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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 accelerating industrial capacity and decarbonisation in strategic sectors: the 'Industrial Accelerator Act'.

The transition to a clean and digital economy presents a major opportunity to renew and strengthen the EU's industrial base. Global competition, foreign subsidies, structural cost disadvantages and rapid technological shifts however are reshaping industrial value chains, while geopolitical tensions create new vulnerabilities. Against this backdrop, the EU must act strategically to secure and further strengthen its industrial base, long-term competitiveness and ensure that the climate transition becomes an engine of industrial prosperity rather than a source of de-industrialisation.

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%)[1], while also accounting for about 26% of EU's greenhouse gas emissions.[2] However, the EU's share of global industry gross value added has declined from 20.8% to 14.3% between 2000 and 2020.[3] This regression is not only an economic reality, but a strategic warning signal. At the same time, the sector increasingly faces challenges, such as high energy prices, global overcapacities, high capital and operational costs for decarbonisation, low investment compared to other regions, as well as regulatory hurdles.[4]

Achieving the EU's climate neutrality goal while maintaining industrial competitiveness requires a strong business case for decarbonisation. In that context, strengthening the competitiveness of key strategic sectors and technologies such as energy intensive industries, clean tech, or the electric automotive supply chain is essential for the EU's climate objectives, strategic autonomy and economic security. Ultimately, economic security means that citizens, businesses, and the public authorities have predictable access to resources, jobs, and stable incomes - a foundation of social cohesion. A failure to secure and protect these 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 for the transition.

Delayed or insufficient progress on climate action could intensify the economic and social impacts of climate change, contribute to heightened public anxiety, and risk fuelling social unrest. Securing and enhancing the Union's strategic industries is therefore essential to protecting public order by maintaining economic and social stability, ensuring the continuity of

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1 Eurostat, Businesses in the manufacturing sector (Statistics Explained), EU manufacturing structural business statistics (NACE Rev. 2, Section C).

2 Eurostat, Air emissions accounts by NACE Rev. 2 activity, online data code env_ac_ainah_r2, DOI: 10.2908/env_ac_ainah_r2.

3 European Round Table for Industry (ERT), European Competitiveness and Industry – Benchmarking Report 2022, Brussels, 2022.

4 Draghi, M. (2024). The future of European competitiveness – In-depth analysis and recommendations (Part B).

critical supply chains, securing long-term economic prosperity and enabling the Union to meet its climate commitments. 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 ecosystem. Yet, production volumes in EIIs have substantially decreased since 2021, compared to other manufacturing sectors.[5] Cost gaps with other world regions have widened and import shares have increased, in particular for basic metals and chemicals.[6] Capacity utilisation rates remain at unsustainably low levels.[7] Decarbonising these industries requires substantial investments[8]; 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.[9] Modernising these sectors is fundamental not only for our climate objectives, but also for Europe's ability to anchor industrial value chains and provide high- quality jobs.

Net-zero technologies face competitiveness challenges and significant supply chain vulnerabilities.[10] While deployment in the EU 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 solar photovoltaic and battery manufacturing capacity. 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[11] and weaponising their industrial successes.

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.[12] 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.[13] 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.

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5 Internal European Commission analysis, see Impact Assessment report.

6 OECD Working Papers, A comprehensive overview of the Energy Intensive Industries ecosystem, 2025/09.

7 A European Steel and Metals Action Plan, COM (2025) 125 final, 19 March 2025.

8 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.

9 JRC analysis, see Impact Assessment report.

10 Competitiveness Progress Report on Clean Energy Technologies, COM(2025) 74 final, 26 February 2025.

11 BloombergNEF, New Energy Outlook.

12 European automotive industry: What it takes to regain competitiveness, McKinsey, 10 March 2025.

13 Eurostat, Sold production, exports and imports, online data code ds-059358$defaultview.

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

(1) Limited demand 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. This is further accentuated by the challenges in distinguishing low-carbon industrial products from high-carbon equivalents and the limited willingness of downstream sectors to pay a low-carbon premium.

(2) Supply chain vulnerabilities in strategic sectors and technologies. Global competition and international value chain dependencies undermine Europe's ability to increase or retain production. 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 not always come with technology transfer, job creation and value chain integration in the EU.

(3) Industrial decarbonisation 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. Moreover, decarbonising industrial processes requires deep and costly transformation of assets and operations, entailing substantial investments. 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 products.

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 key strategic sectors and technologies.

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

- Leverage access to the Single Market to boost demand for European low-carbon industrial products and net-zero technologies and maximise the quality and benefits of foreign investment in the EU
- Deploy manufacturing projects at scale by speeding-up and simplifying permits for manufacturing projects, as well as by facilitating the emergence of industrial clusters in industrial acceleration go-to areas
- Facilitate differentiation for low-carbon steel products to increase their value and marketability

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

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

The proposal responds to the Clean Industrial Deal and the 'Competitiveness Compass for the EU', both 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 also 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. The proposal is consistent with the Commission's Economic Security Strategy, which identifies ten critical technology areas that are essential for Europe's security and competitiveness, underpinning the green and digital transitions.

- **Consistency with other Union policies**

The IAA 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.

This proposal is also consistent with other legislation relevant for 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 proposal is consistent with the EU climate legislation. The EU Emission Trading System (EU ETS) is the main climate policy instrument to reduce GHG emissions in EU energy intensive industries. This proposal complements the price signal provided by the EU ETS, supporting the creation of lead markets for low carbon industrial products. The proposed Regulation is further aligned with the Carbon Border Adjustment Mechanism Regulation (CBAM).

The proposed Regulation is also consistent with and complements forthcoming product-specific environmental legislation – notably, for the Construction Products Regulation (CPR), in particular the harmonised standard for GHG emissions and a future low-carbon concrete label. Similarly, the forthcoming delegated act on steel under the Ecodesign for Sustainable Products Regulation (ESPR) will incorporate the methodology developed for the voluntary low carbon steel label proposed under the Accelerator Act. The legislative initiative also 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. It also complements the upcoming environmental performance rules on the Ecodesign and Energy Labelling for PV modules by focusing on made in EU requirements.

The proposed Regulation is also 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 net-zero technologies components, in order to further build EU manufacturing capacity as well as resilient and competitive domestic value chains.

Regarding permitting provisions, the IAA aims to streamline key processes, notably through digitalisation and the ability to reuse data sets. It builds on the menu of measures made available under the Environmental Permitting initiative, 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.

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 for the procurement of low-carbon and recycled products and the overarching framework of the upcoming Public Procurement revision will also need to be ensured.

To ensure that public intervention can be aligned with the objectives of this Regulation, it is proposed to include targeted and proportionate measures on European and low carbon preference in public procurement and public support schemes. Such an approach is limited to the key strategic sectors most exposed and sensitive, the ones where a failure to secure and protect supply chains would create significant societal risks. Safeguarding the Union's strategic industries is therefore essential to protecting public order by maintaining social stability, ensuring the continuity of critical supply chains, and enabling the Union to meet its climate commitments.

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 alongside the existing Foreign Direct Investment framework, which is aimed at safeguarding national security, whereas the Industrial Accelerator Act is designed to ensure the proper functioning of the Single Market, ensuring both frameworks do not overlap.

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 industrial decarbonisation and resilience, such measures are needed to establish a level playing field for key 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 reviewing FDIs captures a specific set of sectors to harmonise investment conditions, and ensure value added production in the Union. Therefore, the provisions are primarily aimed at the proper functioning of the Single Market. Nevertheless, FDIs are explicitly included in the scope of the EU common commercial policy.,. Requiring in-kind contribution from third country undertakings in case of restrictive measures introduced by a third country is aimed at ensuring supply security of critical raw materials and certain products to the Union, which is crucial for the functioning of the Single Market. However, with the adoption of such measures, the Commission would also be implementing the common commercial policy under Article 207 TFEU.

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

Competitiveness, sustainable prosperity, industrial 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 next-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.

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 industrial decarbonisation and resilience, 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 serve 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 issue requiring both international and EU-level action to effectively complement and reinforce regional, national and local measures. Decarbonising energy-intensive industries 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, uncoordinated forms of procurement and permitting procedures, 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 social 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 key 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 and time management. 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 State's administrative budgets. Establishing lead markets is pivotal to increasing the competitiveness of the key sectors and technologies, thereby strengthening the EU's industrial base.

By introducing obligations for third-country companies that place certain products on the Single Market, the measures on critical raw materials may limit access to that market. However, these obligations would only apply when those companies are established in a country that would have imposed restrictive measures on critical raw materials or on products containing them.

Mandatory conditions on foreign direct investment are necessary to achieve the objective of maximising the benefits of these investments across Member States, to strengthen the EU's Single Market benefits. 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 and cement) 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 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 requirements are introduced for steel and cement placed on the market in selected downstream sectors (automotive and construction). It also includes Made in EU requirements for EII materials 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 Made in EU requirements for steel. Aluminium and cement placed on the market in selected downstream sectors as well as batteries, solar PVs and key vehicle components. 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 way. It also has a more positive impacts in terms of proportionality that the other two options, as it suggests introducing made in EU for public procurement and public support only, while also showing the most coherence. PO2 will also 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). While the costs and benefits analysis concluded that PO2 might result in overall net losses due to adjustment costs, particularly for downstream sectors affected by low-carbon and/or Made in EU requirements, these losses are largely offset by long-term benefits in terms of job creation, enhanced economic security and resilience 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.

Differences compared to the preferred option in the impact assessment

[Comment: this section needs improving as we shouldn't only list the changes, but also explain the rationale behind the differences. We will continue working on this as the text stabilises]

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

- Alingmenet with permitting act. 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. 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 global competition and could experience similar market developments. Therefore, it has been decided to introduce such provisions, in order to anticipate and mitigate potential future supply and market risks.
- The provisions on low-carbon requirements for steel and concrete used in transport and construction are limited to public procurement and public support schemes in these two downstream sectors and are not introduced as a requirement for placing products on the market, as envisaged in the impact assessment's preferred option. The level of target linked to the Made in EU requirements for steel and concrete used in construction and automotive is now aligned with the low-carbon targets, to ensure demand predictability and protection of nascent European low-carbon markets in these industries. Similarly, the entry into force of such requirements is now aligned to 2030. It ensures a more proportionate approach, directly targeted at boosting European lead markets. It is expected to bring significant benefits while reducing potential negative costs on downstream sectors, as assessed under policy option 1.
- 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 very targeted measure to promote European and low carbon preference for part of the plastics used in the construction sector. This caters for the need to address specific lead market considerations for other EII industrial products in scope.
- Conditions on foreign investments would apply to emerging key strategic sectors, as listed in Annex II, in line with the extra attention put on promoting a strong Single Market for our clean and digital transitions.
- Dedicated provisions were also included in relation to access to the Single Market, in case of restrictions imposed by third countries in relation to critical raw materials or products containing them. This issue was presented and announced as part of the RESourceEU action plan, adopted on 3 December 2025.
- 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 for 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 energy intensive industries, low-carbon obligations are limited to public intervention, and the support for Made in EU requirements is directly linked to low-carbon aspects. As such, it makes the proposal closer to what is analysed under PO1. 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 EU'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. Steel companies will also incur administrative costs related to low-carbon steel certification in order to demonstrate compliance with low-carbon requirements in public procurement and public support schemes. In terms of conditionalities on investments, the uniform application of the conditions across the EU 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 lead to substantial cost and time savings in the medium and long term. 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.

- **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 EU, 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 3 years after the date on which it becomes applicable. A review clause is proposed after 5 years, to assess whether access to market provisions remain necessary in light of market developments. The measures proposed are conceived as targeted and time-bound interventions to accelerate the EU's industrial capacity and boost economic security of key 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.

The main findings of the evaluation will be presented in a report to the European Parliament, the Council, the European Economic and Social Committee, and the European Committee of the Regions which will be made public.

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 and includes the definitions. Article 1 lays down the subject matter of this Regulation, namely the improvement of the functioning of the single 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, while contributing to the Union's climate objective, quality jobs and improving the competitiveness of the Union.

Article 2 establishes the scope of this Regulation. Article 3 sets the industrialisation objective of the Regulation.

Article 4 lays down the definitions needed for the purposes of this Regulation.

Chapter II outlines the enabling conditions for industrial production and decarbonisation.

Article 5 introduces a single permit application per project to streamline the process, covering all necessary permits for industrial manufacturing projects.

