



*Employers entrusted to deliver
Sustainability Growth Innovation*

Position Paper

Industrial Accelerator Act

Feedback to the publication of the Commission proposal

18 June 2026

Introduction

SGI Europe supports the objective of strengthening Europe's industrial resilience and competitiveness in strategic sectors within a changed security, climate, economic and geopolitical environment. Public procurement and public support can play a role in supporting these objectives, particularly in areas linked to the green and digital transitions and the EU's strategic autonomy. At the same time, services of general interest have a key role as enablers of industrial acceleration and take-up.

In recent years, several third countries have adopted increasingly interventionist industrial policies, including the use of public procurement as a strategic tool to strengthen domestic industries and protect national producers. Meanwhile, the European procurement market has remained largely open to foreign participation.

In the current context, it is legitimate to consider how the EU can make better use of public procurement – which accounts for approximately 15% of EU GDP – and State aid to strengthen European industrial value chains, reduce dependencies on third countries, and support Europe's competitiveness.

At the same time, the introduction of Made in Europe and low-carbon requirements will have important implications for contracting authorities, contracting entities and providers of services of general interest. While these requirements may help reduce supply chain dependencies and encourage investment in European industrial production, their design must remain proportionate, operationally feasible and legally certain.

Overly broad or inflexible requirements risk increasing procurement costs, reducing competition in tenders and creating additional administrative burdens and legal uncertainty for contracting authorities, entities and public operators alike. They may also generate tensions with international trade partners.

SGI Europe therefore supports efforts to strengthen European value chains and industrial production, provided these objectives are pursued in a balanced and pragmatic manner that preserves the ability of SGI providers to deliver affordable, accessible and high-quality services to citizens.

General remarks

The Industrial Accelerator Act (IAA) proposal introduces substantial new obligations for procurement and public support for strategic sectors; notably construction, vehicles and net-zero technologies. While SGI Europe welcomes the Commission's attempt to limit the scope of the regulation to selected strategic sectors, the proposal still raises significant concerns regarding implementation, market readiness and coherence with existing rules, including those related to public procurement.

In particular, the proposal risks significantly increasing procurement costs. Additional administrative burdens will arise for contracting authorities, contracting entities, and economic operators due to documentation, verification and compliance requirements, while legal uncertainty persists regarding key concepts, including low-carbon, Union origin, industrial acceleration zones, component, and products whose performance "depends" on covered materials. In particular, the latter raises concerns as to whether the proposal may unintentionally affect essential infrastructure components, including cables, pylons, grounding systems and other network equipment containing steel or aluminium, as well as water distribution and treatment assets, such as pipes, pumps and specialised machinery. Greater legal certainty is therefore required to ensure a predictable scope of application.

The definition of content equivalent to that of Union origin is not consistent throughout the IAA text, notably between the provisions relating to public procurement and those concerning public support. This increases complexity and may create difficulties in the practical application of the framework.

Furthermore, the market availability of compliant products and technologies remains uncertain in several sectors. The success of the IAA will depend on the practical availability and affordability of compliant European products and technologies. Otherwise, contracting authorities and entities may face substantial delays, higher costs and reduced competition in procurement procedures.

Lastly, procurement decisions require flexibility and must remain sufficiently close to the realities on the ground. Contracting authorities and entities and operators are best placed to assess how to balance industrial policy objectives with affordability, continuity of public services, security of supply and operational needs. European preference criteria should not be mandatory and should not lead to an increase in the cost of delivering services of general interest and other essential services, as this would undermine their affordability and accessibility.

Made in Europe and low-carbon requirements in public procurement

European content requirements in procurement can contribute to more stable and predictable demand, which may incentivise investment and support innovation and decarbonisation efforts, while also having a positive impact on job creation in certain sectors within the EU.

