



Position Paper

The Industrial Accelerator Act can create lead markets, but only if strengthened

The Industrial Accelerator Act (IAA) is a welcome and necessary step. Decarbonising Europe's most emissions-intensive industries – steel, cement, aluminium, and chemicals – requires a transformation in how public money is spent and how markets are shaped. The IAA has the potential to be the instrument that drives that transformation, by sending a clear, credible demand signal for genuinely low-carbon products.

However, as it stands, the Act falls short of its own ambition in three critical ways: it lacks the robust low-carbon definitions needed to give the demand signal meaning; its procurement quotas are too low and too static to drive market transformation at scale, as they do not yet provide the long-term signals that the industry needs; and the Act does not tie European-origin criteria inseparably to low-carbon requirements.

Bellona's position is that the IAA must be strengthened on all three fronts. The sections below set out our analysis and recommendations.

Bellona's key asks

- **Set robust, science-aligned low-carbon definitions as soon as possible:** include fallback thresholds in the IAA itself, with a tightening trajectory, and demand an urgent timeline from the Commission for the ESR and CPR delegated acts.
- **Make it "made clean in Europe":** Union-origin criteria must be inseparable from low-carbon requirements in both procurement and public support schemes, with no loopholes for Member States to apply origin criteria without environmental conditionality.
- **Raise the ambition on procurement quotas and provide a long-term trajectory:** current quotas are too low to generate demand at the scale required for industrial transformation. A credible timeline for the ESR steel delegated act must accompany the IAA's passage.
- **Private demand is critically missing from the Act**

Scope

The proposal applies to a broad range of sectors, instead of the initial aim to focus on energy-intensive industries decarbonisation and competitiveness. The 2035 manufacturing objective in article 2 lacks a clear reference to clean industrial production. If this is to remain, Article 2 must include conditionalities that this industrialisation should lead to decarbonised production, to avoid locking in unsustainable production pathways in Europe.

With regards to the sectors covered: certain recycling plants are industrial areas and are not explicitly included in the proposal. They should be considered, given their importance as local

feedstock producers for steel, particularly given the expected rise of scrap-based EAF steelmaking in the EU.

It would also make sense to further include parts of the chemical industry in the IAA, as the challenges of creating lead markets or any market pull for green products might be even more pronounced than for steel and cement.

Low-carbon definitions

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

Currently, the IAA's low-carbon requirements for steel and cement currently depend entirely on future delegated acts under the Construction Products Regulation (CPR) and the Ecodesign for Sustainable Products Regulation (ESPR). Without clear low-carbon definitions upon publication of the Act, the demand signal is weak and there is a risk of delayed action until the delegated acts are in place.

The Act should include either an interim definition of low-carbon concrete and mortar, cement, steel and aluminium, or at least define the technical boundaries for the definitions – ensuring a minimum level of ambition that ensures a solid demand signal. Instructions for progressively tightening definitions and for increased quotas over time should also be included from the outset.

EU preference

Any European-origin preference must be paired with verified low-carbon conditionality, i.e. "made clean in Europe," not just "made in Europe." On the positive side, Article 11 explicitly ties Union origin to low-carbon requirements for public procurement, and the inclusion of EEA countries in scope is welcome. Article 12, however, is ambiguous: it's unclear whether Union origin and low-carbon requirements must be met together or can be applied independently. Annex II suggests the former, but the article's text doesn't confirm it. Even though this ambiguity likely stems from steel having only low-carbon requirements (no origin requirement, due to the existing trade framework, which should remain), the wording should make the link between both criteria the default, except where origin requirements are explicitly excluded.

To ensure the IAA designs European preference criteria in line with the Union's broader climate and industrial goals, the treatment of FTA partner countries should be reassessed. Preference criteria should not rely solely on origin but should also weigh employment intensity, social value, and comparative climate performance across value chains. EU production should be preferred where European industry shows equivalent or superior climate performance versus external competitors, accounting for the social, economic, or strategic benefits of different industrial processes in the identified strategic sectors. While the framework should avoid being

purely protectionist, FTA partner producers should remain eligible only where they demonstrate genuinely lower emissions, robust monitoring and verification, and alignment with the Union's climate and social objectives. This would reward European decarbonisation while preserving incentives for partners to align with the EU's industrial transition.

