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WIRTSCHAFTSKAMMER ÖSTERREICH

Position on the Industrial Accelerator Act
Austrian Federal Economic Chamber (WKÖ)

The following sets out the WKÖ's assessment of the Commission's proposal for the Industrial Accelerator Act (IAA) and the resulting policy positions for the further drafting of the legislation.

The WKÖ's policy positions are set out in detail below:

1. Lead Markets for Selected Strategic Sectors

Lead markets can improve the economic viability of manufacturing strategic products in Europe by creating a predictable demand base for low-carbon products manufactured in Europe through public procurement and public support programmes. Particularly in strategic sectors, this can facilitate investment in new facilities, supply chains, R&D, training and industrial scaling, and help to maintain or rebuild a minimum level of industrial capacity and relevant know-how in Europe. Modern manufacturing is often characterised by 'learning by doing', cluster effects and technology-related spillovers. Where European production capacities are virtually non-existent, dependencies should primarily be addressed through diversification, stockpiling and partnerships — unless security or industrial policy considerations speak in favour of specifically maintaining or rebuilding a minimum level of manufacturing capacity and know-how within the EU and/or in reliable partner countries.

The WKÖ welcomes that, with the IAA, the Commission is for the first time incorporating clearly defined local content requirements and "Made in Europe" elements into its industrial policy toolkit. This is also in line with the underlying logic set out in the WKÖ position paper on 'Made in Europe and Partner Countries'. Today, competitiveness must be understood more broadly than mere price and cost competitiveness, and also encompass resilience, innovation capacity and strategic coordination with partners at the plurilateral level. Such preference rules should be understood as a targeted resilience and security instrument – particularly, and irrespective of Article 346 TFEU, in security and defence-related areas, where a security technology base must be ensured – and not primarily as an efficiency or protectionist measure. They may entail costs, for example in the form of higher prices, additional administrative burdens or potential risks of retaliation. However, to assess the instrument, these costs must be weighed against the actual objective: reducing strategic dependencies, strengthening European value creation in sensitive industrial sectors, and responding to the increasingly assertive and market-distorting industrial policies of other major economies. The crucial question is therefore not whether European preference rules should be used, but how they must be designed so that they deliver the greatest possible industrial and technological benefits with the fewest possible side effects[1].

Openness to partner countries

[1] This approach is also consistent with the specialist literature on trade economics. It was already established in the debate on the New Trade Theory, shaped by Paul Krugman, and in the classical welfare analysis of trade policy according to Corden (1997), that the free trade paradigm does not automatically apply in the presence of imperfect competition, increasing returns to scale, learning curves and strategic dependencies. The literature therefore suggests selective interventions that are limited to clearly identified market failures or strategic objectives and address their causes as directly as possible, rather than relying on blanket protectionism. As a demand-side, sector-specific policy instrument designed to provide incentives for European value-added, decarbonisation and more resilient supply chains through public procurement and support measures, the IAA fundamentally meets this condition.

The proposal provides that, in public procurement, content from third countries with FTAs (Free Trade Agreements) or customs unions with the EU, as well as from GPA partner countries (Government Procurement Agreement), may be treated as 'content equivalent to Union origin'. For other public support measures, the scope is narrower and limited to FTA or customs union partners.

From the WKÖ's perspective, this basic approach is correct. A partner-open, plurilateral approach is more convincing in terms of economic and trade policy than a narrowly defined localisation logic, as it enables resilience through diversification and reliable partnerships. For geo-economic objectives, it is not the degree of self-sufficiency that is decisive, but the reduction of asymmetric dependencies. By contrast, an overly narrow definition of 'Union origin' would increase input costs, weaken strategic partnerships and possibly even harm resilience through additional fragmentation. On the contrary: the partner-open approach can not only preserve existing trade relations with like-minded partners but also serve as an incentive for other economies to expand their trade cooperation with the EU.

The Commission may, by means of a delegated act, exclude third countries in whole or in part from this equivalence, for example where insufficient national treatment is granted, where there is a risk of new dependencies or threats to security of supply, or where this is otherwise justified under EU or international law. If third countries do not open up their own procurement and funding systems to European suppliers in a comparable manner or systematically disadvantage European companies, exclusion from equivalence is appropriate. In this way, the IAA can also provide trade policy incentives. The prospect of equivalence in European procurement and funding systems can motivate partner countries to open up their own markets further and dismantle discriminatory localisation requirements. Accordingly, the IAA has the potential to function as an instrument of trade diplomacy and to underpin the liberal trading system based on mutual openness. In our view, however, it will be crucial to implement the exclusion clauses in an objective and legally certain manner. Key questions currently remain unanswered, particularly regarding the criteria for excluding trading partners and how circumvention via third countries is to be prevented in practice.

