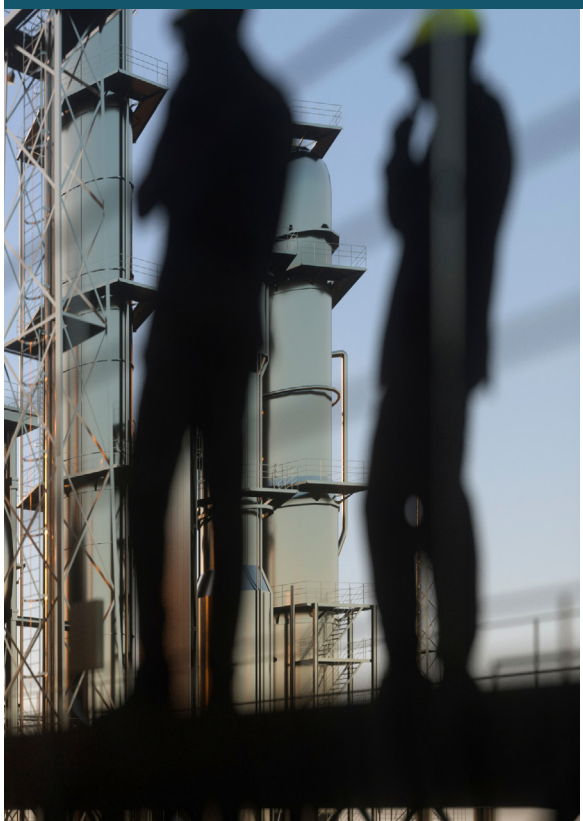
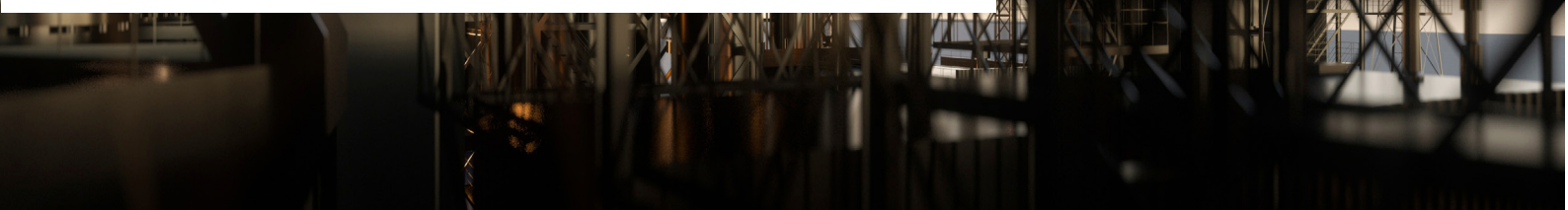
BELLONA EUROPA

CONSULTATION RESPONSE

JULY 2025

The Industrial Decarbonisation Accelerator Act: a crucial tool for lead market creation





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The IDAA is a strong signal of the Commission's commitment to stick to climate ambition, while fostering competitiveness and ease implementation through clarification of policy interactions.

This document includes important considerations from Bellona that are relevant to the lead markets scope of the IDAA, beyond what the consultation survey covered.

Low-carbon product requirements

On labels & low-carbon definitions

Robust definitions and requirements for low-carbon products are essential to drive genuine emissions reductions and create credible lead markets.

- **Low-carbon cement:** Bellona supports a **maximum threshold of 352.35 kg CO_2/tonne of cement** for it to be consider low-carbon, as defined by the Independent Science Based Taxonomy, to align with the EU's 2030 climate targets.
- **Low-carbon steel:** thresholds should align with near-zero emissions, as proposed by the IEA:
    - **Primary steel:** ≤ 0.4 t CO_2e / tonne
    - **100% scrap-based steel:** ≤ 0.05 t CO_2e / tonne

Labels or certifications should be harmonised across the EU and tied to clear thresholds of emissions intensity, with third-party verification to ensure credibility and comparability. In sectors such as cement, steel, aluminium, and other hard-to-abate industries, transparent and rigorous product standards are critical to avoid greenwashing and to enable public procurement and market incentives to reward truly low-carbon production.