Article 6 requires Member States to introduce a digital permitting system to ensure a seamless permit-granting procedure.

Article 7 on acceleration area.

Article 8 ensures to all energy intensive industries benefit from the permitting provisions set out in Chapter II, Section 2 of the Net Zero industry Act in order to ensure a level playing field. Moreover, it introduces the principle of tacit approval at intermediate stages of the permit-granting procedure, except to environmental assessments, where applicable. Energy-intensive industry decarbonisation projects will also benefit from a presumption of overriding public interest and therefore benefit from a simplified process to ascertain whether these projects can be considered as such.

Chapter IV outlines the access to market framework.

Article XX sets out synergies with the European Competitiveness Fund proposal.

Section 1 sets out the public procurement provisions for key strategic sectors, further detailed in Annex I.

Article 23 lays down the low carbon and Union origin requirements for the public procurement of certain energy intensive products (steel, cement and aluminium).

Article 24 establishes Union origin requirements for the public procurement of certain vehicles.

Article 25 lays down common requirements and exemptions to the provisions outlined in section 1.

Section 2 governs the financial support by Member States

Article 26 lays down low carbon and Union origin criteria for certain energy intensive materials that are supported by public schemes designed by public entities.

Article 27 outlines the Union origin criteria for public entities' schemes that support the purchase, lease, rent or hire-purchase of electric vehicles benefitting households or companies.

Article 28 lays down common requirements and exemptions to the provisions governing the financial support by Member States.

Section 3

Article XX [delegation of powers] empowers the Commission to adopt delegated acts to include additional downstream sectors to which the low carbon and the Union origin requirements apply, to add Made in EU and low-carbon requirements to additional EIIs and clean technologies and to revise the Made in EU and low-carbon requirements set out in the annexes.

Article XX [Review] sets out the conditions to review and if relevant amend the provisions governing access to market.

Chapter XX provisions govern the conditions attached to the market for materials

Article XX [In kind contribution]

Article XX [Authorised stockpiling centre]

Article XX [Critical Raw Minerals required]

Article XX [Monitoring]

Chapter V lays down provisions on foreign investment contribution.

Article XX [35] [scope] outlines which investments in emerging key strategic sectors are subject to conditionalities.

Article XX [36] requires Member States to designate an investment authority tasked with implementing the provisions on foreign investments.

Article XX [37] details the prior notification process related to specific quotas of capital or ownership, applicable to both investors notifying the Investment Authority and the Authority notifying the Commission.

Article XX [38] outlines the review and approval process of the foreign direct investment, including deadlines.

Article XX [39] specifies the investment conditions and requirements for fulfilling these for each strategic sector, along with the verification framework. Exemptions are further detailed here. Article XX [40] outlines the Commission's possible action in case of a foreign direct investment having potential to significantly disrupt the functioning of the single market.

Article XX [41] sets out the obligations of the Investment Authority concerning monitoring and enforcement, including provisions on penalties for non-compliance.

Chapter VI outlines the designation of industrial acceleration areas provisions as well as the benefits.

Article [42] outlines the designation process for the industrial acceleration areas, including the elements to be considered, the assessment conducted to support the decision and communication deadlines. It also provides details about the area such as scope and industries it covers.

Article [43] sets out the first benefit related to access to finance, covering private and public funding.

Article [44] covers the access to materials, including measures to retain scrap.

Article 45 [relates to facilitating access to energy infrastructure]

Article 46 introduces benefits around access to skills and a qualified workforce.

Article 47 outlines further permitting provisions for industrial manufacturing projects within the area, such as time limits for intermediary steps regarding the environmental impact assessment.

Article [48] creates synergies with other Union initiatives concerning industrial activity.

Chapter VII outlines the voluntary label on greenhouse gases intensity.

Article 10 defines the scope of the voluntary Union label on greenhouse gases-intensity XX

Article 11 sets out the content of the label, the frequency of verification, the required documentation as per the methodology outlined in Annex II, as well as the verification process regarding the accuracy of provided information. Delegated Acts may be adopted in order to supplement the system boundaries and calculation methodology of the label.

Article 12 outlines the classification as per the threshold values detailed in Annex x,

Article 13 sets out the entities authorised to conduct the certification, as well as the authorisation process.

Article 14 establishes the application process of a manufacturer for the certification, including required data required to determine the product's embedded emissions and class.

Article 15 outlines the certification process, including the information included in the certification itself. Delegated Acts can amend the design features of the label.

Article 16 outlines the market surveillance and control of the use of the label, including auditing of certified products and action on non-compliance. A market surveillance authority is to be designated in to ensure implementation of actions resulting from the auditing process.

Article 17 lays out the obligations for economic operators, including the requirements on the display of the label and product passport, as well as provisions on information and documentation for the label.

Article 18, 19 and 20 describes the product passport provisions, including its requirements in terms of information to be included, availability and accessibility, the technical design and operation of the passport, as well as the requirements for product passport registry.

Article 21 lays out the custom controls in relation to imported hot-rolled steel granted the label, including verification and other measures.

Chapter VIII sets out the final provisions.

Article [51] sets out the exercise of the delegation of power, including delegated acts, as well as the process outline.

Article [52] describes the committee procedure.

Article [53] outlines penalties for infringement of the Regulation.

Article [54] is concerned with the handling of confidential information acquired in the course of implementing the Regulation, including its protection.

Article [55] refers to the Amendment to Regulation (EU) 2024/3110 (Construction Products Regulation). Article [56] amends the Regulation (EU) 2018/1724 (Single Gateway Regulation).

Article [57] amends the Regulation (EU) 2024/1735 (Net-Zero Industry Act), including provisions on origin requirements for public procurement procedures; cybersecurity requirements for public procurement; origin requirements for auctions and for other types of public intervention; limitations for high-risk suppliers.□ this will require further explanation.

Article [58] outlines the entry into force date.

Annex I contains the list of key strategic sectors for economic security, public order, competitiveness and resilience.

Annex II sets out the emerging key strategic sectors.

Annex III

Annex IV

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, and rising geopolitical tensions have exposed risks and vulnerabilities in the Union's societies, economies, and undertakings. In an increasingly unstable geopolitical environment and amid deepening global economic integration, certain economic activities and flows are intensifying global competition and making the Union's economic security challenges more complex. The Union's economic security is therefore inextricably linked to its capacity to strengthen resilience and mitigate risks arising from economic interconnections.

(2) The Union's economic security requires the strengthening of the resilience of its supply chains and the safeguarding of its single market and industrial capacity. This includes fostering a strong industrial base in key 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. A resilient economy and social cohesion cannot exist without a robust industrial component. The Union must therefore boost its single market functioning and preserve its competitiveness.

(3) The Union has committed itself to achieving climate neutrality by 2050, in line with the Union's commitment to global climate action under the Paris Agreement. To reach the Union's climate neutrality goal, Regulation (EU) 2021/1119 of the European Parliament

and of the Council[14] sets a binding Union climate target of reducing net greenhouse gas emissions by at least 55% by 2030 compared with 1990, with a proposed intermediary 90% reduction target by 2040.

(4) There is a risk that the Union's manufacturing industry may not be able to decarbonise fast enough for the Union to achieve its climate neutrality objective while preserving the Union's competitiveness. Instead, the latest years have seen greenhouse gas emissions reductions coupled with reduced industrial output. The Union therefore needs to accelerate the decarbonisation of industrial processes and products by strengthening the business case for investment in decarbonisation within a globally competitive environment.

(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. A low share of GDP for the manufacturing sector reduces the Union's ability to achieve its clean and digital transition objectives, as well as to guarantee its security. It is therefore necessary to strengthen economic resilience while also ensuring that the Union's climate and energy targets are met. An overall benchmark should be set for industrial manufacturing capacity in the Union. The Union's manufacturing capacity should aim to account for at least 20% of the Union's gross value added by 2030. 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, uncoordinated national measures to increase decarbonised and resilient industrial production could undermine the functioning of the single market. Such measures may lead to the introduction of divergent requirements on market operators, uncoordinated forms of procurement, and diverging processes and durations for permit-granting, thus creating obstacles to cross-border trade. To safeguard the functioning of the Single Market, a common Union framework should therefore be created to accelerate industrial production and decarbonisation.

(7) 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. As experienced in recent years, the weaponisation by third countries of Union economic dependencies in critical industrial supply chains, technologies and infrastructures can lead to local shortages and to a threat to public order.

(8) The Union has committed to decarbonising its economy, but the cost gap between low-carbon production and conventional methods remains substantial. A minimum level of demand for low-carbon products and technologies is essential to stimulate the necessary investment and production within the Union. However, the current lack of coordination across the Single Market has led to fragmented and inconsistent approaches, notably in

[14] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law") (OJ L 243, 9.7.2021, p. 1).

relation to labelling and public support, limiting the development of strong lead markets capable of driving decarbonisation throughout the Union.

(9) Divergent conditions in the Single Market for foreign investment in certain sectors create competitive pressure among Member States to lower costs or standards. This often leads to low-quality investment, resulting in activities such as only final assembly of batteries or other non-core operations taking place in the Union. Consequently, the added value creation associated with strategic technologies and innovative activities remains outside the Union.

(10) Unilateral actions by Member States risk causing domestic welfare losses and creating negative spillovers for other Member States, which are closely interconnected through the Single Market. Moreover, uncoordinated initiatives within the Single Market contribute to fragmentation at a time when rising geopolitical tensions pose increasing risks to the Union's supply chains.

(11) 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 EU legislation and enable the uniform application of this Regulation across the EU.

(12) The Commission's Recommendation 'on critical technology areas for the EU's economic security for further risk assessment with Member States'[15] identified a list of ten critical technology areas for the Union's economic security. Such critical technology areas should encompass a well-defined list of key strategic sectors. Such sectors should be seen as essential for the Union's strategic autonomy given their role in ensuring economic security, public order, competitiveness and resilience. As the global environment continues to evolve rapidly, this list of sectors may need to be adjusted over time to remain future-proof and responsive to emerging risks and technological developments.

(13) 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.

(14) 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.

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15 COM(2023)6689.

(15) SMEs and small mid-cap (SMCs) companies constitute an essential part of the Union's energy-intensive industries and net-zero technology ecosystems. They strengthen the resilience of these strategic sectors as they contribute significant specialised know-how, occupy key positions in the value chain, provide key components and services, drive forward innovation in areas such as advanced materials, clean industrial processes, solar technologies, heat pumps and other strategic net-zero solutions and provide alternatives for diversification. They contribute to reducing dependencies and can increase resilience against external shocks. Yet their contribution to these sectors can only be fully leveraged when they are effectively integrated into cross-border value chains through targeted policies. Strengthening the capacity of SMEs and SMCs to participate in and scale within these value chains is therefore crucial to safeguarding the Union's industrial competitiveness, supporting the green transition, and reducing strategic dependencies.

(16) 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. However, as a result of costs disadvantage and the transformation of the value chain with an increasing value share for batteries 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.

(17) To reduce those economic security risks, address risks of global or local shortages, and ensure the achievement of the EU's environmental objectives, for some of the products and technologies listed in Annex I, the Regulation establishes Union origin requirements to support the manufacturing and development of strategic products and technologies as listed in Commission Recommendation of 3 October 2023 on critical technology areas for the EU's economic security for further risk assessment with Member States COM(2023)6689Public procurement and other forms of public involvement will apply Union origin requirements.

(18) The unpredictability, complexity and, at times, excessive length of national permit-granting procedures undermines the business case for investments that are needed for the effective development of industrial activities. Member States should therefore apply streamlined and predictable permit-granting processes in order to ensure and speed up their effective implementation.

(19) In order to strengthen the Union's industrial capacity, permit granting processes necessary to the development of industrial activities should not lead to administrative burdens which are disproportionate to the size or complexity of a project. In order to reduce complexity, increase efficiency and transparency, and enhance cooperation among Member States where applicable, there should be a competent authority or authorities that coordinate(s) all permit granting processes and issue(s) 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. It is also essential for stakeholders, including civil society, to be informed and consulted, so that they can contribute to ensuring the success of projects and in order to limit objections to them.

(20) 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[16]. The European Interoperability Framework facilitates cross-border data exchange.

(21) To ensure the reliability and trustworthiness of the digital permitting systems, Member States should guarantee the integrity of information processed within those systems. Integrity of information should mean that data and documents remain complete, accurate, authentic and unaltered throughout their collection, storage, processing and transmission. It should also ensure traceability and accountability for any modification, access or decision taken in the context of the permit-granting process.

