

Position Paper 2026/175

Industrial workers call for an effective Industrial Accelerator Act

Document adopted by the 35th industriAll Europe Executive Committee
Elewijt, 27-28 May 2026 | 2026/175

On 4 March 2026, the European Commission published its long-awaited Industrial Accelerator Act (IAA), which is the central piece of legislation within the Clean Industrial Deal designed to put forward a horizontal framework for “Made in Europe” criteria. The publication has been postponed several times as differences between Commission Directorates, Member States and industrial sectors emerged. The final publication of the IAA on 4 March 2026 represents a first-ever EU industrial policy tool with the objective to leverage lead markets and local content requirement in public procurement. This is an important step in the right direction.

The overall objective of the IAA is to reverse the industrial decline that Europe has been facing over the last decades and accelerated by years of geopolitical and energy crisis. Its significance and urgency must be stressed in the context of the current Middle East crisis which is likely to exacerbate these developments without determined policy shifts. The targeted share of the European Union manufacturing industry of at least 20% of EU GDP to be reached by 2035, proposed by the European Commission, would even exceed the manufacturing share of the EU GDP in the year 2000. The IAA focuses largely on supporting the EU manufacturing sector, with a focus on strategic ones, through the promotion of internal demand for European low-carbon materials and net-zero technologies. By doing so, the draft IAA maintains the EU’s objectives of decarbonisation and economic security. Moreover, the proposed IAA establishes new rules for Foreign Direct Investment (FDI) in sectors that are strategic for the EU, to maximise their positive impacts for European value creation. The IAA also includes provisions for scaling-up and speeding-up the deployment of manufacturing projects through the acceleration and simplification of permitting procedures and industrial acceleration areas.

IndustriAll Europe has consistently advocated for decisive EU initiatives to stimulate European manufacturing and quality jobs through the creation of lead markets for low-carbon products. Therefore, we acknowledge the IAA as an important legislative element to protect, promote and decarbonise European manufacturing industry. Nevertheless, industriAll Europe regrets that the tools proposed in the IAA risk being effectively undermined by “Union-origin criteria” that are too broad in scope to protect and develop European manufactures and supply chains; by multiple exemptions to the IAA provisions and a lack of more determined provisions to protect and create quality jobs in Europe.

The lack of European consensus on the means to address the industrial crisis directly threatens the EU’s ambitions to create strategic autonomy, and by extension, European security. It directly contrasts with ambitious industrial local content policies taken across the world (the US Buy American Act/IRA or Chinese Five Year Plan are just some of the prominent examples of promoting local manufacturing). While the EU

needs to stand up for multilateralism and ensure that any new instruments are targeted, proportionate and compatible with WTO rules and while European industrial jobs and competitiveness depend on well-functioning international markets and a rule based global trading system the EU must put in place effective strategic industrial policy tools that preserve the EU's manufacturing base and promotes European resilience and security.

IndustriAll Europe therefore urgently calls upon the European Parliament and the Council to propose solid improvements to ensure the IAA will keep its promise to reach its objectives.

‘Made in Europe’ must reflect European supply chains and ensure strong labour standards

One of the most contentious issues for the European Commission services, Member States and industries has been the geographic scope of application of the “Union-origin” criteria. This is reflected in the IAA’s final “Made in Europe” provisions which are too broad to be a meaningful instrument to protect EU manufacturing and supply chains. Article 8, which defines the content equivalent to Union origin in public procurement, treats all countries with which the EU has a Free Trade Agreement or customs area, as well as parties to the agreement on Government Procurement, as equivalent to ‘Union origin’.

To compensate for the broad definition of ‘Made in Europe’, the proposed IAA mandates the Commission to assess and justify the exclusion of third countries with which the EU does not share reciprocal trade relations, through delegated acts. This approach is problematic in two ways: 1) Using this opt-out approach rather than the opt-in approach – as seen in a previous draft IAA – means that it will be more challenging to exclude countries on the basis of no reciprocity, and 2) The use of delegated acts makes the process legally opaque as it limits the role of the European Parliament and the Council. In general, this approach of determining Union origin not only weakens the leverage of the internal market to promote EU low-carbon manufacturing, but creates loopholes which risk social dumping in third countries, as no social conditionalities are applied.