A robust anti-circumvention framework is key in this regard. Trade diversion, transhipment or a value-added component that is formally European but not economically substantial can undermine the rules' objectives. The opening towards GPA and FTA partners must therefore be precisely defined in both political and administrative terms.

Policy positions:

- **Objective sector selection:** The IAA's commitment to energy-intensive industry and clean-tech is, in principle, to be welcomed. However, precisely because the lead markets envisaged in the IAA and the partner-open local content requirements represent a substantial intervention in industrial policy, they should only be applied to clearly prioritised strategic sectors and technologies. It is therefore crucial that the selection of the sectors covered is based on transparent, objective and forward-looking criteria. In particular, strategic dependencies, significance for critical infrastructure, technological sovereignty, resilience, decarbonisation, economies of scale, learning curves and innovation spillovers should be decisive factors.

  Against this background, the Commission should transparently justify the existing sector selection and evaluate it regularly. The criteria used in the IAA – such as the role as an upstream supplier or as an enabler of downstream industrial ecosystems, as well as the importance for competitiveness and decarbonisation – do not apply exclusively to the sectors currently covered. It is therefore appropriate to call on the Commission to adopt a verifiable methodology that also allows for the assessment of strategic technologies not yet covered. In addition to traditional industrial input sectors, these include key technologies of high relevance to security, industrial and innovation policy, such as robotics, AI, cloud, quantum and other basic digital technologies.

Within the selected sectors, the entire strategically relevant value chain should also be taken into account. Otherwise, there is a risk that lead market instruments will address individual end products, but key supply chain, infrastructure or scaling elements will be overlooked. This applies, for example, to charging and grid structures for electric mobility or recycling and circular economy activities. The aim should not be to extend local content requirements as broadly as possible, but rather to ensure a precise, evidence-based and sector-specific application where the industrial policy benefits clearly justify the potential costs in the form of higher prices, additional bureaucracy or trade policy risks.

- **Minimising administrative burden:** Local content requirements should be designed in such a way that determining 'Union origin' or 'content equivalent to Union origin' does not result in a disproportionate compliance regime. This requires EU-wide uniform and sector-specific, practicable rules on calculation, proof and verification, standardised self-declarations, digital templates and risk-based ex-post checks. Only under these conditions can self-declarations actually reduce bureaucracy, guarantee the necessary legal certainty and ensure effective participation, including by SMEs.

- **Realistic, phased and sector-specific calibration of thresholds:** The safeguards already provided for in the proposal in the event of disproportionate costs and significant delivery delays are, in principle, to be welcomed. In our view, however, the relevant thresholds should not be set as rigid, cross-sectoral requirements, but should be calibrated on a sector-specific basis in light of the respective cost structures, market conditions and available European capacities. Particularly in the case of complex industrial value chains, sufficient lead times, realistic transition periods and, where necessary, a phased increase to the respective target quotas are required so that companies can adapt supply chains, production processes and investment decisions accordingly. A 'one-size-fits-all' solution is not effective given the range of technologies, products and objectives within the IAA. The thresholds should therefore be regularly adjusted to actual market developments. This is the only way to ensure that local content requirements provide investment incentives without placing a disproportionate burden on downstream sectors and particularly SMEs, or rendering the Union origin requirements practically meaningless.

- **Planning certainty for businesses:** The proposal provides for the exclusion of third countries in the absence of national equivalence, new dependencies or risks to security of supply. This is fundamentally appropriate. However, to ensure practical manageability, it is important that these clauses are linked to comprehensible, publicly available criteria and transparent procedures. From a business perspective, predictability, transition periods and robust justification are essential to ensure that supply chains are not destabilised by short-term or unclear decisions.

- **Circumvention must be effectively prevented:** Opening up to partner countries should be accompanied by a robust anti-circumvention framework. Trade diversion, transhipment or content that is formally European but lacks substantive economic substance must not undermine the objectives of the rules. In our view, what is required are uniform criteria across the EU that are defined at an early stage for assessing substantial value creation, clear verification steps for high-risk cases, and a practical proof methodology. Circumvention should be effectively limited without, at the same time, establishing a comprehensive bureaucratic control regime across all supply chains.

