MEP Group on Climate Change, Biodiversity & Sustainable Development

FINAL REPORT

THE INDUSTRIAL ACCELERATOR ACT: KEEPING EUROPE COMPETITIVE IN THE GLOBAL INDUSTRIAL RACE

Wednesday 9 September 2026 - European Parliament

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In his opening remarks, **MEP Dimitris Tsiodras (EPP, MEP Group Co-Chair)** highlighted that the EU is currently facing a major industrial challenge characterised by falling productivity. Thus, to counteract this trend, the European Commission has proposed the IAA, which has the dual objective of strengthening the industrial labour market and accelerating industrial decarbonisation. This would grant support to the green transition and achieve a 20% reduction in emissions by 2035. MEP Tsiodras highlighted that achieving these targets requires addressing the current scope of the Act, which he noted is overly broad, by adopting a more targeted approach. Specifically, he stressed the necessity of closing the investment gap—notably through instruments such as the Innovation Fund—while safeguarding European manufacturers from losing market share to carbon-intensive imports. Furthermore, MEP Tsiodras underlined that implementation must account for national and regional specificities, emphasising that it is critical for the EU to leverage the full potential of the single market, reinforce strategic value chains, and deliver enhanced conditions for capital investment and industrial scaling. Key elements include a higher level of digitalisation to reduce permitting times without lowering standards.

After this opening speech, **Mr. Alessandro Polito,** Deputy Head of Unit at DG GROW (European Commission), provided an overview of the current economic climate and the strategic role of the Industrial Acceleration Act (IAA). He outlined the escalating global competition across various sectors, pointing to issues such as excess global capacity and rising economic and security risks for the European Union. Beyond structural factors that require urgent attention, particularly high energy prices and limited space for innovation, EU industry is constrained by excessive bureaucracy, difficult investment conditions, and an increasing risk of dependencies in key industrial sectors.

A central challenge lies in the uncertain economic viability of decarbonization for investors in the EU. While low-carbon solutions are available for energy-intensive sectors, they entail higher operating costs that current market mechanisms do not adequately reward. Consequently, the IAA seeks to advance competitiveness, decarbonization, and strategic autonomy by utilizing the Single Market to leverage and de-risk investments in areas marked by high commercial uncertainty.

To promote synergies and cooperation among all industrial actors and offset the smaller scale of some of them, the IAA focuses on fostering industrial clusters and streamlining administrative processes through the "one project, one procedure" principle. Mr. Polito emphasized that expedited permitting for mature projects will not compromise environmental standards, but rather be based on better coordination and digitalisation.

Following this intervention, relevant stakeholders were involved in a panel discussion. Firstly, moderator Mr. Ilias Grampas raised the question of whether Europe's industry is sufficiently competitive and resilient. **Ms. Pauline Fournols**, Chief Policy Officer at WindEurope, argued that competitiveness requires clear rules and low unpredictability: scaling up can indeed be hindered by regulations that are too complex or that change frequently. In this regard, **MEP Christophe Clergeau (S&D),** expressed that from the ENVI perspective – of which he is serving as Shadow Rapporteur – there is urgent necessity for an improvement in the Act's text. He emphasized the need for a global comprehensive strategy on the legislative tools that are intended to regulate the future of the European economy. Subsequently, **Mr. Riccardo Nigro**, Senior Policy Officer for Industrial Transition at EEB, emphasized that strengthening market quotas for low-carbon products is a key measure of the IAA needed to make European industry more competitive and resilient. **Mr. Yianni Paniaras**, Executive Director for Europe at Titan Europe, highlighted cement producers' long-standing advocacy for the creation of a lead market and higher quotas – increasing from 5% to 25% – in order to send a stronger market signal to drive competitiveness. Finally, **Mr. Daniele Olivieri**, Deputy Director for Entrepreneurship & SME at Business Europe, while welcoming the Commission's ambition to provide a policy response to the challenges facing Europe, noted that the proposal includes some far-reaching measures, for which the overall impact remains uncertain.

The next question concerned the need for a strategic vision and the critical areas for acceleration that would be concerned by the Act. In this regard, **MEP Clergeau**, commented that industrial acceleration must remain fully coherent with the European Green Deal. He emphasized that while European industry needs to foster strategic sovereignty, this must not come at the expense of environmental standards or by introducing excessive flexibility that jeopardizes climate goals. Furthermore, he advocated for ensuring that all Net-Zero Industry Act (NZIA) sectors are comprehensively covered by the text, explicitly urging the inclusion of key areas beyond traditional manufacturing, particularly the maritime sector to support offshore energy development.