What is more, the Commission’s decision to refer to “Union origin” rather than “local content” points at more than just a difference in terminology, but a deliberate choice of rules of origin criteria established in international trade policies. While local content policies require that a certain percentage of the production, components and labour come from a specific country or area, rules of origin criteria as defined in the Customs Code (Regulation (EU) No. 952/2013 of the European Parliament and of the Council) would qualify a product as of “EU origin” even if most components and production stages occur outside the EU, provided the last substantial processing takes place inside the Union. This directly undermines the IAA’s potential of boosting European supply chains. Furthermore, proof of origin is to be provided by means of a self-declaration by the companies, which makes it possible that incorrect information may be provided.

IndustriAll Europe warns about the risks that these provisions may entail and insists that a ‘Made in Europe’ approach must be concisely and effectively defined and reflects the realities of European supply chains and real equivalence in standards.

The effectiveness of local content requirements and the proposed rules on foreign direct investment must not be undermined by far-reaching exemptions. We take a critical view of the extension of the provisions determining suppliers from third countries to be considered as equivalent to union origin if they have a free trade agreement with the EU. At the very least, EU trading partners that already apply local content requirements should be excluded from the outset (such as USA, China, etc.).

As defined in industriAll Europe’s position paper *“Made in Europe”: an industrial worker perspective*¹ setting a “European preference” needs a geographical scope that fits European supply chains. Keeping in mind the transnational nature of industrial supply chains and their role in fostering a peaceful economic integration across the continent, we believe that it is important to avoid a too restrictive geographical definition of European content. In addition to the countries that are part of the Internal Market (EU and EFTA Member States), candidate countries should be seen as part of the ‘Buy European’ area, provided that strict rules and enforcement prevent social and environmental dumping. In the same way, products in line with the EU-UK TCA (Trade and Cooperation Agreement) rules of origin provisions should be considered as European. Nevertheless, any expansion of the scope of eligibility for ‘Buy European’ must be accompanied by conditions of social and environmental reciprocity, as well as market access reciprocity.

The ‘Made in Europe’ agenda must create virtuous incentives for the full respect of workers’ rights and social and environmental reciprocity in global supply chains, disincentivising regime-shopping and relocalisations of existing production within or beyond Europe.

What is more, to avoid greenwashing, social dumping and value leakage, monitoring of Made in Europe criteria should not rely solely on self-reporting, but must be supported by:

- Independent audits
- Cross-checks with customs, tax and labour inspection data
- Cooperation between national authorities and EU bodies

The EU and the Member States must ensure effective resourcing of inspection and enforcement services.

In our view local content requirements should also cover other key strategic sectors, beyond those already defined in the IAA, based on a careful assessment of the specific sector, its capacity, dependencies and threats. These should include, amongst others, the basic materials industry, the rail industry, mechanical and plant engineering, electrical engineering, the pharmaceutical industry and the digital economy. Furthermore, strategic future technologies such as semiconductors, quantum technologies, biotechnology and artificial intelligence should be taken into account in order to specifically build up and strengthen European value creation in these sectors. In the interests of resilience and to preserve value-creation ecosystems, we call for a broad-based approach to establishing further strategically important sectors.

With regard to the manufacture of mature products, as outlined in industriAll Europe’s position paper ‘Made in Europe’, to ensure that the EU stays on track with its clean energy and decarbonisation targets whilst safeguarding its strategic autonomy, we must maintain a certain proportion of the manufacturing of these products within the EU for reasons of strategic supply security and to avoid exposure to geopolitical tensions; the importance of manufacturing autonomy in this area should not be underestimated.

Local content thresholds must be tailored to the situation in the industrial sector. To determine the level of local content, the following principle should apply: the thresholds will depend largely on the specific policy area, the regulatory framework, the legislation and the sector/value chain. The appropriate mix of measures for each sector will need to be determined with a view to achieving the long-term objectives of industrial policy.

