to ensure coherence on measures related to foreign investment.

Expected generated EU added value (ex-post)

EU intervention will generate lasting benefits through economies of scale, lower transaction costs, and improved legal certainty for investors and authorities. It will strengthen Europe's capacity to manufacture low-carbon products, attract sustainable investment, and speed up project deployment. Harmonised criteria, shared digital tools, and consistent permitting principles will reduce administrative burden while providing uniform market conditions across Member States.

*1.5.3. Lessons learned from similar experiences in the past*

Experience from the Net-Zero Industry Act (NZIA), the Critical Raw Materials Act (CRMA) and the Ecodesign for Sustainable Products Regulation (ESPR) demonstrates that targeted Single-Market instruments combining common

<sup>37</sup>

As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

definitions, demand-side incentives and administrative simplification deliver measurable investment acceleration. These precedents demonstrate the effectiveness of clear regulatory frameworks and structured coordination between the Commission and Member States. The IAA applies these lessons specifically to energy-intensive industries and clean energy technology manufacturing, and vehicle components ensuring coherence with existing instruments and avoiding regulatory overlap.

*1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments*

The proposal is fully consistent with the 2021-2027 Multiannual Financial Framework and will be implemented through existing Union programmes. Synergies are foreseen with the Innovation Fund, InvestEU, Horizon Europe, Connecting Europe Facility – Energy, the Cohesion Policy funds, and the Technical Support Instrument. The initiative complements the Clean Industrial Deal, NZIA, CRMA, and the European Competitiveness Fund, without creating new spending envelopes or financial obligations beyond existing resources.

*1.5.5. Assessment of the different available financing options, including scope for redeployment*

Not applicable.

## 1.6. Duration of the proposal/initiative and of its financial impact

### limited duration

- in effect from [DD/MM]YYYY to [DD/MM]YYYY
- financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

### unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

The Regulation will enter into force in 2027 and remain applicable beyond 2030, with a review every five years to assess progress and alignment with Union climate and economic security objectives.

## 1.7. Method(s) of budget implementation planned

### Direct management by the Commission

- by its departments, including by its staff in the Union delegations;
- by the executive agencies

### Shared management with the Member States

### Indirect management by entrusting budget implementation tasks to:

- third countries or the bodies they have designated
- international organisations and their agencies (to be specified)
- the European Investment Bank and the European Investment Fund
- bodies referred to in Articles 70 and 71 of the Financial Regulation
- public law bodies
- bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

This Statement includes staff expenditures. Standard rules for this type of expenditure apply. The Commission will evaluate the output, results and impact of this proposal every five years after the date on which it becomes applicable. The evaluation will assess the contribution of this Regulation to the functioning of the single market, including the objectives specified in Article X, particularly on resilience, economic security, and decarbonisation of industrial production.

### 2.2. Management and control system(s)

#### 2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The management mode for the initiative is direct management by the Commission. This is the most appropriate approach given the limited scope of Union expenditure, which is confined to standard administrative and monitoring-related costs. Using established internal procedures ensures effective and efficient controls, low error rates, fast processing of transactions and minimal control costs.

#### 2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Overall, the initiative requires staff expenditure. Standard rules for this type of expenditure apply.

Most aspects of the initiative follow established procedures for engaging with stakeholders through for example the Industrial Forum and implementing monitoring obligations. The main operational risk is insufficient administrative capacity to implement the work plans and monitoring activities foreseen in the Regulation.

This proposal is accompanied by an impact assessment report, which provides the analytics underpinning the chosen policy approach. The preparation of the initiative also drew on a public consultation as well as targeted consultations with industry stakeholders, Member States and trade associations, which ensured the collection of relevant data, information and feedback. Nonetheless, unintentional consequences or unforeseen impacts may still occur during implementation. These will be identified through the monitoring procedures set out in the Regulation, allowing the Commission to address them in an appropriate and timely manner.