Nonetheless, the IAA proposal should better account for operational realities and market conditions. In sectors such as public transport, water supply networks and energy infrastructure, European production capacities and delivery times can currently often be insufficient to meet demand. Procurement rules should therefore remain flexible enough to ensure continuity of essential services and timely project delivery.

Made in Europe requirements can reduce supplier choice and lead to a decrease in the number of bids. This is particularly relevant in sectors where EU production is limited, already operating at maximum capacity, or heavily dependent on international supply chains. In the context of declining competition in public procurement, as already highlighted by the European Court of Auditors¹, such requirements could further aggravate the

¹ European Court of Auditors (2023). Special report on Public Procurement in the EU.

situation. At the same time, a mandatory Made in Europe approach would increase procurement costs significantly.

This is particularly unacceptable given the enormous investments that providers of services of general interest will need to make in the coming years. For example, a significant share of the investments of around €721 billion required for the energy transition in Germany alone will have to be covered by public operators. These costs will be even higher if strategic requirements as foreseen by the IAA must be incorporated in public procurement procedures. Consequently, a poorly designed definition of Made in Europe requirements could also negatively affect the EU's decarbonisation objectives, particularly by slowing down the deployment and uptake of clean technologies.

Furthermore, the European Commission's proposal, by imposing on public purchasers alone an obligation to exclude bids from third countries and to apply low-carbon and/or Made in Europe requirements – without providing for an equivalent mechanism for private purchasers – risks creating significant competitive distortions. In sectors where public purchasers compete directly with private operators, this regulatory asymmetry restricts public purchasers' access to potentially more competitive offers, while private purchasers remain free to use them. Such unequal treatment undermines fair competition to the detriment of public entities, weakening their competitiveness and ability to optimise procurement. It is therefore important to ensure fair competition between public and private purchasers and to avoid creating competition distortions.

The definition, verification and enforcement of EU origin requirements will also generate additional administrative burdens for contracting authorities and entities and bidders alike, running counter to ongoing simplification efforts. Inadequately designed rules may further expose contracting authorities and entities to legal proceedings if obligations and procedures are not sufficiently clear. In addition, retaliatory measures by third countries cannot be excluded at this moment in time, as some countries have already threatened to adopt countermeasures in response to the IAA proposal.

Clear, consistent and enforceable rules, accompanied by practical guidance will therefore be essential. Contracting authorities and entities should not be left to interpret and apply these complex definitions and obligations on their own, as this would create excessive administrative burdens and expose them to significant legal risks.

SGI Europe considers that the Commission proposes a reasonable approach to made in Europe preference, balancing the need to protect and strengthen European manufacturing with the recognition of the benefits of participating in global and diversified value chains that are open to trade partners in a perspective of reciprocity.

In this sense, the Commission's proposal to extend the equivalence of European origin to countries with which the EU has concluded customs unions, trade agreements, or that are parties to the Agreement on Government Procurement (GPA) can be supported. Any exclusions from the list of third countries considered equivalent to the EU should acknowledge the possible lack of reciprocity or restrictions on market access for European operators.

The equivalence clause in Article 8 of the IAA is key for the EU to maintain its compliance with its international obligations in relation to trade policy. In this sense, it is important for the Commission to make clear which third countries, on the basis of existing bilateral or multilateral agreements in force, qualify for a status equivalent to Union origin.

Self-declaration of compliance

There are serious concerns regarding the proposed self-declaration system for compliance verification. The proposal places substantial responsibility on contracting authorities and entities to assess and verify compliance despite the absence of harmonised standards, verification tools and clear implementing rules. This creates significant legal uncertainty and administrative burdens, particularly in large projects involving numerous subcontractors and suppliers, where contracting authorities and entities lack the forensic tools to trace the real origin of materials and products.

Several aspects require further clarification, including the acceptable forms of evidence and the meaning of “equivalent documents”, the extent of verification obligations imposed on contracting authorities and entities, the allocation of responsibility across complex supply chains and multi-operator projects, and the consequences where a supplier’s declaration later proves incorrect or false. Contracting authorities and entities also require clear and enforceable rules regarding how Union-origin is defined and applied, including during contract execution, the application of exemptions and possible reporting obligations.