The following theme raised by Mr. Grampas concerned how the IAA should ensure abundant and affordable clean energy. **Ms. Pauline Fournols** noted that driving high volumes of renewable energy is essential for providing industry with long-term planning viability. To achieve this, as a representative of WindEurope, Ms. Fournols stressed the need for EU-level supply chain coordination, regulatory stability to prevent constant rule changes, and strong electrification across industrial sectors supported by a robust Emissions Trading System (ETS). Furthermore, she highlighted that renewable energy auctions must be designed to avoid unnecessary costs for society while ensuring the European energy grid is safeguarded against cybersecurity vulnerabilities.

Subsequently, regarding the topic of how to strengthen competitiveness, **Mr. Olivieri** underscored three main points of action: accelerating permitting procedures to unlock stalled investments, using the concept of European preference in a targeted and cautious manner, and strategically managing foreign direct investment (FDI) to attract capital while safeguarding key assets.

Mr. Paniaras, emphasized the importance of a policy approach that is both ambitious and pragmatic, ensuring businesses have the requisite certainty to invest in low-carbon production. While affirming the EU's continued leadership in global decarbonization, he noted the need to account for differing rates of regulatory progress internationally. Within this context, policy instruments such as the Emissions Trading System (ETS) should serve primarily to incentivize domestic green investment, ensuring that European producers are not placed at a competitive disadvantage. Consequently, he highlighted the need for careful consideration of global market dynamics to maintain industrial competitiveness while supporting companies through the transition away from fossil-based processes.

The last question of the panel concerned strategies for fossil fuels' phase-out. **Mr. Riccardo Nigro**, concluded that the IAA should incorporate explicit objectives for both direct electrification and the systematic reduction of fossil fuels. Furthermore, accelerated permitting procedures must strictly target projects that deliver emissions' reductions with a clearly defined scope. To prevent ecological degradation, environmentally sensitive zones such as Natura 2000 protected areas must be explicitly excluded from fast-track schemes. Instead, acceleration measures should focus strategically on brownfield sites, meaning areas that already possess the necessary infrastructure but are currently experiencing industrial decline – thereby revitalizing former industrial hubs while safeguarding biodiversity and guaranteeing a clean energy transition.

Following the panel, more Members of the European Parliament in attendance took the floor to offer their remarks. **MEP Nicolás González Casares (S&D, MEP Group Co-Chair)** commented that the EU must proceed with caution regarding the concept of overriding public interest that would be applied to strategic industrialization projects. While framing the IAA as an opportunity, he emphasized that it should serve as an open, proactive platform to promote the EU rather than a defensive posture, encouraging neighboring partners to establish themselves within the single market and level the playing field. Furthermore, he expressed particular concern regarding the expansion of sectors under the Act, highlighting that any addition requires a thorough impact assessment, as faster permitting procedures must not come at the expense of clear regulatory frameworks and social conditionalities.

MEP Radan Kanev (EPP) highlighted an omission in the European Commission's proposal regarding geographical scope, noting that the draft currently does not adequately protect EU manufacturers from external competitors which do not offer reciprocal market opening. He warmly welcomed efforts to strengthen European competitiveness, but expressed particular concern over the plight of the chemical industry, stressing that maintaining robust safeguards and strategic autonomy is essential for the sector's survival.

MEP Maria Grapini (S&D) emphasised that legislative initiatives must strictly reflect the practical realities of the industry. Advocating for a dialogue with the sector representatives that face a dense regulatory landscape, she expressed particular concern regarding the tight deadlines, At the same time, she advocated for administrative simplification and reminded that a strong industrial foundation is intrinsically tied to European security.

MEP Per Clausen (The Left) warmly welcomed the IAA as a vital opportunity to drive industrial independence, boost competitiveness, and secure high-quality jobs while accelerating the phaseout of fossil fuels. He emphasized that the proposal should be strengthened to ensure a smooth transition towards sustainable, renewable energy-based manufacturing, particularly through industrial acceleration areas that do not undermine environmental standards or compromise protected areas.

MEP Tomislav Sokol (EPP) asserted that the EU must act with ambition and precision in response to China's aggressive market expansion. He expressed particular enthusiasm for the proposal's investment dimensions and highlighted that single-market access under the "Made in EU" banner should strictly require reciprocity and adherence to EU standards. He emphasised that decarbonization should primarily serve to reduce strategic dependencies and use green policies to reduce dependence.

Wrapping up the discussions, host **MEP Dimitris Tsiodras (EPP, MEP Group Co-Chair)** underlined that Europe must stop losing ground to global competition and urgently regain its competitiveness, emphasizing that the implementation of the IAA will be decisive in securing this industrial sustainable turnaround.