#### 2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)*

The initiative involves limited administrative expenditure. Standard Commission control procedures apply. As no funding programmes or multi-layered delivery mechanisms are created, control activities remain straightforward and cost-effective.

Controls are carried out entirely under direct management, using standard ex-post audits under the Commission's internal control framework. This ensures an appropriate balance between control effort and the limited value of funds managed.

Given the simplified set-up and the absence of high-risk financial operations, the expected error rate at payment and at closure is low and comfortably below the

materiality threshold. The control system therefore provides a high level of assurance at proportionate cost.

### 2.3. Measures to prevent fraud and irregularities

The initiative does not establish funding programmes or financial support schemes. It therefore relies on the Commission's existing internal control framework and Anti-Fraud Strategy. Standard preventive and detective measures apply, including risk-based internal controls, segregation of duties and established workflows for administrative expenditure.

The Commission will ensure that appropriate measures are in place so that, when implementing the tasks arising from this Regulation, the financial interests

As with all Commission-managed activities, the European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office (EPPO) may exercise their powers in accordance with their respective legal bases to investigate fraud, corruption or other illegal activities affecting the EU's financial interests. The European Court of Auditors retains its standard audit rights over Commission expenditure.

Agence Europe

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. <sup>38</sup>	from EFTA countries <sup>39</sup>	from candidate countries and potential candidates <sup>40</sup>	From other third countries	other assigned revenue
7	20 01 02 01					

- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	N/A					

<sup>38</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>39</sup> EFTA: European Free Trade Association.

<sup>40</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.




			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000
<b>TOTAL appropriations under HEADING &lt;...&gt; of the multiannual financial framework</b>	Commitments	=4+6	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	Payments	=5+6	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>




			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
<b>TOTAL appropriations Under Heading 1 to 6</b>		Commitments	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
		=4+6					

of the multiannual financial framework (Reference amount)	Payments	=5+6	0.000	0.000	0.000	0.000	0.000
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<b>Heading of multiannual financial framework</b>	<b>7</b>	'Administrative expenditure'
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DG: GROW		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		0.000	0.000	0.000	1.128 1.164	1.164
• Other administrative expenditure		0.000	0.000	0.000	0.000	0.000
<b>TOTAL DG GROW</b>	Appropriations	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>
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EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
<b>TOTAL appropriations under HEADINGS 1 to 7</b>	Commitments	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>
of the multiannual financial framework	Payments	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>

3.2.2. *Estimated output funded from operational appropriations (not to be completed for decentralised agencies)*

Commitment appropriations in EUR million (to three decimal places)

Indicate		Year	Year	Year	Year	Enter as many years as necessary to show the	TOTAL
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objectives and outputs ↓			2024		2025		2026		2027		duration of the impact (see Section1.6)							
	OUTPUTS																	
	Type <sup>41</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>42</sup> ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
<b>TOTALS</b>																		

<sup>41</sup> Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

<sup>42</sup> As described in Section 1.3.2. 'Specific objective(s)'

### 3.2.3. Summary of estimated impact on administrative appropriations

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

#### 3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	TOTAL 2021 - 2027
	2024	2025	2026	2027	
<b>HEADING 7</b>					
Human resources	0.000	0.000	0.000	1.128 1.164	1.164
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
<b>Subtotal HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>
<b>Outside HEADING 7</b>					
Human resources	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
<b>Subtotal outside HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.164</b>	<b>1.164</b>

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

### 3.2.4. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below

#### 3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year	Year	Year	Year
		2024	2025	2026	2027
<b>• Establishment plan posts (officials and temporary staff)</b>					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	6
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
<b>• External staff (in FTEs)</b>					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0

01 01 01 02 (AC, END - Indirect research)	0	0	0	0
01 01 01 12 (AC, END - Direct research)	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

Considering the overall strained situation in Heading 7, in terms of both staffing and the level of appropriations, the human resources required will be met by staff from the DG who are already assigned to the management of the action and/or have been redeployed within the DG or other Commission services.