The responsibilities of contracting authorities and entities must be clearly defined and proportionate. It is important to protect entities that follow procedures, use the tools made available to them and do not have the resources to carry out in-depth investigations. The regulation should make this explicitly clear, in order to avoid an excessive transfer of risk to contracting authorities and entities.

SGI Europe takes the view that relying solely on self-declarations would entail significant implementation challenges if public contracting authorities and entities were tasked with verification. Contracting authorities and entities often lack the tools, resources and technical expertise necessary to verify the accuracy of documentation provided by companies.

It is therefore essential that the additional administrative burden on public contracting authorities and entities be limited to receiving or collecting clear and understandable self-declarations from bidders, as provided for in Article 11(4) of the draft regulation. Responsibility for verifying these self-declarations should also lie with the Commission or a third party, including for the subsequent verification of the successful bidder.

Where possible, compliance systems should rely on standardised EU-wide methodologies and tools, such as a centralised and regularly updated list of international agreements, including covered countries and relevant market segments, recognised certification schemes, third-party verification mechanisms, or simplified and harmonised documentation requirements. In this context, the introduction of a dedicated European label or mark for products of EU origin or low carbon content could also be considered. Such tools would simplify the verification process and prevent placing an unfair administrative and legal burden on contracting authorities and entities, while ensuring a more consistent implementation across Member States.

Derogations and exemptions

SGI Europe welcomes the inclusion of exemptions and flexibility mechanisms in the IAA proposal. These are essential to ensure operational continuity, efficient procurement procedures and security of supply.

Where Union-origin products are not readily available or are significantly more expensive, rigid Made in Europe requirements may delay or hinder the ability of contracting authorities and entities to deliver public goods and services. Clear and workable derogations and exemptions are therefore necessary in certain situations. However, several of the proposed exemptions require further clarification and adaptation to become fully operational in practice.

No suitable offers

The exemption linked to the absence of suitable offers should be broadened by extending the reference period for comparable unsuccessful procurement procedures from two to five years. This would reduce unnecessary repetition of unsuccessful procedures, lower administrative burdens and costs, and enable faster implementation, particularly for time-sensitive projects. Clarification is also needed regarding what constitutes a “comparable procurement procedure” and when the reference period begins to apply.

Disproportionate costs

SGI Europe welcomes the recognition that disproportionate costs may justify exemptions. However, the current 25% threshold is too high. For many public authorities and providers of services of general interest, cost increases of this magnitude would directly affect affordability and could directly result in increased tariffs or utility bills for citizens, while diverting resources away from essential services and investments.

Furthermore, the proposal should clarify the reference basis for calculating cost differences and whether the assessment concerns total project costs, individual components or other benchmarks.

Additionally, contracting authorities and entities should retain discretion to assess disproportionate costs on a case-by-case basis to ensure evaluations align with the real conditions of their specific market and territory.

Significant delays

In several sectors, including public transport and energy infrastructure, delays linked to the limited availability of compliant European products are already occurring today. Excessive delivery delays may jeopardise decarbonisation targets, operational continuity and investment planning.

The current threshold of seven months included in the new Article 25a of NZIA should therefore also apply to other provisions of the IAA and be applied with sufficient flexibility, as such a delay may significantly affect projects that need to be initiated promptly for public, operational or budgetary reasons.

Additional exemption: only one offer received

We would suggest including an additional exemption where only one tender is received. Without such flexibility, contracting authorities and entities may become dependent on a single supplier, potentially leading to reduced competition and higher costs.

It is also recommended that the grounds for exemption be expanded to include urgency, safety, service continuity and innovation.