(22) The implementation of the digital permitting systems 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.

(23) 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.

(24) Regulation 2024/1735[17], 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 2024/1735 where the relevant facilities produce components that are part of the supply chain of a net-zero technology. However, facilities that are energy-intensive but do not produce components that are used in net-zero technologies are currently excluded from the scope of Regulation 2024/1735. This creates the risk of an unlevel playing field between energy intensive industries. Energy-intensive industries account for 22.3% of overall greenhouse gases in the Union, and as such their decarbonisation is indispensable to achieve climate neutrality. The inclusion of facilities that do not currently fall within the scope of such provisions would contribute to the decarbonisation of the sector as a whole.

(25) In order to meet their decarbonisation and climate targets, projects from energy intensive industries, as well as industrial manufacturing projects located in acceleration areas, should experience permit-granting procedures within reasonable deadlines. Such projects should be considered strategic under [Commission proposal COM(2025) 984

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16 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).

17 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).

on speeding-up environmental assessments].To that end, 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 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.

(26) Given their role in ensuring the Union' decarbonisation, ability to meet its climate targets, and its strategic role to the Union's economic security, responsible permitting authorities should consider decarbonisation projects from energy intensive industries to be in the public interest.

(27) The public sector has a central role to play in ensuring that the Union strengthens its manufacturing capacities for key strategic sectors. This Regulation should complement existing Union legislation by providing a harmonised framework that supports Member States' efforts to promote investment in industrial capacity in such sectors, by encouraging the strategic use of public financing instruments at both Union and national level in line with the Union's climate, competitiveness and economic security objectives.

(28) As regards energy-intensive industries, demand-side measures should in the first stage focus on establishing Union origin and low-carbon requirements for steel, cement, aluminium and plastics used in construction. Steel and cement are priority sectors because they account for more than 6% of the Union's annual greenhouse gas emissions, making them priority sectors. Aluminium production also involves significant carbon intensity. Aluminium is recognised as a strategic raw material, and its demand is expected to rise in view of the needs of the green and digital transition. Aluminium should likewise be prioritised once a reliable methodology for carbon accounting becomes available. Moreover, the substantial decline in the Union's market share in the production of steel and aluminium over the past decade, has made these sectors particularly vulnerable to the risk of further de-industrialisation. Plastics used in construction represent a significant share of the plastics sector, which is responsible of close to 4% of EU's greenhouse gas emissions. Furthermore, EU plastics production fell sharply by 8.3% in 2023 to 54 million tonnes, with post-consumer mechanical recycling also down 7.8%. Significant investments in the recycling and supply chain of plastics are necessary to reverse this trend. Lead markets for low carbon and European energy intensive industrial products should be promoted.

(29) [Need new recital on links with ESPR/CPR? [Cab request]

(30) Pursuant to Article 10 of Regulation (EU) XXXX/XXXX [ECF Regulation] [18], the European Competitiveness Fund aims to support the development, manufacturing and deployment within the Union of strategic technologies and sectors. Award procedures may therefore apply conditions necessary to protect the Union's strategic and economic security interests, as well as the security of critical assets and the continuity of the services they provide. This Regulation should be implemented in synergy with Article [10] of Regulation (EU) XXXX/XXXX [ECF Regulation].

[18] Regulation XXXX/XXXX of the European Parliament and of the Council on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, repealing provisions of Regulations (EU) 2021/696, (EU) 2023/588, and amending Regulation.

(31) Public procurement amounts to 15% of the Union's GDP and is a powerful tool that contributes to the Union's objective of economic security, particularly by strengthening the industrial capacity of strategic sectors and ensuring the security of supply. Contracting authorities and entities should therefore, where appropriate, ensure that their procurement complies with public procurement requirements that foster demand for low-carbon, Union-originated vehicles and products from energy-intensive industries and net-zero technologies. Such requirements 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.

(32) Given the important role of SMEs in strategic value chains, this Regulation should ensure that public procurement procedures do not create disproportionate barriers for SME participation. Contracting authorities should, where appropriate, structure procurement in a manner that facilitates SME participation, including through contracts divided into lots, low value contracts, proportionate qualification requirements, tailored support and improved visibility of upcoming tenders and foresee dedicated payment instalments for SMEs.

(33) 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[19], 2014/24/EU[20] and 2014/25/EU[21] and applicable sectoral legislation.

(34) 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.

(35) 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.

(36) [need a recital here on the support schees for production]

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19 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).

20 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).

21 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).

(37) Businesses and households are an essential part of the Union's demand for products from energy-intensive industries. Public support schemes designed to support consumer demand for such products, particularly demand from vulnerable low and lower middle-class income consumers, are important tools for strengthening the Union's economic security and accelerating the clean transition. Public authorities should, promote the purchase of final products that will make a higher contribution to the Union's resilience and decarbonisationby making the eligibility of schemes conditional on low-carbon and Union origin requirements. Public authorities should also ensure that their schemes are open, transparent and non-discriminatory, so that they increase demand for products from energy-intensive industries and net-zero technologies in the Union. To increase the efficiency of such schemes, Member States should ensure that information is easily accessible both for consumers and for manufacturers on a free website. The use by public authorities of the Union content contribution in schemes targeted at consumers should be without prejudice to State aid rules and to WTO rules on subsidies.

(38) In downstream sectors that account for a significant share of demand for certain energy-intensive materials, such as the construction and transport sectors, public support schemes also play an important role in stimulating demand. These schemes should therefore favour beneficiaries that make a greater contribution to strengthening the Union's resilience and advancing its decarbonisation objectives.

(39) 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 or introduce 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.

(40) 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 Single Market. In particular, restrictions imposed by third countries on the export, transit or availability of such critical raw materials, including through licensing requirements, quotas, delays, discriminatory practices or other measures affecting trade or investment, can give rise to or aggravate serious shortages in the Union. Where a third country holds a position of structural importance or dominance in the supply of specific raw materials, such measures may expose the Union to significant economic harm and undermine the resilience of Union value chains.

(41) For the purposes of this Regulation, it is therefore appropriate to define restrictive measures on raw materials as measures, acts or omissions attributable to a third country that directly or indirectly limit, impair or condition the supply of certain critical raw materials or products incorporating those raw materials to the Union. This Regulation should apply only in respect of a defined list of raw materials and related products where the Union faces a high level of exposure and where the restrictive measure imposed by the third country has a substantial impact on the Union market and security of supply.

(42) In order to mitigate the risks arising from restrictive measures affecting the supply of certain raw materials, it may be appropriate and proportionate, in duly justified circumstances, to require economic operators that benefit from continued access to the Union market when exporting products containing those raw materials to make a

proportionate contribution aimed at strengthening the Union's resilience. Such contributions may take the form of in-kind contributions, including the provision of a defined share of the relevant raw material or product, or equivalent arrangements contributing directly to the security of supply. Any such requirements should be objective, transparent, proportionate and non-discriminatory, and should apply only for as long as the underlying risk persists. The economic operators concerned should present a certificate to the relevant Member States' custom authority, in case of imports, and other relevant authority, in case of production within the EU, from any of the authorised stockpiling centre in the EU certifying that required amount of critical raw materials was deposited in line with this Regulation.

(43) To enhance preparedness and ensure the availability of critical inputs in the event of actual or imminent shortages, the Union should be able to coordinate strategic stockpiling centres for certain raw materials and related products. Member States are encouraged to designate or set up, where relevant, stockpiling centres, which, under the coordination of the Commission will increase resilience of supply chains. Those stockpiling centres should be designed to support the functioning of the single market, reduce vulnerability to external supply disruptions and shortage of supply of critical raw materials, and complement existing Union and national measures. The organisation, location and management of such stockpiles should take into account efficiency, cost-effectiveness and security considerations.

(44) In situations where shortages arise or are credibly threatened, it is necessary to provide for clear rules governing the release and distribution of materials held in Union stockpiles. The Commission should set up detailed rules for the objective, transparent and proportionate release and distribution of stockpiled critical raw materials which provide for an integrated coordination on the single market.

(45) To ensure the effectiveness of this Regulation, it is necessary to provide for penalties applicable to infringements of the obligations laid down herein. Penalties should be effective, proportionate and dissuasive, and should take into account the nature, gravity and duration of the infringement, as well as the size and economic capacity of the operator concerned. The application of penalties should be without prejudice to other remedies or enforcement measures available under Union or national law.

(46) The Union and Member States have an open investment environment, which is enshrined in the Treaty on the Functioning of the European Union (TFEU) and embedded in the Union and its Member States' international commitments. Under international commitments made in the World Trade Organization (WTO), the Organisation for Economic Cooperation and Development (OECD), and in trade and investment agreements concluded with third countries, it is possible for the Union or its Member States to restrict foreign direct investments (FDIs) on the grounds of security or public order, subject to certain requirements. The integrity of the single market should also be ensured and a race to the bottom between Member States prevented.

(47) Investment, including from foreign entities, plays a critical role in fostering a strong single 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 could fragment the Single Market by creating unequal conditions for investors and by allowing investments that do not contribute genuine added value to the Union economy. Large investments exploiting the differentiating conditions in Member States may leverage the lack of harmonisation in Union legislation to gain access to the Single Market without providing sufficient added value. This may detrimentally affect

the strategic value chains that are essential for the strategic autonomy and economic security of the Union, as well as create negative conditions for Union workers, thereby disrupting the proper functioning of the Single Market and its institutional and legal frameworks.

(48) The provisions of this Regulation should ensure that the Single Market remains attractive for investment, and that investment in emerging key strategic sectors adds value to the Union's economy and society.

(49) 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 Single 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.

(50) The investment conditions under this Regulation are intended to capture emerging key strategic sector investments by third-country investors ('foreign investors') in the Union. However, it may also be necessary to include in the scope investment of from 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'). Such investment may disrupt the functioning of the Single Market and economic security of the Union just as much as investments carried out through a legal entity that is not established in the Union, because the controlling third-country person or entity has power and influence over the Union target, even if this power and influence is exercised indirectly through that subsidiary. Therefore, Investment Authorities should apply the conditions where it is needed to effectively achieve the objectives of this Regulation. Foreign direct investment by foreign investors may not add enough value to the Single Market, but may disrupt its value chains, technological advancements and general functioning. 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 key strategic sectors.

(51) This Regulation should establish conditions on foreign direct investment in emerging key 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. As such, foreign investments in emerging key strategic sectors require particular attention, as such sectors will contribute to determine the Union's future competitiveness, technological leadership, and strategic autonomy. Foreign direct investment in these sectors should be considered essential to strengthen productive capabilities in the Union and to enable emerging key strategic sectors to participate more in high-value global value chains. Conditionalities prescribed on foreign direct investment by this Regulation should contribute to the security of supply, resilience, and strategic autonomy of the Union, and ensure value added to and harmonisation of the Single Market.

(52) This Regulation should cover foreign investments that create or maintain lasting and direct links between third-country investors and Union targets carrying out an economic activity in a Member State. The conditions under this Regulation should apply where foreign direct investment is carried out directly by a foreign investor or by a Union entity controlled by such an investor. 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').

(53) Foreign direct investment in assets used for manufacturing activities in emerging key strategic sectors could disrupt the Single Market as much as foreign direct investment in Union targets. Such investment may enable foreign investors to establish or maintain lasting and direct links with Union assets that are essential to the functioning of nascent strategic sectors, including through ownership, leasehold or other rights that confer control.

(54) 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 Single Market.

(55) 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.

(56) The conditions set out by this Regulation should only apply to emerging key strategic sector foreign direct investments reaching an investment value threshold that is able to disrupt the functioning of the Single Market. Foreign direct investment covered by the scope of this Regulation would bear high risk of not producing enough added value for the Single Market without compliance with the conditions prescribed.

(57) To harmonise the investment climate and to apply the conditions set out in this Regulation to foreign direct investments capable of distorting the Single Market, a harmonised threshold should be established for the investment value. Emerging key strategic sector foreign direct investments exceeding this threshold should, as appropriate, comply with the conditions in this Regulation.

(58) In order to ensure the effective and uniform application of this Regulation, each Member State should establish or designate an investment authority that will be responsible for assessing the conditions of investment by foreign entities in emerging key strategic sectors. Such an authority should be equipped with the legal, administrative, and financial resources to carry out its tasks effectively and independently. The establishment of such authorities contributes to the effective functioning of the Single Market by ensuring that foreign direct investments in emerging key strategic sectors

bring sufficient added value to the Union, while providing clarity and predictability for investors.