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	Exceptional additional staff*		
		To be financed under Heading 7 or Research <sup>43</sup>	To be financed from BA line	To be financed from fees
Establishment plan posts	6		N/A	
External staff (CA, SNEs, INT)				

Description of tasks to be carried out by:

Officials and temporary staff	Additional staff (equivalent to 6 FTEs) will be needed to carry out the tasks of the proposal for lead markets, FDI screening and label.
External staff	

### 3.2.5. Overview of estimated impact on digital technology-related investments

TOTAL Digital and IT appropriations	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021 - 2027
<b>HEADING 7</b>					
IT expenditure (corporate)	0.000	0.000	0.000	0.040	0.040
<b>Subtotal HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.040</b>	<b>0.040</b>
<b>Outside HEADING 7</b>					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	0.000

<sup>43</sup> The figures presented reflect preliminary estimations of the human-resource needs for the implementation of the Regulation. Even where costs are one-off, they may vary in light of possible scope extensions and the ongoing discussions on the new MFF. The final establishment of posts will depend on the definitive scope of the adopted measures and internal resource-allocation decisions.

Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.040	0.040

3.2.6. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)
- requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation
- requires a revision of the MFF

3.2.7. *Third-party contributions*

The proposal/initiative:

- does not provide for co-financing by third parties
- provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2024	Year 2025	Year 2026	Year 2027	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. *Estimated impact on revenue*

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
  - on own resources
  - on other revenue
  - please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>44</sup>			
		Year 2024	Year 2025	Year 2026	Year 2027
Article .....					

<sup>44</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

## 4. DIGITAL DIMENSIONS

### 4.1. Requirements of digital relevance

If the policy initiative is assessed as having no requirement of digital relevance:

Justification of why digital means cannot be used to enhance policy implementation and why the ‘digital by default’ principle is not applicable.

N/A

Otherwise:

*High-level description of the requirements of digital relevance and related categories (data, process digitalisation & automation, digital solutions and/or digital public services)*

Reference to the requirement	Requirement description	Actor(s) affected or concerned by the requirement	High-level Processes	Categories
Article 5	Member States shall enable a digital permitting system connecting all relevant public authorities, in order to ensure that permit-granting procedures for industrial manufacturing are carried out through fully digital means.	Member States Economic Operators	Permit granting for industrial manufacturing	Digital Solution Digital Public Service Process digitalisation and automation

### 4.2. Data

*High-level description of the data in scope*

Type of data	Reference to the requirement(s)	Standard and/or specification (if applicable)
Permit-granting applications for industrial manufacturing projects	Article 5	N/A

#### *Alignment with the European Data Strategy*

*Explanation of how the requirement(s) are aligned with the European Data Strategy*

- The digital permitting system shall be designed to ensure:
- interoperability and automated data exchange between competent authorities;
  - re-use of data and documents already held by public authorities;
  - a high level of cybersecurity, and integrity of information; and
  - transparency and accountability of the permit-granting procedure.

#### **Alignment with the once-only principle**

*Explanation of how the once-only principle has been considered and how the possibility to reuse existing data has been explored*

Re-use of data already held by public authorities is ensured. The permit-granting procedures

are added in the scope of Single Digital Gateway and Once-Only Technical System.

*Explanation of how newly created data is findable, accessible, interoperable and reusable, and meets high-quality standards*

The Commission shall, by means of implementing acts, establish detailed rules, technical standards, and procedures necessary to ensure the interoperability, security, and effective functioning of the digital permitting systems.

### Data flows

*High-level description of the data flows*

Type of data	Reference(s) to the requirement(s)	Actor who provides data	Actor who receives the data	Trigger for the data exchange	Frequency (if applicable)
Permit-granting applications	Article 5	Economic Operator	National Competent Authority	Required for permit-granting applications.	When required for permit-granting applications.