Any label used will shape future definitions of **"green"** or **"low-carbon"**, whether it is rooted on standards or not.

Cement label considerations:

Given the multiple, parallel levers for cement decarbonisation (design efficiency, clinker-to-cement ratio reduction, increased used of low-carbon SCMs, CCS) that must be used simultaneously to achieve net-zero, a label for cement is not an easy task.

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Some of the existing proposals include a sliding scale based on clinker content (e.g. GCCA). This poses some concerns:

1. **Misleading definition of low-emission cement**
   - The GCCA's approach classifies *all* cement types as low-emission, regardless of the emission intensity.
   - This risks misleading consumers into believing substantial emission reductions have been achieved, even when only minimal improvements occur.

2. **Disincentive for supplementary cementitious materials (SCMs)**
   - The sliding scale could discourage the use of SCMs, which are crucial for decarbonising cement production.
   - A **fixed clinker factor**
     - **at national level**, it may fragment the EU market and hinder internal trade.
     - **At EU level**, could hold back progress in more advanced countries with already low emissions and be too demanding for countries with higher-carbon cement production.

A different possibility would be the creation of a **concrete label** based on strength classes, since low-carbon concrete generally means low-carbon cement, but not necessarily the other way around.

- The benefit of such approach is that it promotes both a more efficient use of cement in concrete, and the use of less carbon-intensive cement.
- This would also help procurement officials and contractors as the typical material procured is concrete, not cement.

It is important to note that, while clinker substitution is a cost-effective and readily available decarbonisation technology, and it should be promoted via standard harmonisation and with proper labels, it is also insufficient alone to reach net-zero. CCS will be necessary, and this should be reflected in any label scheme.

Steel label considerations:

Designing a label for steel is very complex, as it must reflect the different pathways and challenges in decarbonising primary and secondary steel production, and incentivise both, while keeping in mind various end-sectors. Key considerations include:

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1. **Avoid disadvantaging secondary steel**
   - Secondary (scrap-based) steel is far less emission- and energy-intensive than primary steel.
   - Labelling should not impose stricter requirements on scrap-based production, especially while green electricity remains limited.

2. **Support low-carbon primary steel**
   - Decarbonising primary steel is complex and costly. Hydrogen-based routes show promise but are highly energy-intensive and require renewable electricity to be truly low-carbon.
     - A well-designed labelling system **should also support the transition to low-carbon production pathways for primary steel**.
   - Increasing scrap use in primary processes (e.g. combining DRI with steel scrap in EAFs) can:
     - Lower energy needs and costs
     - Reduce dependency on scarce DR-grade iron ore

3. **Promote high-quality recycling**
   - Improving the quality of recycled steel is essential to avoid downgrading and contamination, and expand recycled steel's use in both primary steel production and sectoral applications.

4. **Leverage scrap availability**
   - Mature economies like the EU are approaching a scrap-rich era, with potential to meet up to 85% of steel demand by mid-century. This presents a strategic opportunity to:
     - Specialise in high-quality recycled steel
     - Cut emissions and strengthen industrial competitiveness

On methodology

One important question is which mechanism should be used to drive demand, especially when awarding contracts, licensing or funding. While moving away from price-only is clear, the question on how to address non-price elements remains less so.

A clear example where this has worked is the city of Oslo, which went from procuring 0 to 100% zero-emission construction machinery in public works from 2015 to 2025. They used a mix of technical requirements, minimum award criteria and technical specifications depending on the project procurement value. It is important to note that this was the result of

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a transition period, with the preferred mechanism changing according to transitional phase's needs.

On EU preference and local content criteria

A "made in Europe" request for products must be above all, strategic. Some important considerations:

- **Strong environmental and social conditionalities** would act as a European preference criterion without the protectionist trade implications. Local content requirements may be justified in specific strategic contexts, **if they deliver genuine climate and resilience benefits**.
    - However:
        - A local content requirement should only apply if the European product has **demonstrably lower lifecycle emissions** than alternatives.
        - Otherwise, it risks locking in less sustainable production pathways and disincentivise European industrial decarbonisation (e.g. BF-BOF steel).