(59) To enable Member States to effectively identify investments in emerging key strategic sectors where value added to the Single 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 Single Market. The notification criteria should apply both to Greenfield and Brownfield investments.

(60) Targeted assessment of significant transactions in emerging key strategic sectors, especially where investment values exceed EUR 100 million, is necessary to prevent distortions in the single market and to safeguard the Union's long-term security of supply and industrial resilience. Ensuring that such investments generate high added value within the Single Market through appropriate conditions should contribute to the sustainable development of the Single Market and increase competitiveness through technological advancements.

(61) 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.

(62) Member States should inform the Commission on notifications received regarding investments in emerging key strategic sectors. This is to allow the Commission to effectively monitor the investment landscape and ensure a harmonised investment framework across the Single Market.

(63) 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 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.

(64) To safeguard that the foreign direct investment does not have a distortive effect on the Single Market, such investments should not be implemented without the explicit approval of the Investment Authority. This requirement is to ensure that all investments subject to review under this Regulation comply with the criteria and procedures established herein.

(65) If a foreign investor acquires or establishes a Union target or a Union asset in emerging key strategic sectors reaching the investment value as defined in this Regulation, should comply with a set of conditions before starting their economic activity. These conditions should ensure that the investment provides sufficient value to the Union and does not distort the Single Market. The conditions should aim to harmonise the framework governing investments in emerging key strategic sectors across the Single Market, thereby promoting equal opportunities and consistent treatment among Member States.

(66) Emerging key strategic sectors are all essential to the security of supply, resilience, or the strategic autonomy of the Union. At the same time, they differ in how pronounced their characteristics are, such as the distance from the global innovation frontier, the RDI intensity, the import dependence of production technologies and inputs, or the capturing of a significant value on the global stage. This Regulation should harmonise investment conditions across the Union while addressing the differences between emerging key strategic sectors, especially regarding the licensing of property rights and the reinvestment of revenue into RDI in the Union.

(67) In order to preserve strategic autonomy and safeguard essential interests for emerging key 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.

(68) To ensure that foreign investors and Union entities cooperate in emerging key 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 Single Market.

(69) The establishment of investment authorities contributes to the effective functioning of the Single Market by ensuring that foreign direct investments in emerging key strategic sectors bring sufficient added value to the Union, while providing clarity and predictability for investors. To achieve these objectives, as well as their economic activities regarding the investment, 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. This should be achieved through the licensing of intellectual property rights, from the foreign investors to the Union Target, the joint venture or the legal entity acquiring or owning the Union asset. The foreign investor should license all relevant intellectual property rights necessary for carrying out the concerned economic activity. The licensing of intellectual property rights should be accompanied by the sharing of relevant know-how to ensure that the Union Target, the joint venture or the legal entity acquiring or owning the Union asset is able to effectively access and use the relevant products, processes and technologies within the framework of the investment, that provides value added to the Single Market. Appropriate intellectual property licensing agreement 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 conditions of these agreements, such as 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 the relevant investment. Licensing of intellectual property rights and sharing of know-how should only happen on a voluntary basis, as part of the conditions to be considered for having a foreign direct investment approved. Should the foreign entity decide to fulfil this condition, it 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 should be achieved by providing signed agreements and a description of the undertaken measures, on a confidential basis, with the Investment Authority.

(70) Cases may happen where the Union Target or the legal entity acquiring or owning the Union asset develop an invention, a work or any other asset subject to intellectual property protection. In such cases, 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. Other 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 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.

(71) To ensure continuous support to innovation, including to the benefit of the single market, the Foreign Investor should commit to direct at least 1% of the gross annual global revenue of its Union Target, or global revenue generated by the Union asset to research and development spending in the Union. These investments should preferably be linked to the activity carried out under the foreign direct investment and profits the Union Target, the legal entity acquiring or owning the Union asset or the Joint venture. The commitment should be shared with the Investment Authority, by providing relevant documents detailing how this commitment would materialise.

(72) To promote sustainable integration of investments by foreign entities to the Single Market and the development of skills in emerging key 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. 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.

(73) To strengthen the industrial capacity of emerging key strategic sectors and to integrate foreign direct investment into the Union's production ecosystem, it is to be required that a proportion of products placed on the Union market by such investments are manufactured within the Union.

(74) The Investment Authorities should not only ensure compliance with the conditions at the time of its notification, but also throughout its operation, as appropriate. Moreover, certain conditions, such as local employment, sourcing and off-takes have different

targets depending on the phase of the investment, which should require regular and proportionate monitoring by the Investment Authorities.

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(76) 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 Single Market, such exemptions should be submitted to the Commission with duly justified reasons. The Commission should examine the request and decide to approve or decline it in due time. 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 Single Market.

(77) In order to ensure the horizontal application of this Regulation on the Single Market, the Commission should be provided with the possibility to review foreign direct investments under this Regulation, based on its own initiative or the initiative of a Member State affected by the foreign direct investment. This should be particularly the case for investments where several Member States are impacted, as well as high value investments and investments with particular strategic importance for the Union due to their effect on the Single Market.

(78) Compliance with the conditions set out in this Regulation should be enforceable, as appropriate, by means of penalty payments.

(79) Clustering industrial activity directed towards industrial symbiosis can create highly competitive areas with highly optimised functioning and provide efficiency gains for the industrial actors who are involved. It can also minimise the environmental impact of the activities. Clustering can contribute substantially to achieving the objectives of this Regulation and strengthen key strategic sectors in the Single Market. In this regard, this Regulation should promote the development of industrial acceleration areas (the 'acceleration areas'). The acceleration areas should be limited in geographical scope in order to promote industrial symbiosis. When designating the areas, Member States should take into account industrial production and development, in particular for key strategic sectors located in the scope of the acceleration area. Moreover, Member States should take into account the impact of the acceleration area on the Union's supply security, its effect on key strategic sector value chains, synergies with strategic projects defined in Union legislation the sustainable functioning of the acceleration area and SMEs benefiting from the provisions of this Regulation in the territory of the acceleration area.

(80) The objectives of the acceleration areas should be to create clusters of activities in key strategic sectors to increase the attractiveness of the Union as a location for manufacturing activities, to promote manufacturing capacity and to further streamline the administrative procedures for setting up strategic manufacturing capacities.

(81) The Initiative should build upon the strong knowledge base and enhance synergies with actions currently supported by the Union and Member States through Union programmes with the aim to reinforce the Union's global share in industrial manufacturing.

(82) The industrial acceleration measures under the acceleration areas should seek appropriate synergies with other Union initiatives, including Strategic Projects

recognised in Union legislation, unless Member States explicitly exclude them from the scope of the acceleration area. This is to align the strategic priorities in the Single 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).

(83) 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.

(84) To promote circularity and secure the availability of scrap metals and essential secondary raw materials within the Single Market, Member States should take measures to give priority to the recovery, recycling and use of such materials within the acceleration areas established under this Regulation. Steel, aluminium and copper scrap, as well as black mass, are indispensable inputs for Union industries engaged in decarbonisation and circular manufacturing.

(85) The Commission and the Member States should in cooperation monitor market developments, price trends and export flows of scrap metals and other secondary raw materials. In line with Regulation (EU) 2015/479, temporary measures may be adopted to prevent or remedy a critical situation arising from a shortage of such essential products, inter alia, based on the monitoring performed by the Commission and Member States. In addition, the Commission announced in the RESourceEU Action Plan that it will propose targeted measures on aluminium scrap in Spring 2026, to address global imbalances and maintain the competitiveness of the aluminium industries. In such cases, the Union should be able to act preventively to avoid future shortages and ensure that essential materials remain available for Union industry. Ensuring that these materials are first made available, where economically viable, to Union recyclers and installations located in industrial acceleration areas would contribute to the objectives of the Clean Industrial Deal and strengthen the Union's resilience and strategic autonomy.

(86) 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.

(87) 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. The decision designating the acceleration areas should set out concrete national measures to increase the attractiveness of these areas as a location for industrial manufacturing activities.

(88) The Clean Industrial Deal Communication highlighted the need to create lead markets for industrial products with a low greenhouse gases emissions intensity, including through promoting those industrial products on the Single Market by establishing a Union labelling scheme, and starting with the steel sector. Such label would allow industrial producers to distinguish the greenhouse gases emissions intensity of their industrial production and benefit from market incentives and public support schemes. To limit generating additional administrative burden, it should be voluntary for manufacturers to apply the Union greenhouse gases-intensity labelling scheme on steel ('the label'). In view of ensuring maximum uptake, both manufacturers based inside and outside the Union should be eligible to apply for the label.

(89) To facilitate investments, Union funding instruments aiming 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 refer to the label under their eligibility conditions, in accordance with State aid rules.

(90) In line with Clean Industrial Deal Communication, products specific classification and methodology should first be developed for steel. The steel industry is one of the most emission-intensive industrial sectors, representing almost 20% of the industrial greenhouse gases emissions in the Union. Hot-rolled carbon steel is the best-suited product's scope, as it allows for establishing a classification system that maximises the comparability of diverse production processes, providing a clean transition perspective across all production technologies. It is furthermore already used by several existing labelling initiatives and received overwhelming support as product scope for the label during stakeholders' consultation.

(91) 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[22] and robust emissions accounting rules in Commission Implementing Regulation (EU) 2018/2066[23]. Concerning imported products, to limit administrative burden, 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 to be adopted pursuant to Article 7(a) of Regulation (EU) 2023/956 of the European Parliament and of the Council[24]. EU ETS and CBAM verified data on emissions should

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22 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.

23 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.

24 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.

be submitted by the manufacturer as part of its application for the label.

(92) 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 VI to this Regulation.

(93) In view of reflecting accurately the greenhouse gases 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[25], 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[26] or categorised as low-carbon fuel in accordance with Directive (EU) 2024/1788 of the European Parliament and of the Council[27].

(94) 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 gases 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.

(95) 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 gases emissions intensity of the industrial product. To ensure predictability and a future proof approach, the classification system and emission thresholds should set out a clear pathway towards climate neutrality, in accordance with the objectives set out in Regulation (EU) 2021/1119, providing manufacturers with the possibility to demonstrate the emissions intensity of their products in a credible and reliable way. Therefore, 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 developed under other legislative frameworks, in particular those to be established under Regulation (EU) 2024/3110 of

25 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.

26 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.

27 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.

the European Parliament and of the Council[28] and Regulation (EU) 2024/1781 of the European Parliament and of the Council[29].

(96) The voluntary Union label is to be seen in the broader context of other Union products legislation and labelling 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[30] and Regulation (EU) 2024/1781, and provide a basis for the developing of methodologies to account for the greenhouse gases 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.

(97) Member States should be encouraged to make use of the voluntary Union label when designing green public procurement schemes for the relevant products.

(98) 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.

(99) In order to (objective) the power to adopt acts in accordance with Article 290 TFEU is delegated to the Commission in respect of:

- third countries to be considered partner countries and having Union origin;
- requirements related to Union origin;
- the system boundaries and calculation methodology for determining the greenhouse gases intensity of products;
- the classification system for labels established under Chapter VII;
- the list the goods, the critical raw minerals and their quantities for the purpose of establishing market for materials conditions;
- the list of authorised stockpiling centres;
- additional downstream sectors relevant to promote lead markets;

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28 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.

29 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.

30 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.

- union origin requirements, low-carbon requirements, or both, for additional products from energy-intensive industries and for net-zero technologies;

(100) 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.

(101) 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; threshold values for the classification and performance class for products; and specific and technical requirements related to the product passport for hot-rolled steel products. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.

(102) 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, including on [to insert specific obligations]. 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.

(103) 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.

(104) In order to allow businesses and manufacturing industry project promoters, including for cross-border projects, to directly enjoy the benefits of the Single Market without incurring an unnecessary additional administrative burden, Regulation (EU) 2018/1724 of the European Parliament and of the Council [31], 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 Single 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

[31] 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).

process online, in accordance with Article 6(1) of and Annex II to Regulation (EU) 2018/1724.

(105) 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 Single Market. Moreover, the legislative framework can be circumvented and 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 to in order address these challenges.

(106) 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.

(107) 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) 2024/1735should enable them to compete on a level playing field with privately owned operators.

(108) 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.

(109) 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.

(110) 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 should ensure sufficient diversification while strengthening strategic manufacturing capacity and technological sovereignty within the Union.