For us, “Made in Europe” should signify more than just geography, but must also reflect European values and standards, starting with strong labour and social standards: quality jobs, fair wages and safe working

¹ See industriAll Europe position paper [“Made in Europe”: an industrial worker perspective](#) adopted in April 2026

conditions, collective bargaining rights, access to training, and access to social protection and welfare, as laid out in the European Treaties.

Public procurement and State Aid must boost EU production

Although the IAA rightly identifies public procurement as an important leverage as it constitutes 15% of the EU's GDP, minimum Union-origin and low-carbon requirements are extremely low for energy-intensive products, e.g. 5% for cement, and 25% for steel and aluminium. Moreover, a broad set of exemptions, e.g. cost increases of maximum 25–30%, lack of supply, technical incompatibility and delays, risks undermining these criteria entirely. As a result, one of the few effective tools for an industrial policy appears symbolic rather than meaningful.

Leveraging the potential of public procurement procedures to boost European manufacturing and supply chains is urgently needed to pull European industries out of the current crisis. Moreover, they constitute significant tools to promote decarbonisation of European industries, by creating demand for low-carbon products made in Europe, and to support the creation and safeguarding of good quality jobs in Europe. IndustriAll Europe calls for a strengthening of the public procurement provisions, by raising the local content provisions and low-carbon requirements to meaningful shares while reflecting the realities of production capacities. Moreover, strong and mandatory social conditionalities must govern public procurement to ensure good quality jobs in the IAA as well as in the upcoming revised Public Procurement Directives.

Local content requirements in public procurement should be designed in such a way that they are not undermined by price-based exemptions. Exemptions should only be permitted in the event of cost increases of at least 40%, or alternatively on the basis of a cost analysis relating to the final product, in which additional costs are assessed in relation to the final price. The price criterion should also be formulated as a flexible exemption clause to ensure that the preference criterion remains effective in practice.

Additionally, we welcome demand-side measures beyond public procurement, as proposed in articles 9, 12, 13 and 14, as they are important to leverage private sector investments. Policy instruments aiming at creating lead markets and stimulating demand should be improved to benefit as a priority industrial goods assembled in Europe with a high share of components of European origin. Labels and classification systems for low-carbon products (art. 10) must also contain detailed and transparent information about the share of European content. State aids provided to private companies should also be conditional to “buy European” commitments.

As argued above, other strategic sectors should be included in local content provisions to secure high-quality industrial employment in sectors highly impacted by (unfair) competition. In that sense, the rail industry should be included as part of critical infrastructure in the conditions governing public procurement. In our view, it would make sense to include rolling stock in the annex in the same way as the automotive industry, in order to strengthen European production capacity.

Foreign direct investment provisions are welcome but must be strengthened to be meaningful

The IAA establishes interesting provisions in terms of the FDI screening and conditions to promote value creation and technological transfers to the EU. Article 18 of the IAA establishes that an FDI must meet at least four of the following six conditions:

- Foreign investors must not hold more than 49% ownership or control in any EU target or asset (a)

- Foreign investment must be done via a joint venture with EU partners holding at least 51% and ensuring EU participation in management and skills transfer (b)
- Licensing of relevant intellectual property and know-how to the EU entity or joint venture
- Minimum R&D expenditure in the EU (at least 1% of annual gross revenue, proportionate to ownership)
- At least 50% of the workforce must consist of EU workers, with safeguards where public funding is involved
- Commitment to strengthen EU value chains, including sourcing at least 30% of production inputs from the EU

While these are welcome criteria, their application is largely limited by a very high threshold (limited to FDI in strategic sectors with a minimum value of €100 million) and a limited scope of emerging strategic manufacturing sectors (incl. battery technologies and battery energy storage value chains, electric vehicles, incl. pure electric, plug-in hybrid, fuel cell and related components, solar photovoltaic technologies, extraction, and processing and recycling of critical raw materials). Unfortunately, key industrial sectors that are central to Europe's strategic autonomy and in our view should be included (e.g. chemical industry/ basic materials industry, steel, electricity grid components, wind power, semiconductors, public transport, such as trains, ICT and digital infrastructures, and pharmaceutical and health products) are excluded in the current provisions. Moreover, the effectiveness of the provisions are again limited by many exemptions (incl. for investors and investments covered by free trade or economic partnership agreements, investments aimed at the provision of services, and portfolio investments).