Finally, there are remaining questions on the rules for material inputs such as scrap for steel: for example, will EAFs be penalised for using imported scrap while BF-BOFs remain free to import iron? Amendments must bring clarity to this issue.

Procurement quotas

The inclusion of the mandatory quotas is a welcome and necessary step. However, while in the absence of a low-carbon definition it is hard to judge the appropriateness of the quotas, it seems that the proposed levels for concrete and steel could be met with the existing low-carbon production, even though the quotas will not enter into force until 2029.

In the case of steel, since two-thirds of the steel procured for constructions is secondary steel and therefore has lower emissions, a 25% quota does not send a sufficient demand signal. In the case of concrete, estimates show that by 2030 there will be enough low-carbon concrete to supply 90 – 115% of the public market.

Therefore, the act should set ambitious quotas of at least 75% for low-carbon steel and 50% for low-carbon concrete, that is also conditional to the use of low-carbon cement.

The quotas are also static, which also fails to send each sector the long-term demand signal needed, as well as the level of decarbonisation progress that will be expected of the industry in the interim to reach the Union's climate neutrality goals by 2050. The Act should include provisions to increase the quotas by 2035 and 2040, by when the public market should purchase 100% low-carbon materials.

Private demand

While the inclusion of strategic criteria and targets for public procurement is welcome and a great first step, this will not stimulate sufficient demand for a systematic industry transformation at the scale needed. For that reason, the Act should be expanded to refer to private procurement, in the form of a roadmap to be put forward by a relevant institution (e.g. European Commission). This is crucial in order to provide a long-term vision for a robust market development, so that the efforts made by the European public sector can be easily picked up and built upon the private sector as well, creating economies of scale and long-term competitiveness.

Acceleration Areas & Strategic Projects

Bellona stresses the importance of explicitly linking cluster benefits to decarbonisation performance. Industrial areas designated under the framework should preferentially support clean production routes (such as hydrogen-based direct reduced iron (H₂-DRI), electric arc furnaces (EAF), and low-carbon cement with carbon capture and storage (CCS)) rather than simply accelerating any form of manufacturing regardless of its emissions profile. Without this explicit link, clusters risk subsidising business-as-usual industrial expansion under a "green" label, undermining the Act's credibility and diverting support away from the technologies the EU actually needs to scale.

With regards to the definitions of "strategic projects", we disagree with the inclusion of "manufacture of coke and refined petroleum products" among the listed strategic projects. Strategic project status should be reserved for clean industrial projects that support the EU's decarbonisation and industrial transition objectives. Including fossil fuel-related activities such as coke and refined petroleum manufacturing sends a contradictory signal and risks channelling strategic support and associated benefits toward carbon-intensive, legacy industries rather than the clean technologies the IAA aims to accelerate.

Lastly, Bellona welcomes the current energy planning provisions (Recital 56 and Article 26). The requirement for Member States to analyse the energy needs of each Acceleration Area and ensure TSO/DSO network development plans reflect anticipatory investment is essential for enabling clean industrial transitions.

Environmental Impact Assessments

We are also concerned that only one Environmental Impact Assessment (EIA) is required per area, rather than per project within that area. Bundling multiple, potentially quite different industrial projects under a single EIA risks overlooking project-specific environmental impacts, cumulative effects, and risks that a single area-level assessment may not adequately capture. If this single-EIA approach is retained, it is essential that the assessment be extremely robust, comprehensive, and well-executed, with clear mechanisms to ensure that impacts from individual projects added later are still properly captured and reassessed as the area evolves. Under no circumstances should environmentally protected areas or reserves be considered for establishing acceleration areas.



CONTACT

Irene Domínguez Pérez
Policy Manager, Embodied
Carbon & Lead Markets

Phone
Mobile: +32 (0) 456 616 195

Online
Email: irene@bellonaeuropa.org
Website: eu.bellona.org

Bellona Europa is an independent, non-profit organisation that meets environmental and climate challenges head-on. We are result-oriented and have a comprehensive and cross-sectoral approach to assess the economics, climate impacts and technical feasibility of necessary climate solutions. To do this, we work with civil society, academia, governments and polluting industries.