(111) 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.

(112) The Union has established a robust cybersecurity framework anchored by the NIS 2 Directive, the revision of the Cybersecurity Act, the Cyber Resilience Act, and the cybersecurity provisions outlined in the Net-Zero Industry Act. These legislative instruments serve as the backbone for protecting critical infrastructure from adversarial threats, ensuring continuity of service, and sustaining public confidence in the reliability of the energy supply. The Cyber Resilience Act allows furthermore 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. The implementation of these limitations to high-risk suppliers will require in-depth analysis of the technologies procured and their value chains. The limitations should therefore apply only to public schemes and procurement procedures managed by entities which have sufficient administrative capacity.

(113) 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.

(114) 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.

(115) 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 EU sourced technologies and components while maintaining the highest quality standards. This strategy will not only boost domestic capabilities but also position the EU as a reliable, competitive player in the global nuclear market.

(116) 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 EU capabilities, create economies of scale and reinforce the position of the EU as a competitive player in the global hydrogen market.

(117) Regulation (EU) 2024/3110 lays down harmonised rules for the placing and making available on the market of construction products. The aims of that Regulation include reducing the environmental impact of construction products. When establishing harmonised rules for construction products, regard should also be had to the objective of ensuring a resilient Union manufacturing industry in the construction product sector. Regulation (EU) 2024/3110 should therefore be amended accordingly.

(118) Regulation (EU) 2024/3110 empowers the Commission to adopt delegated acts to establish specific environmental sustainability labelling requirements for particular 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. These strict conditions should be removed in order to allow the Commission to set requirements for the labelling of construction products on the basis of their carbon intensity and also in relation to products that are not typically sold to end consumers.

(119) Annex I of Regulation (EU) 2024/3110 sets out a list of basic requirements for construction works to which the essential characteristics of construction products should be linked. This list should be amended to include the resilience of the Union's manufacturing industry as a basic requirement.

(120) 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.

(121) 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 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, as listed in Annex I, with respect to requirements on Union-origin content and low-carbon content in the context of public procurement and public support schemes;

   (c) the placing of certain products on the Union market by third country undertakings established in third countries that apply restrictive measures on critical raw materials listed in Annex VII;

   (d) foreign direct investments in the emerging key strategic sectors listed in Annex VI;

   (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 2030.

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) '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 by the single point of contact concerned;

(5) '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;

(6) '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;

(7) '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;

(8) 'economic operator' means the manufacturer, the authorised representative, the importer, the distributor, the dealer and the fulfilment service provider;

(9) 'fuel cell' means an energy converter transforming chemical energy (input) into electrical energy (output) or vice versa;

(10) '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);

(11) '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;

(12) 'off-vehicle charging hybrid electric vehicle' or 'OVC-HEV' means a hybrid electric vehicle that can be charged from an external source;

(13) '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;

(14) '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;

(15) 'product' means any physical goods that are placed on the market or put into service;

(16) ‘control’ is defined in accordance with Article 3 of Council Regulation (EC) No 139/2004 [OJ reference in the footnote];

(17) ‘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;

(18) ‘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;

(19) ‘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;

(20) ‘third country undertaking’ means an undertaking established in a third country, 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;

(21) ‘Union target’ means an undertaking established under the laws of a Member State;

(22) ‘Union asset’ means an immovable asset used or intended to be used for manufacturing products in emerging key strategic sector investments in the territory of the Union;

(23) ‘turnover’ means the amount derived by an undertaking within the meaning of Article 5(1) of Council Regulation (EC) No 139/2004[32];

(24) ‘Union target’ means an undertaking established under the laws of a Member State;

(25) ‘Union asset’ means an immovable asset used or intended to be used for manufacturing products in emerging key strategic sector investments defined in Annex XX in the territory of the Union;

(26) ‘Union worker’ means any natural person who is employed under the laws of a Member State who either holds the nationality of a Member State or holds the nationality of a third country and has long-term residence in a Member State;

(27) ‘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[33] or delegated acts adopted pursuant to Article 18 of Regulation (EU) 2023/956 of the European Parliament and of the Council[34], as applicable;

(28) ‘distance selling’ means the offer for sale, hire or hire purchase by mail order, catalogue, internet, telemarketing or by any other method by which the potential customer cannot be expected to see the product displayed;

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32 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).

33 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).

34 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).

(29) ‘emission source’ means a separately identifiable part of an installation or a process within an installation, from which relevant greenhouse gases are emitted;

(30) ‘emissions’ means the release of greenhouse gases into the atmosphere from the production of goods;

(31) ‘greenhouse gases intensity’ means emissions released during the production of products referred to in Article 40, calculated in accordance with the formula laid down in Annex VI;

(32) ‘hot rolled carbon steel’ means a steel product containing less than 8% metallic alloying elements that has undergone hot rolling as production step;

(33) ‘imported product’ means a product manufactured in a third country and subsequently brought into the Union;

(34) ‘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;

(35) ‘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;

(36) ‘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;

(37) ‘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;

(38) ‘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;

(39) ‘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;

(40) ‘recycling’ means any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes;

(41) ‘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;

(42) ‘scrap share’ means the percentage of input material in the steel product that was obtained through recycling of another steel material;

(43) ‘source stream’ means either of the following:

(a) a specific fuel type, raw material or product giving rise to emissions of relevant greenhouse gases 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;

(44) ‘steel production installation’ means an installation producing hot-rolled carbon steel;

(45) ‘system boundary’ means the group of chemical or physical processes included in the calculation of the greenhouse gases intensity of products;

(46) ‘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 (Nm3), 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 metalloid oxides or non-metal oxides such as silicon oxides and phosphates;

(47) ‘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;

(48) ‘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;

(49) ‘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;

(50) ‘precursor’ means any input material into a production process that is part of the system boundaries;

The definitions of ‘small and medium-sized enterprises (SMEs)’, ‘small enterprises’ and ‘microenterprises’ in the Annex to Commission Recommendation 2003/361/EC (9), and the definition of ‘small mid-caps (SMCs)” in the Annex to Commission Recommendation 2025/1099 shall also apply[35].

[35] Commission Recommendation (EU) 2025/1099 of 21 May 2025 on the definition of small mid-cap enterprises. C/2025/3500

CHAPTER II
ENABLING CONDITIONS FOR INDUSTRIAL PRODUCTION AND DECARBONISATION

Article 5

Organisation of the permit-granting procedure

1. Applicants for industrial manufacturing projects shall be entitled to submit a single permit application covering all permits required for the project.

2. The competent authority, or where applicable, the designated single point of contact shall develop and coordinate a single permitting procedure that provides for the adoption of a comprehensive decision on applications referred to in paragraph 1.

3. The competent authority or, where applicable, the designated single point of contact shall coordinate the issuing of the comprehensive decision referred to in paragraph 2. The comprehensive decision shall be issued within the time limits set in applicable Union and national law.

4. No later than 45 days from the receipt of the application for a permit, the designated single point of contact or the competent authority shall acknowledge that the application is complete or request any missing information needed to process the application.

   In the event that the submitted application is deemed to be incomplete for a second time, the designated single point of contact or the competent authority may, within 30 days of the second submission, make a second request for information. The competent authority or, where applicable, the designated single point of contact shall not request information in areas not covered in the first request for additional information and shall be entitled only to request further evidence to complete the identified missing information. The date on which the designated single point of contact or the competent authority acknowledges the completeness of the application shall serve as the start of the permit-granting procedure for that particular application.

Article 6

Single digital portal

1. Member States shall set up a single digital portal at national level for all the steps of the permit-granting procedures for industrial manufacturing projects.

   Applicants shall submit permit applications and all relevant documents required for the permit-granting procedure only through the single digital portal. The single digital portal shall automatise the attribution of permit applications to the competent authorities, which shall process the relevant applications and documents in electronic form and interact with the applicants directly in the single digital portal.

   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:

   (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.

The designated single contact point or competent authority shall have access to all relevant data and information available in the portal, in order to perform its duties.

The implementation of the single digital portal shall, where appropriate, make use of existing Union digital infrastructure, catalogues and building blocks mandated by Union law.

2. 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 single digital portal referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 51.

3. The single digital portal shall be operational no later than … [OP: Please insert the date = [one] year after the date of entry into force of this Regulation].

Article 7

Energy-intensive industry decarbonisation projects

1. Notwithstanding the scope of Article 2 of Regulation (EU) 2024/1735, Chapter II, Section II, of that Regulation 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
ACCESS TO MARKETS

Article 8

Subject-matter & scope

This Chapter lays down minimum thresholds concerning Union-origin content and low-carbon Union-origin content for certain products in the context of public procurement and public support schemes. It applies to key strategic sectors listed in Annex I.

SECTION 1
PUBLIC PROCUREMENT

Article 9

Requirements for public procurement of energy-intensive products

Where, in the context of public procurement procedures launched on or after [OP: Please insert the date = six months after the date of entry into force of this Regulation] falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, contracts, works contracts or work concessions include the procurement of products from energy intensive industries,

contracting authorities shall require the minimum percentage share of Union-origin low-carbon content set out in Annex II, as further defined in Article 11 and Section 3 of this chapter.

Article 10

Requirements for public procurement of vehicles

3. In respect of public procurement procedures launched on or after [OP: Please insert the date = six months after the date of entry into force of this Regulation] falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU which, in accordance with Article 3(1a) and 3(1b) of Directive (EU) 2019/1161, concern either of the following contracts, contracting parties shall ensure that vehicles meet the Union-origin requirements set out in Annex III, as further defined in Article 11 and Section 3 of this chapter:

   (a) contracts for the purchase, lease, rent or hire-purchase of pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV) or fuel cell vehicles (FCV) falling under the scope of Directives 2014/24/EU and 2014/25/EU;

   (b) public service contracts having as their subject matter the provision of passenger road transport services that imply the usage of pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV) and fuel cell vehicles (FCV), in excess of a threshold which shall be defined by Member States not exceeding the applicable threshold value set in Article 5(4) of that Regulation.

Article 11

Common requirements and exemptions

4. For the purposes of Articles 9 and 10, contracting authorities shall grant access to such procurement procedures only to economic operators of third countries that have concluded an international agreement with the Union guaranteeing such access.

5. Contracting authorities and contracting entities may procure products that do not meet the requirements set out in Annexes II and III where any of the following conditions is fulfilled:

   (a) the required products can only be supplied by a specific economic operator, and no reasonable alternative or substitute exists;

   (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 operation and maintenance.

   (d) estimated cost differences exceeding 30%, which, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.

6. Contracting authorities and entities 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.

7. Contracting authorities and entities shall ensure that procurement procedures conducted under this Regulation do not create disproportionate barriers to the participation of SMEs. Where appropriate, contracting authorities shall structure procurement in a manner that facilitates SME participation, including through the following measures:

   (a) dividing contracts into lots, in accordance with Article 46 of Directive 2014/24/EU;

   (b) applying proportionate and non-discriminatory qualification and financial capacity requirements;

   (c) providing tailored support measures, including guidance, pre-procurement information and clarification opportunities;

   (d) ensuring improved visibility of upcoming tenders, including through early publication of procurement plans;

   (e) foreseeing dedicated payment instalments or accelerated payment schedules for SMEs.

8. This Article shall cease to apply upon repeal of Directive 2014/24/EU.

Article 12

Public support schemes for energy-intensive products

9. Without prejudice to Articles 107 and 108 TFEU, 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 ensure that for schemes referred to in the second subparagraph only beneficiaries that comply with the minimum low-carbon Union-origin content set out in Annex II, and as further stipulated in Article 15 and Section 3 of this chapter, are eligible.

10. The first paragraph shall apply to any new scheme or any update to an existing scheme established on or after [OP: Please insert the date = six months after the date of entry into force of this Regulation] that benefits households or companies in support of the construction or renovation of buildings and infrastructure.

Article 13

Public support schemes for vehicles

11. Without prejudice to Articles 107 and 108 TFEU, 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 ensure that for schemes referred to in the second subparagraph only beneficiaries that comply with the minimum Union-origin requirements set out in Annex III, and as further stipulated in Articles 15 and Section 3 of this chapter, are eligible.

12. The first subparagraph shall apply to any new scheme or any update to an existing scheme established on or after [OP: Please insert the date = six months after the date of entry into force of this Regulation] that support the purchase, lease, rent or hire-purchase of pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV) or fuel cell vehicles (FCV).