Perhaps, most important for trade unions are the first ever, hard-law mandatory social conditionalities in article 18, point (e) (50% European workforce) introduced in the FDI provisions of the IAA and other interesting conditions such as local input sourcing (30%). However, these shares appear arbitrary, i.e. without a clear link to the volumes of investment and employment levels.

While industriAll Europe welcomes the objective to steer FDI towards meaningful industrial, technological and social objectives in the EU, we believe that the scope in terms of sectors covered and relevant thresholds should be continuously evaluated and adjusted over time, through a transparent and inclusive consultation process, to ensure that the framework effectively meets its intended objectives and reflects the realities of the sectors concerned. Moreover, we believe it is vital to raise ambitions, especially in terms of Union workforce share, job quality and input sourcing.

Local content requirements for automotive industry are highly welcome, but clarification is needed

IndustriAll Europe welcomes the fact that the IAA identifies the automotive industry and its supply chain as a strategic sector, for which the EU will stimulate demand with high local content requirements. All vehicles purchased with direct or indirect support from public resources or regulations must have a European content equivalent to 70%.

At the same time, clarification is needed in terms of the geographical scope, as the IAA proposes three different scopes for the auto sector depending on the mechanism at stake. This flexible system lacks clarity and raises concerns in terms of its impact on the ultimate objective of this regulation, which is to foster European industrial supply chains in a context of dependency and global uncertainty.

In the same way, the technological scope should not limit local content requirements to “zero and low-emission vehicles”. The IAA should set local content requirements (and social conditionalities) for all new vehicles sold in Europe with support from public authorities whatever their powertrains. The automotive

sector is closely linked to upstream industries, particularly chemicals (e.g. battery materials, polymers, electrolytes). Ensuring local content in final products without addressing these upstream inputs risks weakening overall industrial resilience.

IndustriAll Europe also welcomes the fact that the IAA sets out local content requirements for batteries and battery components, since most of the BEVs sold in the EU will have batteries made in the EU. However, we question the absence of requirements for pCAM components.

Made in Europe criteria must also cover clean steel

IndustriAll Europe welcomes the creation of lead markets for low-carbon steel through public-procurement quotas, as it is a lever to signal long-term demand for decarbonised steel. However, we question the lack of local content provisions for low-carbon steel in public procurement provisions. Demand created and financed through public money must be explicitly linked to “Made in Europe” production, high-quality industrial jobs and strong social standards. Public funding should not just support any “low-carbon steel” from anywhere, but must prioritise steel produced in Europe under European labour, environmental and social standards. The IAA must support an ambitious shift towards European-made low-carbon steel, while formally recognising the steel sector as strategic and attaching social conditionalities to low-carbon procurement. IndustriAll Europe is therefore calling for clear Made in Europe minimum quotas for the steel industry to be included in the IAA, to ensure that production and processing take place in Europe.

The creation of lead markets for “Made in Europe” low-carbon steel is essential to give long-term demand certainty for a sector that finds itself in a deep crisis. The European Commission must ensure that support is consistent across different public policy tools, from trade measures to public procurement, but also sectoral plans for key steel-consuming industries. While new steel trade measures to address global overcapacity, expected to apply from July 2026, are necessary, they will not be sufficient on their own to support the sector’s decarbonisation. That is why the European Commission must ensure that public financing for low-carbon steel strengthens domestic industrial capacity and workers, rather than inadvertently subsidising low-carbon transition and production outside the EU. This will remain a concern for which industriAll Europe will be vigilant and active.

What is more, a major challenge of the IAA proposal is the lack of clarity around the definition of “low-carbon steel”. IndustriAll Europe underlines the need for a stable, predictable, clear and credible definition of low-carbon steel to avoid greenwashing, while supporting real decarbonisation pathways in Europe. Public procurement rules should include preferences or quotas for steel melted and poured in Europe, to ensure that imports do not capture green premium markets financed by EU taxpayers. At the same time, the Commission must be mindful of the current gap between available EU low-carbon steel production and the volumes needed to meet demand, to ensure a realistic and fair transition.