Public support schemes for renewables and net-zero technologies

The goal of encouraging a progressive reshoring and friendshoring of net-zero technology manufacturing is welcome. However, public support schemes for renewables and net-zero technologies must not result in disproportionate cost increases for developers, which would inevitably be reflected in higher prices.

Recent experience in Member States illustrates this risk. In Italy, auctions applying NZIA resilience-related prequalification criteria excluding certain components from non-EU suppliers resulted in higher strike prices compared to previous auctions without such requirements. This suggests that the introduction of non-price criteria can have a measurable impact on costs.

In this sense, the proposal in Article 34 IAA to apply the resilience and made in Europe criteria of Article 26 NZIA to 40% of annual auction volumes appears excessive; similarly, the extra cost threshold, which allows for the disapplication of these criteria, set at 20%, appears too high.

To ensure the resilience of value chains and incentivize European manufacturing without resulting in excessive increases in energy costs, the IAA should maintain the provisions currently set out in the NZIA regarding the percentages of auctions covered by the resilience criteria and extra-cost thresholds. It is also essential to ensure Union origin equivalence for technologies and components originating from third countries that are part of a customs union with the EU or are covered by relevant trade agreements with the EU.

Industrial manufacturing acceleration areas

SGI Europe supports the general objective of Industrial Acceleration Areas as a means to streamline permitting procedures and facilitate the deployment of strategic industrial activities. The flexibility left to Member States to identify and designate such areas is also welcome. However, the designation of these areas will come with additional administrative costs. Furthermore, such acceleration frameworks must remain fully compatible with the long-term sustainability and resilience of essential infrastructure systems and natural resources.

The proposal mandates Member States to designate industrial acceleration areas subject to streamlined permitting, incorporating explicit environmental safeguards. However, while the current framework provides for a detailed assessment of energy needs, it does not require an equivalent assessment of water resource availability and demand. Concentrating and accelerating heavy industrial activity without addressing risks such as water scarcity and groundwater level depletion may exacerbate water stress in already vulnerable regions.

SGI Europe calls for water-resource needs and impacts on local water bodies to be assessed in the designation of acceleration areas, with the structured involvement and consultation of water operators.

Coherence with the public procurement framework and other rules

The legislative process for the adoption of the IAA will largely run in parallel with that of the upcoming Public Procurement Act. Given that the IAA includes several provisions related to public procurement, it is essential to ensure that no contradictions arise between the two texts. Contracting authorities and contracting entities must have certainty regarding the rules applicable to each procurement procedure.

The Public Procurement Directives should continue to serve as the core procedural framework governing how public procurement is conducted. Sector-specific procurement obligations introduced through separate legislative instruments risk creating fragmentation, overlap, complexity and legal uncertainty. Ensuring coherence between horizontal and sectoral legislation, including the IAA, is therefore essential.

In this context, Made in Europe rules should remain consistent with fundamental procurement principles, including proportionality and equal treatment.

Contracting authorities and entities must also be provided with clear guidance on the interaction between the IAA and other legal frameworks, including the Net-Zero Industry Act and the upcoming Circular Economy Act.

SGI Europe also notes that the proposal grants broad powers to the Commission for the adoption of future delegated and implementing acts, making it difficult for contracting authorities and entities to currently assess

their future obligations with sufficient clarity and certainty. Upcoming instruments should not negatively impact the predictability and legal certainty for contracting authorities and entities, and economic operators.

Finally, compliance with international trade and competition rules, including the EU's international commitments, must be fully ensured.

Conclusion

SGI Europe supports the objectives of the Industrial Accelerator Act, but stresses that Made in Europe requirements must be carefully targeted, well-designed, and consistent with simplification efforts, as well as coherent with the upcoming revision of the Public Procurement rules.

A balanced approach is essential to ensure that industrial policy goals do not undermine affordability, legal certainty and the effective delivery of services of general interest. Furthermore, clear tools and practical guidance will be key to ensuring consistent and workable implementation across Member States and should be made available to contracting authorities and entities in a timely manner.