Article 14

Public support schemes supporting domestic producers

13. 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 key strategic sectors listed in Annex I, shall ensure that such schemes provide for support to be granted exclusively to domestic producers, as further stipulated in Article 15.

14. For the purposes of paragraph 1, the Commission is empowered to adopt delegated acts in accordance with Article 48 to supplement this Regulation with rules defining for each key strategic sector which entities qualify as domestic producers for this purpose, 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.

15. Paragraph 1 shall apply from the entry into application of the delegated acts referred to in paragraph 2.

Article 15

Common requirements for Section 2

1. Articles 12, 13 and 14 shall apply to schemes representing a minimum of 90% of the annual national budget allocated to the relevant support schemes.

2. When designing and implementing a scheme pursuant to this Section, the authority shall assess the compliance of products and technologies originating from entities established within the Union with the requirements of this Section on the basis of an open, non-discriminatory and transparent process.

SECTION 3
COMMON PROVISIONS

Article 16

Union origin

1. For the purposes of this Chapter, Union origin content refers to content originating from the Union and the European Economic Area.

   The origin 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.

2. For the purposes of Section 1 and paragraph 1 of this Article, the Commission is empowered to adopt delegated acts in accordance with Article 48 to supplement this Regulation by specifying, for each product covered by Annexes II, and III the third countries from which content is to be deemed to be of Union origin. The Commission

shall identify such third countries, in line with the Union's international obligations, taking into account the respective openness of the EU and of the third countries in public procurement procedures for the relevant productsno.

Article 17
Low-carbon

For the purposes of Articles 9 and 12, a product shall be considered low-carbon, where it complies with the applicable 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.

Article 18
Delegation of powers

1. The Commission is empowered to adopt implementing acts in accordance with Article 48 in order to set out minimum Union content requirements or minimum Union-content low-carbon requirements for specific products from key strategic sectors listed in Annex I, which contracting authorities shall require for public procurement procedures where contracts, including public service contracts, works contracts or work concessions, fall within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU.

The Commission is empowered to adopt implementing acts in accordance with Article 48 in order to set out minimum Union content requirements or minimum low-carbon Union content requirements for public support schemes benefitting households or companies that support the purchase of specific products from key strategic sectors listed in Annex I.

1. For the purposes of paragraphs 1 and 2, those requirements shall be adopted in consideration of our international obligations.

2. The implementing acts referred to in paragraphs 1 and 2 shall set out:

(a) the products to which the minimum Union content, or low-carbon Union content requirements shall apply;

(b) the scope of application of the minimum Union content, or low-carbon Union content requirements;

3. The Commission is empowered to adopt delegated acts in accordance with Article 48 to supplement this Regulation by including additional downstream sectors, beyond construction (buildings and infrastructure), transport and automotive, for which Union origin requirements, low-carbon requirements, or both, for the use of energy intensive materials are set out in this Chapter, taking due account of the following criteria:

(a) the share of the energy-intensive product in the total production value of the downstream sector;

(b) the demand for the relevant energy intensive product driven by the downstream sector's growth;

(c) the impact of setting Union origin requirements, low-carbon requirements, or both on the overall competitiveness and greenhouse gas emissions of relevant sectors.

4. The Commission is empowered to adopt delegated acts in accordance with Article 48 to supplement Sections 1 and 2 in order to modify the Union origin requirements, low-carbon requirements or both set out under this chapter, taking into account the following criteria:

(d) the market situation at Union level, as identified through monitoring activities, including declining Union market shares and Union industry producing at below capacity;

(e) technological progress;

(f) 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;

(g) demand for the relevant energy intensive products or technologies driven by the downstream sectors' growth;

(h) share of energy-intensive product or net-zero technology in total production value of the downstream sector;

(i) the impact of setting Union origin requirements, low-carbon requirements, or both on the overall competitiveness and greenhouse gas emissions of the relevant sectors.

5. The Commission is empowered to adopt implementing acts in accordance with Article 48 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 19
Subject-matter & scope

1. This Chapter establishes obligations on third country undertakings that place products listed in section 1 of Annex V on the Single Market and that are established in a third country that applies restrictive measures on critical raw materials or on products containing critical raw materials.

2. It applies to critical raw materials and products listed in Annex V.

Article 20
Shortage of supply of critical raw materials

1. Where there is a shortage of the critical raw materials listed in Annex V, or threat thereof, as a result, in whole or in part, of export restrictions or other measures applied by a third country, the Commission may adopt an implementing act imposing on undertakings from the third country imposing the restriction an obligation to deposit

at a stockpiling centre defined in Article 24, a certain amount of those critical raw materials.

2. To determine the existence of a shortage, or threat thereof, of the critical raw materials listed in Annex V, or threat thereof, referred in paragraph 1, the Commission shall take into account the following aspects:

   (a) the global and Union demand and supply for the critical raw material concerned;

   (b) the intensity, severity, duration, breadth and magnitude of the third-country measure, including its impact on critical raw materials trade or investment within the Union;

   (c) the importance of the critical raw material affected by the measure to key strategic sectors and defence value chains;

   (d) the level of disruption to the supply chain of the critical raw material due to restrictions and bans on related technologies and intangibles;

   (e) the reliance of the Union on the import of the critical raw material;

   (f) the monitoring and stress testing performed by the Commission in accordance with Article 20 of Regulation (EU) 2024/1252.

3. The Commission may review third country measures resulting in supply chain shortages of critical raw materials referred to in paragraph 1, based on its own initiative or on information received by Member States or third parties.

4. The implementing act referred to in paragraph 1 shall specify the critical raw materials concerned, the third country applying the restrictive measure, the undertakings on which the deposit obligation is imposed and the volume of the in-kind contribution to a stockpiling centre.

5. In the implementing act referred to in paragraph 1, the Commission may exempt certain categories of undertakings or placing on the market of products under a certain value from the obligation set out in Article 23.

6. The implementing act referred to in paragraph 1 shall be adopted in accordance with the examination procedure referred to in Article 51(2).

Article 21

In-kind contribution

1. Where the Commission adopts the implementing act referred to in Article 20(1) the undertakings concerned shall only be allowed to place goods listed in Annex V on the Union market containing the raw material concerned after having deposited the critical raw material stipulated by the implementing act adopted in accordance with Article 22(1) with the relevant stockpiling centre set up in accordance with Article 22.

2. In addition to the provisions of paragraph 1, the third country undertaking shall also provide the Commission or the relevant stockpiling centre with the list of critical raw materials and their quantities contained in the product concerned.

3. Where the critical raw material is deposited pursuant to paragraph 1, the stockpiling centre shall issue a certificate to the relevant undertaking verifying the date and the deposit.

4. The Commission may review the list of products and critical raw materials set out in Annex V and shall be empowered to adopt delegated acts to amend that Annex.

5. For the purposes of this delegated act, the Commission shall take into account all the following elements:

   (a) the content of critical raw materials affected by restrictive measures in products placed on the Union market;

   (b) the supply dependence of products and critical raw materials placed on the Union market;

   (c) the disruption of supply chains of products and critical raw materials placed on the market affected by restrictive measure on critical raw material;

   (d) the monitoring and stress testing performed by the Commission in accordance with Article 20 of Regulation (EU) 2024/1252;

   (e) recommendations from the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252.

Article 22

Stockpiling centres

1. Member States may set up stockpiling centres for the purposes of receiving, storing and distributing critical raw materials deposited by third country undertakings in accordance with Article 21.

2. Without prejudice to the exemption set out in paragraph 4, the stockpiling centres shall accept the critical raw materials deposited by third country undertakings in accordance with Article 21 and provide the contributing undertakings with the certificate referred to in paragraph 3 of that Article.

3. The stockpiling centre issuing the certificate shall transmit to the Commission, without delay, the information included in the certificate.

4. The stockpiling centre may refuse the deposition of critical raw materials by the third country undertaking concerned if it considers that it is damaged, dangerous, or constitutes a risk to the health and safety of the workers of the stockpiling centre.

5. Any refusal pursuant to paragraph 4 shall be duly justified and submitted without delay and electronically to the relevant Member State authorities and to the Commission.

6. Where a Member State has not set up a stockpiling centre in accordance with this Article, third country undertaking concerned shall place the relevant critical raw material concerned in any stockpiling centre in the Union.

Article 23

Release and distribution of stockpiles

1. The Commission shall ensure the appropriate coordination of stockpiling centres and set up the necessary framework that safeguards the adequate distribution of critical raw materials deposited by third country undertakings.

2. The Commission shall adopt an implementing act establishing detailed rules on the release and distribution of the critical raw material stockpiles to undertakings

established in the Union. This implementing act shall be adopted in accordance with the advisory procedure referred in Article 51(2).

3. The release and distribution of stockpiles shall not discriminate between undertakings established in the Union. They may take into account the extent to which those undertakings may have access to the raw materials concerned as a result of their links to the country imposing the restrictive measures that are not controlled by third countries or third country undertakings.

Article 24
Monitoring

1. Relevant competent authorities shall be responsible for monitoring the implementation of the provisions of this Chapter and compliance therewith.

2. To ensure the adequate implementation and enforcement of this Regulation, the European Critical Raw Materials Board established by Article 35 of Regulation (EU) 2024/1252 shall regularly discuss at least the following points:

   (a) the status of the stockpiles maintained by the stockpiling centres;

   (b) the compliance by third country undertakings with the provisions of this Regulation;

   (c) the effects of the critical raw material restrictive measures applied by third countries on national and Union value chains;

   (d) market conditions and pricing of products and critical raw materials included in Annex V.

Article 25
Fines

The relevant Member State authorities may impose on undertakings or associations of undertakings, fines not exceeding 1% of the aggregate turnover of the undertaking or association of undertakings concerned in the following cases where, they intentionally or negligently:

(a) fail to comply with the obligation set out in Article 21;

(b) supply incorrect or misleading information to the relevant national authorities or stockpiling centres;

(c) supply incorrect or misleading information or do not supply information within the required time limit in response to a request made pursuant to Article 26.

Article 26
Requests for information

1. In order to carry out the duties assigned to it by this Regulation, Member States or the Commission may, by simple request or decision, require undertakings and associations of undertakings, to provide all necessary information.

2. When sending a simple request for information to an undertaking or an association of undertakings, Member States or the Commission shall state the legal basis and the purpose of the request, specify what information is required and fix the time limit within which the information is to be provided.

3. The owners of the undertakings or their representatives in the case of legal persons, and the persons authorised to represent them by law or by their constitution in the case of companies, firms, or associations having no legal personality, shall supply the information requested on behalf of the undertaking concerned. Persons duly authorised to act may supply the information on behalf of their clients. The latter shall remain fully responsible if the information supplied is incomplete, incorrect or misleading.

4. At the request of the Commission, the governments and competent authorities of the Member States shall provide the Commission with all necessary information to carry out the duties assigned to it by this Regulation.

Article 27

Scrap

1. Member States are encouraged to take appropriate measures to ensure that scrap metals and other secondary raw materials generated within their territory, in particular steel, aluminium and copper scrap and black mass, are, where economically viable, first made available for recovery, recycling or re-use within the Union, giving priority to industrial installations and projects located in acceleration areas across the Union.

2. The Commission, in cooperation with Member States, shall monitor market developments, price trends and export flows of the materials set out in paragraph 1.

3. On the basis of the monitoring referred to in paragraph 2, the Commission shall consider the adoption of protective measures.

CHAPTER V
FOREIGN INVESTMENT CONTRIBUTION

Article 28

Foreign investments in emerging key strategic sectors

1. With a view to ensuring that foreign direct investments add value to, and do not disrupt, the Single Market, foreign direct investments in emerging key strategic sectors listed in Annex IV that exceed the value of EUR 100 million, and through which the investor would acquire or establish control of a Union target or a Union asset, shall not be implemented and shall be considered invalid unless explicitly approved by the Investment Authority or the Commission in accordance with this Chapter.

2. Member States shall, by [Please insert date: 12 months after entry into force of this Regulation], establish or 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.

Article 29

Conditions for approving foreign direct investments

1. Investment Authorities shall approve only those foreign direct investments that fulfil the following conditions, as further specified in paragraph 2:

(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 in point (b) or the legal entity acquiring or owning the Union asset as to enabling them to perform and develop their economic activity. These agreements shall include adequate remuneration under non-exclusive, fair, reasonable, and non-discriminatory conditions. The foreign investor may prove compliance with this condition by providing, on a confidential basis, signed agreements with the Investment Authority.