IndustriAll Europe also questions whether the proposed threshold for low-carbon materials (including 25% for aluminium and 5% for concrete and mortar) is sufficient to meaningfully reshape markets and investment decisions. These thresholds may be too weak to drive real structural change and should be strengthened to ensure meaningful impact.

Finally, public support under the IAA must go hand in hand with clear responsibilities for companies to invest in genuine decarbonisation, supported by increased research, development and innovation. Public money should not enable short-term profit maximisation, but must strengthen long-term industrial resilience, safeguard workers and support a fair and sustainable industrial transition in Europe.

Social conditionalities must be mandatory and govern all tools of public support

We welcome the inclusion of mandatory social conditionalities in the provisions on Foreign Direct Investment (FDI) of the IAA. IndustriAll Europe has been advocating for strong and mandatory social conditionalities as a lever to ensure a qualified workforce and larger societal well-being.

Within the criteria established for granting access of Foreign Direct Investments to the EU market, the requirement that at least 50% of the workforce employed in the context of the FDI are “made up of Union workers across all categories of the workforce”, and that “such employment shall be accompanied by adequate training and capacity building measures” is mandatory. Making social conditionalities binding on Foreign Direct Investment in strategic sectors is a significant step forward. However, we regret that social conditionalities are not mandatory for all EU producers benefitting from the IAA’s provisions.

To our regret, the IAA fails to link binding social conditionalities to all facilitating provisions in the proposed IAA, including public procurement provisions or designation of industrial accelerator areas. This is a missed opportunity to strengthen the EU’s workforce potential and quality jobs in Europe. We expect the European Parliament and the Council to improve this in the upcoming negotiations.

IndustriAll Europe reiterates its calls for robust and enforceable social conditionalities linked to all public procurement, European funding instruments, State aids, and when incentives are set. Companies, contractors and suppliers benefitting from public contracts and other public incentives must comply with national and EU labour legislation and respect core International Labour Organisation (ILO) conventions. Social conditionalities must include:

- Guaranteeing **participation, information and consultation of trade unions**
- Promoting collective bargaining coverage, respect of collective agreements and social dialogue
- Ensuring **quality jobs creation**, including fair wages, good working conditions, health and safety at the workplace, job security and social protection, work-life balance, while promoting direct employment
- Supporting **training, upskilling and reskilling** and the creation of high-quality apprenticeships
- Guaranteeing anticipation and management of change and ensuring a **Just Transition** in practice by avoiding redundancies or the deterioration of working conditions by involving trade unions in restructuring and transition plans **Limiting subcontracting chains** and ensuring that where subcontractors are in place, the same social conditionalities apply. Direct employment relationship should remain the norm, chains should be limited to one level or, in exceptional and justified cases, to a maximum of two secondary levels.
- **Contributing to eliminate the pay gap between men and women**
- **Implementing inclusiveness and non-discrimination policies**

Fundamentally, social conditionalities must be linked to clawback mechanisms that effectively enforce their application.

Streamlining and accelerating permitting procedures are welcome, but not at the cost of lower environmental and safety standards

Chapter 2 of the IAA, which establishes the “enabling conditions”, targets the streamlining and acceleration of permitting procedures. While these objectives are welcome, industriAll Europe reiterates its concerns that, in a context of austerity policies and strict fiscal rules, this might come at the cost of strong environmental and safety safeguards, as the respective authorities remain understaffed and

investments in the technical and personal capacities of authorities do not correspond to the objectives set in the IAA and other EU legislation.

We therefore emphasise the need to invest in quality public services and jobs to ensure fast and efficient permitting while maintaining high environmental and safety standards.

The IAA requires a much stronger recognition of the workforce dimension

While the IAA acknowledges the labour dimension to an extent and Article 1 of the IAA even refers to the creation, retention of and transition into high-quality jobs as a side-objective, which we welcome, the IAA should and must be much stronger in mainstreaming social wellbeing and quality jobs throughout its industrial policy tools. As explained above, industriAll Europe welcomes the first legal provisions for social conditionalities in the context of FDI provisions, but these remain limited to FDI provisions and – considering the required employment share of 50% of Union workers only – incomprehensible. Similarly, we acknowledge the requirement of Member States to take into account skills needs, the shortages and employment trends and support measures to achieve the adequate reskilling and upskilling of the local workforce when designating Industrial Acceleration Areas, as set out in Article 25, paragraph 4 e), but this recognition of the critical needs for a qualified workforce is not sufficiently covered in the other provisions.

