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Industrial acceleration, or all an act?

Orgalim's views on the Industrial Accelerator Act and its impact on Europe's future competitiveness

Key takeaways:

- Flagship initiative aims to increase manufacturing in the EU, bringing it to at least 20% of GDP by 2035;
- It signals political intent to reinforce industrial capacity and build EU strategic autonomy;
- Although politically important as a signal, it is likely going to be insufficient alone;
- EU manufacturing needs broader reforms, including on **fundamentals** like energy prices, regulation, and investment conditions;
- **Clarity in design and scope is critical** for legal certainty and effective implementation;
- **Climate and industry goals must be aligned** through cost-effective, enabling policies.

1. What is the IAA and why is it relevant?

The Industrial Accelerator Act (IAA) is a flagship European Commission initiative aimed at strengthening Europe's industrial base and increasing the share of manufacturing in EU GDP to at least 20% by 2035, compared to around 14% today.

The proposal is politically important because it signals a strong ambition to reinforce European industrial capacity and support the manufacturing value chain. It reflects a broader objective of improving Europe's industrial competitiveness and strategic autonomy.

The IAA leverages public procurement and public support schemes to boost demand for low carbon steel, aluminium and cement, as well as net-zero technologies produced in Europe and other countries that offer reciprocal market access to the EU. These measures need to be carefully designed to ensure clarity, legal certainty, and effective implementation, while avoiding supply chain disruptions. The IAA also introduces measures to speed up industrial permitting, focusing on energy-intensive industry decarbonisation projects. In order to effectively accelerate industrial manufacturing in the EU, the scope of these measures must be extended to cover a much broader range of industrial projects.

While an important step, we do not see the IAA as sufficient on its own to achieve the stated industrial targets. Rather, effectiveness depends on complementary policy measures addressing structural competitiveness challenges in the EU.

In a best-case scenario, the IAA could make a limited contribution to accelerating permitting procedures for industrial projects and boosting demand for selected technologies “Made in Europe”. However, its actual impact will depend heavily on implementation details.

In addition, further clarification is needed on specific elements, including:

- The exact list of products that will be subject to “Made in Europe” and low-carbon requirements;
- The exact list of countries that provide reciprocal market access to the EU and whose products will be considered as equivalent to “Made in Europe.”

Without such clarity, there is a risk of legal uncertainty that could limit practical uptake and effectiveness.

At the same time, the IAA permitting provisions are welcome as they could help reduce delays in industrial project development. However, the scope and ambition of such provisions must be broadened to ensure they apply across a wider range of industries, not only energy-intensive sectors. Overall, the expected direct economic impact of the IAA is limited unless accompanied by broader structural reforms.

Ultimately, improving industrial competitiveness requires a broader policy mix beyond the IAA itself. This includes for example:

- Lowering energy costs to improve production competitiveness;
- Reducing regulatory and administrative burdens ;
- Strengthening targeted industrial policy support for advanced manufacturing;
- Removing remaining barriers in the internal market to reduce current fragmentation.

The legislative timeline is expected to proceed through:

- Finalisation of Council and Parliament positions
- Trilogues in the first quarter of next year
- Potential agreement thereafter
- Longer-term industrial effects, potentially materialising toward **2028–2029**

2. How do we stay on track with our climate goals while accelerating our industrial output?

Climate objectives and industrial competitiveness must be pursued in a **mutually reinforcing way**, rather than in opposition.

To achieve both objectives, industrial policy should focus on:

- Supporting the competitiveness of European industry in the transition
- Ensuring access to affordable and stable energy supply
- Avoiding unnecessary administrative and regulatory burdens that slow investment
- Creating enabling conditions for scaling clean and advanced manufacturing technologies

While demand-side instruments (such as 'Made in Europe' criteria in public procurement) can play a role, they need to be designed carefully to avoid market distortions and ensure legal certainty.

At the same time, structural cost factors, particularly energy prices, are considered central to maintaining both industrial output and decarbonisation progress. Reducing energy costs is seen as a key lever to ensure that European industry can invest in clean technologies while remaining globally competitive.

The IAA was initially designed with a focus on energy-intensive industries, but it must work also for downstream technology industries, which operate in highly globalised and diversified value chains may also be affected.

Overall, the position is that Europe can meet both its climate objectives and its industrial ambitions, provided that policy measures are coherent, targeted, and firmly anchored in a holistic industrial strategy that supports competitiveness.

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