The ownership of all intellectual property rights or assets developed by the Union Target or the legal entity acquiring or owning the Union asset shall be fully and exclusively owned by it. The ownership of all intellectual property rights or assets either developed 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 direct at least 1% of the gross annual global revenue of its Union Target, or global revenue generated by 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.

2. Sectors identified for strategic reinforcement listed in Annex IV, shall meet all the conditions set out in paragraph 1.

Other emerging key strategic sectors listed in Annex IV shall meet all the conditions listed under points and (d)–(g) of paragraph 1.

3. By way of derogation from paragraphs 1 and 2, Investment Authorities shall not apply the above conditions in respect of investors and investments covered by free trade

agreements concluded by the Union to the extent relevant commitments have been made under those agreements.

By way of derogation from paragraphs 1 and 2, Investment Authorities shall not apply the above conditions to investments targeted at performing services.

4. 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 avoided 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.

5. Investment Authorities shall specify the detailed rules for verifying the fulfilment of the conditions by [OP please insert date: 12 months after entry into force of this Regulation].

6. 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 34.

   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 30

Prior notification of planned foreign direct investments

1. In order for the Investment Authority to assess whether a foreign direct investment fulfils the conditions laid down in Article 29, foreign investors shall be required to notify the Investment Authority any investment within the scope of Article 31(1).

2. For the purposes of determining the investments falling under Article 31(1), 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.

3. 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 be 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 1 shall be notified.

4. The Investment Authority shall, within 15 days of receiving a notification, provide the full notification to the Commission, including all annexes and supporting documents received.

5. Where a foreign direct investment falls within the scope of Article 31(1) 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 32 in all Member States concerned.

Article 31

Review and approval

1. The Investment Authority shall decide on the admissibility of the notification under Article 30 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, it shall issue a reasoned decision approving or declining the foreign direct investment, no later than 60 days after receipt of the notification. 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.

3. 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 32.

4. Any party subject to a decision issued under paragraph 1 or 2 shall have the right to seek judicial recourse against such decision.

Article 32

Review of foreign direct investments by the Commission

1. The Commission may decide to undertake the assessment of whether an investment fulfils the conditions laid down in Article 29 instead of the Investment Authority based on:

   (a) its own initiative, where the foreign direct investment has the potential to significantly impact added value creation in the Union market

   (b) the request of an Investment Authority already handling a notification, or an Investment Authority of another Member State, where the foreign direct investment in question would have a significant impact on its territory or supply chains.

2. For the purpose of paragraph 1, the foreign direct investment shall be deemed as having the potential to significantly impact added value creation in the Union market where it:

(a) is of particular strategic importance for the Union market due to its innovative nature or impact on resilience; or

(b) has considerable economic impact on the territory of more than one Member State; or

(c) is of a high investment value compared to the usual investments made in that emerging key strategic sector.

3. Where the Commission decides to assess the foreign direct investment pursuant to paragraph 1, the deadlines set out in Article 34 shall apply, mutatis mutandis, starting from its decision to undertake the assessment.

Article 33
Monitoring and enforcement

1. The Investment Authority shall regularly monitor that the foreign direct investment continues to fulfil the conditions laid down in Article 29. 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 30 or providing false or misleading information in its notification;

(b) foreign investors or investments not meeting with the conditions laid down in Article 32(1);

(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 34
Designating national industrial acceleration areas

1. With a view to making the Union a more competitive and attractive location for manufacturing, accelerating industrial development and ensuring a stable supply of

critical raw materials, Member States shall designate industrial accelerations areas in which industrial activities in key strategic sectors are geographically clustered, administrative procedures are streamlined, and access to finance and materials are facilitated.

The designation shall be carried out in cooperation with the relevant regional and local authorities.

2. Member States shall adopt a decision designating at least one industrial acceleration area ('acceleration area') on their territory by [Please insert date: 12 months following the entry into force of this Regulation].

3. Member States shall base the designation of the acceleration areas on the following elements:

   (a) the impact of the acceleration area's production on the security of the Union's supply for key strategic sectors;

   (b) the potential of the acceleration area to support the deployment of products in key strategic sectors, strengthen Union value chains, and foster synergies within the Single Market, in alignment with strategic projects under 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.

   (e) 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.

   (f) prioritisation of artificial and built surfaces, industrial sites, and brownfield sites.

4. The decision referred to in paragraph 2 shall:

   (a) define a clear geographic scope for the acceleration area; and

   (b) define what manufacturing industries, and notably in key strategic sectors, would be included under the scope of the acceleration areas in accordance with paragraph 3.

5. Member States shall accompany the decision referred to in paragraph 2 with an assessment setting out concrete national measures to increase the attractiveness of the acceleration area as a location for manufacturing activities. The assessment shall take into account, as relevant, the following considerations:

   (a) the infrastructural needs of the acceleration area necessary for the acceleration of the manufacturing industrial activity as well as of its decarbonisation;

   (b) the financing needs of manufacturing industry located in the acceleration area and measures to support private investment in the acceleration area;

   (c) evaluation of the supply chain needs within the acceleration area and identification of essential materials necessary for manufacturing activities, as well as support measures for their access;

(d) mapping the feasibility of connecting the acceleration area with sufficient energy supply for the acceleration of industrial activity;

(e) mapping of the skills needs, shortages and employment trends and support measures to achieve the adequate reskilling and upskilling of the local workforce;

(f) ensuring, as relevant, the depollution of the acceleration area to facilitate the commencement of new industrial activities;

(g) mapping of the research and innovation needed to accelerate the manufacturing industrial activity in the area, identifying technological gaps and setting up schemes for their support.

6. Member States shall accompany the decision referred to in paragraph 2 with appropriate rules for the acceleration areas on effective mitigation measures to be adopted for the installation of industrial manufacturing projects, as well as the connection of such projects to the grid, in order to avoid the adverse environmental impact that may arise or, where that is not possible, to significantly reduce it, where appropriate ensuring that appropriate mitigation measures are applied in a proportionate and timely manner to ensure compliance with the obligations laid down in Article 6(2) and Article 12(1) of Directive 92/43/EEC, Article 5 of Directive 2009/147/EEC and Article 4(1), point (a)(i), of Directive 2000/60/EC of the European Parliament and of the Council (*15) and to avoid deterioration and achieve good ecological status or good ecological potential in accordance with Article 4(1), point (a), of Directive 2000/60/EC.

These rules shall be targeted to the specificities of each identified acceleration area, to the sector or sectors of industrial manufacturing to be deployed in each acceleration area and to the identified environmental impact.

7. Member States shall, within 30 days of adoption, communicate to the Commission the decision referred to in paragraph 2 and the assessment referred to in paragraph 5.

Article 35

Enabling conditions

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

(a) facilitate financing of projects in the acceleration areas 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 key strategic sectors located in therein;

(c) conduct, and periodically review, a comprehensive analysis of the energy needs of each acceleration area, identifying the required grid connections needed for the proper functioning and development of key strategic sectors located in the acceleration area.

That analysis shall be conducted for, at least, the milestones of 2030, 2040, and 2050.

(d) ensure that the network development plans prepared by transmission system operators pursuant to Article 51 of the Directive (EU) 2019/944 and distribution system operators pursuant to Article 32 of the Directive (EU) 2019/944 take due account of

the analysis prepared pursuant to paragraph 3, considering the potential of anticipatory investments to accommodate future system needs.

(e) consider, where necessary, accelerating grid access in the accelerations 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 these acceleration areas, including by removing unjustified barriers and disproportionate or discriminatory procedures or charges, with a view to providing price predictability while preserving competitive and liquid electricity markets and cross-border trade. Member States shall ensure appropriate coordination to pool demand for PPAs to facilitate the participation of entities in the acceleration areas to 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 under Article 35 of Regulation (EU) 2024/1252;

(h) facilitate and promote entities in the acceleration areas to participate, where relevant, in the mechanism established pursuant to Article 25 of Regulation (EU) 2024/1252, including by providing guidance, support, and information to ensure effective engagement;

(i) endeavour to facilitate priority access for entities in the acceleration areas to the critical raw material stockpiles established under Chapter IV of this Regulation;

(j) 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;

(k) exchange information on the skills needs, potential shortages and best practices applied in the acceleration areas within the framework of the Industrial Forum. The Industrial Forum should give particular attention to the inclusion of SMEs and SMCs in the acceleration areas;

(l) ensure synergies and promote benefits provided under the Pact for Skills for entities established in the acceleration areas, with particular attention to Large-Scale Skill Partnerships and Regional Skills Partnerships.

Article 36

Permit-granting procedure in acceleration areas

1. With a view to facilitating the pursuit of industrial manufacturing activities and speeding up the granting of permits within acceleration areas, Member States shall, for each designated acceleration area, prepare an aggregated baseline permit that authorises industrial activities.

2. For the purpose of preparing the aggregated baseline permit under paragraph 1, Member States shall conduct the necessary assessments, including environmental assessments, planning, and evaluations.

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.

By way of derogation from the requirement to obtain additional permits under the first subparagraph, Member States shall exempt sponsors of industrial manufacturing projects from the requirement to carry out the following environmental impact assessments, provided that the project complies with Article 34(6):

(a) the assessment required under Article 2(1) and Article 4(2) of Directive 2011/92/EU when the industrial activity is reflected in Annex II to the same Directive;

(b) the assessment of the project's implications for Natura 2000 sites pursuant to Article 6(3) of Directive 92/43/EEC.

4. The competent authorities shall carry out a screening process of the applications to the permits referred to in paragraph 3. Such a screening process shall aim to identify if any of the industrial manufacturing projects is highly likely to give rise to significant unforeseen adverse effects in view of the environmental sensitivity of the geographical areas where they are located, which were not identified during the environmental assessment of the plans designating the areas referred to in Article 34 of this Regulation carried out pursuant to Directive 2001/42/EC and, where relevant, to Directive 92/43/EEC. Such a screening process shall also aim to identify if any of such industrial manufacturing projects falls within the scope of Article 7 of Directive 2011/92/EU due to its likelihood of significant effects on the environment in another Member State or due to the request of a Member State which is likely to be significantly affected.

For the purpose of such a screening process, the project developer shall provide information on the characteristics of the project, on its compliance with the rules and measures identified pursuant to Article 34, for the specific area, on any additional measures adopted by the project developer, and on how those measures address environmental impact.

5. Following the screening process, the applications referred to in paragraph 3 of this Article shall be authorised from an environmental perspective without requiring any express decision from the competent authority, unless the competent authority adopts an administrative decision, setting out due reasons on the basis of clear evidence, that the project is highly likely to give rise to significant unforeseen adverse effects that cannot be mitigated by the measures identified in the plans designating acceleration areas or proposed by the project developer. Such decisions shall be made publicly available. Such industrial projects shall be subject to an environmental impact assessment pursuant to Directive 2011/92/EU and, if applicable, to an assessment pursuant to Directive 92/43/EEC, which shall be carried out within six months of the administrative decision identifying a high likelihood of significant unforeseen adverse effects. Where duly justified on the grounds of extraordinary circumstances, that six-month period may be extended by up to six months.

6. For the purposes of ensuring tacit approval in certain circumstances, industrial manufacturing projects located within an Area shall be considered strategic projects within the meaning of Article 14(1) of [Proposal for a Regulation on speeding-up environmental assessment].

Article 37

Synergies with other Union initiatives

In order to further accelerate European industrial activity and to ensure synergies with other industrial initiatives, Articles 35 and 36 shall also apply, as appropriate, to net-zero acceleration valleys defined under Regulation (EU) 2024/1735 and Strategic Projects recognised under Regulation (EU) 2024/1735 and Regulation (EU) 2024/1252, as well as to undertakings awarded with the competitiveness seal under 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 Articles 35 and 36, as appropriate, to acceleration areas and strategic projects defined under other Union legislation.

CHAPTER VII
VOLUNTARY UNION LABEL ON GREENHOUSE GASES INTENSITY OF STEEL

Article 38

Subject matter and scope

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

Article 39

Greenhouse gas intensity

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

2. The Commission is empowered to adopt delegated acts in accordance with Article 48 to supplement this Regulation by further specifying the system boundaries and calculation methodology for determining the greenhouse gases intensity of products covered by this Chapter, including rules on the zero rating of fossil-free electricity.

Article 40

Verification

1. Emissions and all other relevant data used for the calculation of the greenhouse gases intensity shall be verified by accredited verifiers.

2. 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 42. 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.

3. 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.