The need for qualified workers is not only essential for the strategic sectors targeted by the IAA, but is critical across industrial sectors. The shift to low-carbon steel, EV and battery manufacturing, increasing circularity, and, not forgetting, the shift to automation and AI, will require new skills that need urgent attention, as well as increasing levels of public and private investment. Unfortunately, the IAA fails to mainstream the strategic workforce and skills dimension in its provisions. IndustriAll Europe demands clear improvement in this respect, including a clear link to the Quality Jobs Roadmap and future Quality Jobs Act.

The IAA is not a silver bullet for Europe's industrial and social crisis

Public and private investments are urgently needed to reinforce Europe's industrial and social fabric. Without the fiscal power, many of the IAA's provisions remain empty and meaningless for many Member States if bound by current fiscal rules. In order to increase the leverage of its industrial policy tools, the EU must urgently revise its macroeconomic framework in order to enable Member States to undertake public investment of the twin green and digital transition at scale. At the same time, relying on State aid only risks undermining the EU's regional cohesion. In that respect, EU funding, including through new EU resources, will be essential not only in terms of cohesion but also in terms of the overriding objectives of ensuring the EU's resilience and economic security.² Without addressing urgent investment needs in energy, digital and social infrastructure, Member States will fail to attract private investments and accelerate local manufacturing despite the enabling spirit of the IAA.

Simultaneously, investing in and boosting Europe's innovation capacity and R&D will be of existential importance if Europe does not want to be lagging behind in the global digital and green economy.

Without addressing these structural cost disadvantages, particularly in energy-intensive sectors, the regulatory incentives provided for in the IAA risk being ineffective, as production may continue to shift outside Europe. The IAA should therefore be explicitly linked to a broader strategy addressing carbon leakage risks and ensuring internationally competitive framework conditions for the industrial transformation.

² See [industriAll Europe position "A European Investment Plan for Good Industrial Jobs"](#), adopted in November 2024

IndustriAll Europe stresses the importance of better reflecting the diversity of industrial realities across the EU. A more explicit regional dimension would help ensure that the IAA contributes to balanced industrial development and does not unintentionally reinforce existing disparities between Member States. In this context, greater attention should be given to how public investments, industrial support and social conditionalities can foster convergence, support the regions most affected by deindustrialisation and encourage higher value-added production, fair working conditions and sustainable industrial growth and employment across all parts of Europe.

Moreover, while the EU must address unfair competition and structural factors contributing to the crisis of the European manufacturing industry, this cannot mean distributing blank cheques to companies. Companies must be held accountable too, through mandatory social conditionalities, requiring them to invest parts of their profits in the modernisation of their manufacturing assets as well as quality jobs and training.

Energy prices remain a key barrier to industrial acceleration in Europe

Tackling structurally higher energy prices and dependencies on energy imports must continue to be centre piece when addressing Europe's industrial crisis. In the wake of another energy price shock caused by the Middle East crisis, Europe must come up with a more comprehensive approach to energy policy. Resolving the industrial crisis will require a deep rethinking of energy policies, overcoming fragmentation, upscaling homegrown clean energy infrastructure and revising the electricity market to make it fit for decarbonised industrial production made in Europe.

Industrial workers expect bold and strategic industrial policy for good industrial jobs

European industrial workers in new and incumbent industries have high expectations towards the EU institutions and Member States to take decisive initiatives and adopt effective industrial policy tools that provide for the safeguarding and creation of high quality jobs across Europe and its regions. In moments of geopolitical turbulence, the imperative becomes unmistakable: Europe must build resilience at home and strengthen cooperation with trusted partners, starting with its neighbourhood, while working to rebuild global governance and stability. That requires decisive investment and a bold, strategic industrial policy - now more than ever.