- An option is **linking rules of origin to the added value created**, both economic (e.g. European jobs) and climate value.
    - For example: in sectors like steel, the refining and finishing of the crude input contributes a greater share of the economic value and requires a greater share of the total workforce than the emission-intensive production of low-value crude materials.

Bellona therefore recommends:

- No blanket local content mandates, but one that addresses specific resilience requirements.
- Instead, **criteria linked to sustainability performance** (e.g. low-carbon steel certified through robust methodologies) should be preferred.

On book & claim systems

Bellona is cautious about chain of custody mechanisms like Book & Claim, which separate physical goods from their environmental attributes. While such systems are sometimes proposed as transitional tools to stimulate early markets for low-carbon materials, they introduce **significant risks of double counting of emissions, resource shuffling, and diminished transparency for purchasers.** If ever considered, such mechanisms must be:

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- narrowly confined to first-of-a-kind (FOAK) projects,
- restricted geographically, and internally within a company,
- clear definitions of which national government is able to claim the reduction towards their national targets (the producer of the product or the buyer of the certificate),
- subject to strict, third-party verification,
- required to provide transparent marketing indicating B&C has been used,
- and clearly time-limited, with a defined phase-out pathway.

Impact on downstream sectors: final costs

It is important to note that while green premium may exist at product level, it does not necessarily have a significant impact on the final product.

For example, it is estimated that, even if all public procurement of cement and steel in the EU were low-carbon (with 80% emission reduction compared to the current standard production), the overall procurement costs for constructions would increase by 0.4 - 0.9% in the case of cement, and by 0.6 - 1.3% in the case of steel. If both were purchased simultaneously for the same project, the cost increase would be of 1 - 2.2%.

Nevertheless, delaying the shift to low-carbon products due to cost concerns risks locking in high-emission pathways, jeopardising both climate targets and Europe's long-term industrial competitiveness. Transparency about cost impacts and predictable timelines for introducing sustainability criteria are vital to enable businesses to adapt and invest confidently in clean technologies.

Context and coherence with existing legislation

Under the Clean Industrial Deal, two main tools exist for lead markets creation: the IDAA, with a focus on energy-intensive industries; and the revision of the Public Procurement Framework, with a more cross-sectorial scope.

Bellona also recognises the challenges on ensuring coherence with existing and upcoming legislation, be it product legislation (ESPR, CPR), or downstream sector legislation (Clean Vehicles Directive, EPBD).

Plenty of demand drivers exist in these legislations. The IDAA & the PPD revision offer an opportunity to clarify these interactions, without backtracking or reopening legislation. Both tools should interact to pool demand from public sector towards the strategic decarbonisation and competitiveness objectives.

With the IDAA's more targeted mandate, it presents a chance to drive sector-specific standards, incentives, and definitions for low-carbon materials, ensuring they align with existing frameworks while closing gaps that hinder market uptake.

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The IDAA should also build on existing legislation.

- For example, the **EPBD** requires EU Member States to publish a roadmap under Article 7, setting life-cycle GWP limits and targets for new buildings from 2030, aligned with climate goals.
    - Using low-carbon materials—especially cement, concrete, and steel—will be key to meeting these limits and driving demand for such products.
    - **Expansion to infrastructure**, not only buildings, would increase the size of the lead market.
- Similarly, the **CPR** requires environmental performance requirements, such as product-level emissions, which could serve as a technical basis for defining procurement criteria under the IDAA.
- The **ESPR** sets the stage for Digital Product Passports and minimum sustainability requirements across multiple sectors, which can be leveraged by the IDAA to promote traceable and verifiable low-carbon inputs, particularly in energy-intensive goods.
- Finally, the **Clean Vehicles Directive** already mandates minimum targets for clean vehicle procurement by public authorities, providing a precedent for how procurement can directly support decarbonisation objectives. These principles can be extended under the IDAA to include material-related criteria (e.g. steel in vehicles), reinforcing the demand for verified low-carbon materials across value chains.

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