4. 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 gases intensity in accordance with the methodology laid down in Annex VI.

5. 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 use a site visit to assess the boundaries of the installation as well as the completeness of source streams and emission sources.

6. 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.

7. The Commission is empowered to adopt implementing acts in accordance with Article 48 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 3 provides for comparable system boundaries and data to those obtained through the first subparagraph of that paragraph.

Article 41
Classification

8. 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.

1. The Commission is empowered to adopt delegated acts determining and updating the threshold values to be applied for the purpose of the classification.

The delegated acts shall at least define the following elements:

(a) performance classes ranging from A to F, based on the greenhouse gases intensity of the product, with class A representing the highest performance class and class F the lowest;

(b) where the scrap share in the product ranges from 20% to 90%, the performance classes shall be gradually adjusted to reflect and incentivise the use of recycled content;

(c) the determination of thresholds values for each performance class complies with the use of the best available technologies, reflects the actual performance of installations covered by Directive 2003/87/EC, and takes into account the latest benchmarks' values under the EU ETS and estimated emissions' reduction potential of emerging technologies; and

(d) 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 42

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 VI;

(b) the certification scheme and its personnel undertaking activities pursuant to this Chapter meet the independence requirements set out in paragraph 1and 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 meet 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 48.

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 52.

Article 43
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 42.

2. An application submitted pursuant to paragraph 1 shall at least include the verification report issued pursuant to Article 40(6), together with all other information and data required to determine the product's greenhouse gases intensity and performance class pursuant to Annex VI, 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 48.

Article 44
Delivery and use of the label

1. The label shall only be delivered by a certification scheme that was appointed pursuant to Article 42, after it has reviewed data and information provided as part of the application submitted in accordance with Article 42, 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:

   (d) the trade mark and the origin of the product to be labelled;

   (e) the greenhouse gases intensity resulting from the calculation methodology set out in Annex VI;

   (a) the performance class determined in accordance with the thresholds established by means of delegated acts pursuant to Article 43(2);

   (b) the scrap share in the product;

   (c) the reference to this Regulation: '202[X]/[xx]';

   (d) the date the label was delivered by the certification scheme;

   (e) the name and address of the certification scheme that delivered the label; and

   (f) the name and address of the accredited verifier that verified the greenhouse gases intensity of the product in accordance with Annex VI.

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, the manufacturer may display the label on the product's units produced 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. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 51.

CHAPTER VIII
FINAL PROVISIONS

Article 45
Synergies with the European Competitiveness Fund

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

Article 46
Evaluation

1. By … [OP: Please insert the date = five years after the date of entry into force of this Regulation], and every five years thereafter, the Commission shall carry out an evaluation of this Regulation and of its contribution to the functioning of the Single 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 Single Market and global markets.

Article 47
Review

1. By … [OP: Please insert the date five years after the date of entry into force this Regulation], the Commission shall assess the necessity of amending Chapter IV. This assessment shall be carried out periodically every three years after the first review.

Article 48
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 49
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[36].

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 50
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 51
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.

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36 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

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 52

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

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

(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.';

(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:

(a) the row 'Starting, running, and closing business' is amended as follows:

(i) 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 projects2, procedures for all relevant permits to build, expand, convert and operate net-zero technology manufacturing projects3, and procedures related to industrial manufacturing projects.';

(ii) 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).';

(b) the rows 'Critical raw materials projects' and 'Net-zero technology manufacturing projects' are deleted.

Article 53

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. 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’.

3. Article 26 is amended as follows:

   (a) In paragraph 5 ‘estimated cost difference above 15% per auction’ is replaced by ‘estimated cost difference above 25% per auction’.

   (b) 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.

(c) In paragraph 7, a sentence is added: 'Paragraph (1)(a)(ii) shall apply to 100% of the volume auctioned per Member State'.

4. The following articles and Annex II are inserted:

'Article 25b

Origin requirements for public procurement procedures

1. 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 net-zero technologies listed in Annex II, procurement documents shall include the requirements set out in Annex II.

2. 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 grid technologies listed in Annex II, procurement documents shall include the requirements set out in Annex II.

Contracting authorities and contracting entities shall grant access to procurement procedures referred to in paragraphs 1 and 2 only to economic operators of third countries that have concluded an international agreement with the Union guaranteeing such access.

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 a 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;

(a) 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;

(b) 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.

6. Paragraphs 5, 7 and 8 shall cease to apply upon repeal of Directive 2014/24/EU.

Article 25c

Limitations to high-risk suppliers in public procurement

1. For public procurement procedures published after the entry into force of this Regulation by central purchasing bodies as defined in Article 2(1), point (16) of Directive 2024/24/EU falling within the scope of Directives 2014/23/EU or 2014/24/EU, and for public procurement procedures published after the entry into force of this Regulation falling within the scope of Directive 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;

   (a) The design, development or production of those products or systems;

   (b) The management, control or operation of those products or systems;

   (c) 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 a 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 26b

Origin requirements for auctions

1. Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, when designing auctions that 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.

2. Paragraph 1 shall apply to at least 50% of the volume auctioned per year per Member State. It shall apply to the same auctions as those for which Member States apply Article 26 of Regulation (EU) 2024/1735.

3. Paragraph 1 shall not preclude Member States from using additional non-price criteria.

4. When applied as award criteria, the requirements set out in paragraph 1 shall have a weight comprised between 15 and 30%, in accordance with any limit for non-price criteria set under State aid rules.

5. Member States shall not be obliged to apply the pre-qualification or award criteria set out in Annex II 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.

Article 26c

Limitations to high-risk suppliers in auctions

1. For auctions referred to in Articles 26 and 26b, 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, Member States shall include pre-qualification criteria requiring that suppliers identified as high-risk in accordance with Union law shall not be involved in:

   (a) The supply of those products or systems;

   (a) The design, development or production of those products or systems;

   (b) The management, control or operation of those products or systems;

   (c) The development, maintenance, operation, or updating of their software.

2. This Article shall apply to 100% of the annual volume of auctions per Member State.

Article 28b

Origin requirements for other types of public intervention

1. Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, 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 in Annex II are fulfilled.

2. This Article shall apply to at least 90% of the annual national budget allocated to the support schemes in scope.

3. This Article shall not preclude authorities in charge of schemes to use additional non-price criteria.

4. 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.

5. 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 national 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 a specific economic operator, and no reasonable alternative or substitute exists,

   (a) its application would result in technical incompatibility in the operation or maintenance; or

   (b) its application would jeopardise the project or lead to significant delays due to the unavailability of the required components.

Article 28e

Union origin

1. For the purposes of Articles 25b, 25c, 26b, 26c, and 28b to 28d, Union origin content refers to content originating from the Union and the European Economic Area.

   The origin 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.

2. For the purpose of Article 25b and paragraph 1 of this Article, the Commission is empowered to adopt delegated acts in accordance with Article 44 to supplement this Regulation by specifying for each product, the third countries from which content is to be deemed to be of Union origin. The Commission shall identify such third countries, in line with the Union's commitments for each specific product under the relevant international agreements.

Article 28f

Delegation of power

1. The Commission is empowered 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.

2. In line with our international commitments, the Commission is empowered to adopt implementing acts to supplement Annex II with Union origin requirements for specific net-zero technology final products referred to in Article 4(1) which shall be required in accordance with Articles 25b, 26b, 28b and 28d.

3. The implementing 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, paragraph 1, contracting authorities and contracting entities shall include the following Union origin requirements in public procurement procedures:

   (c) Battery energy storage systems:

   (i) From [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.

   (ii) As from [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.

   (d) Solar PV technologies:

   (i) From [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;

   (ii) From [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.

(e) Solar thermal technologies: The solar thermal collector shall originate within the Union.

(f) Hydronic heat pumps: The hydronic heat pump shall be assembled within the Union.

(g) Onshore and offshore wind technologies:

(i) From [1 year after the entry into force of this Regulation] until [3 years after entry into force of this Regulation], one main specific component shall originate within the Union.

(ii) From [3 years after the entry into force of this Regulation], two main specific components shall originate within the Union.

(h) Nuclear fission technologies: For public procurement procedures published after [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, paragraph 2, contracting authorities and contracting entities shall include the following Union origin requirements in public procurement procedures:

(i) Electricity grid technologies: From [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, and electric cabinets [protection relays] shall originate within the Union.

(j) Electric charging technologies for transport: From [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.

(k) Technologies to digitalise the grid and other electricity grid technologies: From [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 26b, Member States shall include the following pre-qualification or award criteria:

(l) Battery energy storage systems:

(i) For auctions published from [1 year after entry into force of this Regulation] until [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.

(ii) For auctions published after [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.

(m) Solar PV technologies:

(i) For auctions published from [1 year after entry into force of this Regulation] until [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.

(ii) For auctions published after [3 years after entry into force of this Regulation], PV inverter as well as three additional main specific components shall originate within the Union.

(n) Hydrogen: For auctions published after [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 component shall originate within the Union.

(o) Onshore and offshore wind technologies:

(i) For auctions published from [1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], one main specific component of the wind turbine shall originate within the Union.

(ii) For auctions published after [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, schemes shall include the following Union origin content requirements:

(p) Battery energy storage systems:

(i) For schemes set up or updated between [1 year after entry into force of this Regulation] and [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.

(ii) For schemes set up or updated from [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.

(q) Solar PV technologies:

(i) For schemes set up or updated between [1 year after entry into force of this Regulation] and [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.

(ii) For schemes set up or updated from [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.

(r) Solar thermal technologies: The solar thermal collector shall originate within the Union.

(s) Hydronic heat pumps: The hydronic heat pump shall be assembled in the Union.

(t) Grid technologies:

(i) Electric charging technologies for transport: For schemes set up or updated from [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.

(ii) Technologies to digitalise the grid and other electricity grid technologies: For schemes set up or updated from [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, Member States shall ensure that the following Union origin requirements are met:

(u) Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, from [1 year after entry into force of this Regulation] when supporting the manufacturing of hydrogen electrolysers, Member States shall ensure that the stack and at least two additional main specific components of the electrolyser originate within the Union.

(v) Without prejudice to Articles 107 and 108 TFEU and in line with the Union's international commitments, from [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 54

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 single 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 and Union gross value added 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 and Union gross value added.'.

Article 55

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	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

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 gases 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_2 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.

1.4. The proposal/initiative relates to:

☒ a new action

☐ a new action following a pilot project / preparatory action[37]

☐ 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.

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

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 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.

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.[38]	from EFTA countries[39]	from candidate countries and potential candidates[40]	From other third countries	other assigned revenue
	N/A					

- 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					

38 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

39 EFTA: European Free Trade Association.

40 Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- ☒ The proposal/initiative does not require the use of operational appropriations
- ☐ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
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**
TOTAL appropriations under HEADING <….>	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			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**
TOTAL appropriations Under Heading 1 to 6	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

of the multiannual financial framework (Reference amount)	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	**7**	'Administrative expenditure'

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**
TOTAL DG GROW	Appropriations	**0.000**	**0.000**	**0.000**	**1.164**	**1.164**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**1.164**	**1.164**

EUR million (to three decimal places)

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

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 objectives and outputs ⇩			Year **2024**		Year **2025**		Year **2026**		Year **2027**		Enter as many years as necessary to show the duration of the impact (see Section1.6)						**TOTAL**	
	OUTPUTS																	
	Type[41]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[42]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

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

42 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 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
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**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**1.164**	**1.164**
Outside HEADING 7					
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**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**1.164**	**1.164**

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 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)					
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
• External staff (in FTEs)					
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
TOTAL	**0**	**0**	**0**	**6**

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[43]	**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**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.040	**0.040**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.040**	**0.040**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**

[43] 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[44]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
Article ……					

[44] 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 6	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 6	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: 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.

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 the data	Actor who receives the data	Trigger for the data exchange	Frequency (if applicable)
Permit-granting applications	Article 6	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 6	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.				

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**
AI Act	N/A
EU Cybersecurity framework	The National Digital Permitting System shall be designed to ensure a high level of data protection, cybersecurity, and integrity of information.
eIDAS	//
Single Digital Gateway and IMI	The Single Digital Gateway Regulation is amended to include in its scope Information on permit-granting precedures for industrial manufacturing projects and procedures related to industrial manufacturing projects.
Others	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 COFOG 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.	
Measures taken to ensure a shared understanding of the data	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	
Use of commonly agreed open technical specifications and 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	

4.5. Measures to support digital implementation

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

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