### 4.3. Digital solutions

*For each digital solution, please provide the reference to the requirement(s) of digital relevance concerning it, a description of the digital solution's mandated functionality, the body that will be responsible for it, and other relevant aspects such as reusability and accessibility. Finally, explain whether the digital solution intends to make use of AI technologies.*

Digital solution	Reference(s) to the requirement(s)	Main mandated functionalities	Responsible body	How is accessibility catered for?	How is reusability considered?	Use of AI technologies (if applicable)
Digital Permitting System	Article 5	Permit-granting procedures for industrial manufacturing are carried out through fully digital means.  The system shall provide a single user interface enabling interaction with the relevant public services.  The digital permitting system shall enable the paperless submission, tracking, and decision-making	National Competent Authority	The digital permitting system shall enable the paperless submission, tracking, and decision-making of permit applications and shall be designed to ensure user-friendliness and accessibility for all applicants, including persons with disabilities.	The digital permitting system shall enable the paperless submission, tracking, and decision-making of permit applications and shall be designed to ensure re-use of data and documents already held by public authorities.	

		of permit applications.			
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For each digital solution, explanation of how the digital solution complies with applicable digital policies and legislative enactments

### **Digital Permitting System**

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
<i>AI Act</i>	N/A
<i>EU Cybersecurity framework</i>	The National Digital Permitting System shall be designed to ensure a high level of data protection, cybersecurity, and integrity of information.
<i>eIDAS</i>	//
<i>Single Digital Gateway and IMI</i>	The Single Digital Gateway Regulation is amended to include in its scope Information on permit-granting procedures for industrial manufacturing projects and procedures related to industrial manufacturing projects.
<i>Others</i>	Once-Only Technical System

#### **4.4. Interoperability assessment**

High-level description of the digital public service(s) affected by the requirements

Digital public service or category of digital public services	Description	Reference(s) to the requirement(s)	Interoperable Europe Solution(s) (NOT APPLICABLE)	Other interoperability solution(s)
Digital Permitting System  Category of digital public services according to <a href="#">COFOG</a> 04.7.4	Member States shall enable a national a digital permitting system connecting all relevant public authorities, in order to ensure that permit-granting procedures for industrial manufacturing are carried out through fully digital means.	Article XX	//	Once-Only Technical System

Assessment of the impact of the requirement(s) on cross-border interoperability

### **Digital public service #1: Digital Permitting System**

Assessment	Measure(s)	Potential remaining barriers (if applicable)
Alignment with existing digital and sectorial policies	//	//
Organisational measures for a smooth cross-border digital public services delivery	Member States shall be responsible for the development, operation, maintenance, security, and supervision of their digital permitting systems. To the extent possible, the implementation of the digital permitting systems should make	

	use of existing Union digital infrastructures, catalogues and building blocks, including those developed under the Once-Only Technical System and its implementing acts. This would promote complementarity, interoperability and the efficient use of public resources, while avoiding duplication of existing digital solutions.	
<b>Measures taken to ensure a shared understanding of the data</b>	The Commission shall, by means of implementing acts, establish detailed rules, technical standards, and procedures necessary to ensure the interoperability, security, and effective functioning of the digital permitting systems	
<b>Use of commonly agreed open technical specifications and standards</b>	The Commission shall, by means of implementing acts, establish detailed rules, technical standards, and procedures necessary to ensure the interoperability, security, and effective functioning of the digital permitting systems	

#### 4.5. Measures to support digital implementation

For each measure to support digital implementation, please fill in the table below

<b>Description of the measure</b>	<b>Reference(s) to the requirement(s)</b>	<b>Commission role (if applicable)</b>	<b>Actors to be involved (if applicable)</b>	<b>Expected timeline (if applicable)</b>
Implementing Acts	Article XX	Implementing Acts	European Commission	