- **Limit documentation requirements to what is strictly necessary:** The local content requirements envisaged by the IAA are, in principle, to be welcomed as part of a modern industrial policy package. It is crucial, however, that their practical implementation remains proportionate and does not lead to an excessive additional burden of proof and documentation for directly and indirectly affected companies. Even though the IAA generally refers to the non-preferential rules of origin in the Union Customs Code for determining 'Union origin', the practical burden of proof remains considerable. Companies must be able to reliably determine and document, for the products and components concerned, whether these are considered to be of 'Union origin' under the relevant rules of origin or

are treated as 'content equivalent to Union origin' under the IAA-specific equivalence rules. In the case of sector-specific quotas – for example in the automotive sector – value-share calculations based on the ex-works prices of the relevant components are also required. It is therefore crucial that the Commission does not create a parallel verification framework detached from existing customs origin law, but instead recognises existing proofs of origin, supplier declarations and customs information as far as possible, and supplements these with EU-wide standardised, digital and SME-friendly templates. Checks should be risk-based and, as a rule, carried out ex post to ensure legal certainty without triggering widespread cascades of documentation along supply chains.

- **Powers of the European Commission under the IAA:** We recognise that the ability to adjust the equivalence status of third countries by means of a delegated act is a necessary prerequisite for a functioning partner-open approach and an important instrument of trade diplomacy. The EU must be able to respond promptly to a lack of reciprocity, discriminatory procurement or subsidy rules, risks of circumvention and risks to security of supply. At the same time, the current scope of the delegation of powers to the Commission is too broad. In particular, where third countries are excluded from the provisions on 'content equivalent to Union origin', additional safeguards are needed in the basic legislative act. The substantive conditions for exclusion should be clarified in the text of the regulation in order to clearly limit the Commission's scope for interpretation and to create legal certainty for businesses and public authorities. Before adopting an exclusion act, Member States, affected business sectors and trading partners should be consulted on a mandatory basis. Furthermore, the Commission should be required to provide a comprehensible justification for the factual basis, proportionality, consistency with other relevant EU legal acts, and FTA or, where applicable, GPA compliance of an exclusion. Changes should be accompanied by appropriate transition periods and, as a rule, apply only to future tenders, funding procedures or investment decisions, so as not to destabilise existing contracts and ongoing procedures retrospectively. An accelerated procedure should remain possible for urgent cases; however, this should be subject to a sunset clause and should not allow for automatic extension beyond the limited period of validity. An extension may only be possible on the basis of a subsequent impact assessment and a renewed justification of the necessity.

- **Ensuring legal certainty regarding 'Union origin', equivalent origin and vehicle requirements:** The Union origin requirements set out in the IAA must be clear, workable and predictable for businesses. In addition to the reference to non-preferential rules of origin, the Commission should transparently specify for which third countries, instruments and sectors content is considered 'content equivalent to Union origin', and under what conditions an exclusion may be made by delegated act. A publicly accessible and continuously updated register would be more appropriate for this purpose than a static annex list. For Annex III, it should also be explicitly clarified whether the requirement that a vehicle must be assembled 'within the Union' refers exclusively to final assembly within the EU, or whether and to what extent equivalence rules for partner countries apply to this requirement. This clarification is essential for the eligibility of vehicles and the planning of supply and production chains.

- **Clarify the scope of application for 'corporate vehicles' and 'financial support':** The scope of application of the IAA rules for corporate vehicles should be clearly defined. In particular, clarification is needed as to which vehicles and which forms of public support fall under the provisions. The reference to the planned Clean Corporate Vehicles Regulation should be formulated in such a way that companies and Member States can clearly identify whether, in addition to direct purchase, leasing or rental subsidies, tax incentives or other indirect support measures are also covered. For Austria, it is particularly important to clarify whether instruments such as input VAT deduction or benefit-in-kind rules for electric company vehicles could be considered 'financial

support' and would therefore be subject to the Union origin requirements. Without this clarification, there is a risk of legal uncertainty and inconsistent national application.

2. Requirements for certain Foreign Direct Investments

In the context of international spillovers, we view the FDI component of the IAA as an important complementary step to the demand-side local content requirements. Lead markets and 'Made in Europe' criteria can steer investment towards Europe, but do not in themselves guarantee that this will result in actual European value-added, technology transfer and R&D activities. The proposed investment conditionalities are therefore a key prerequisite for the IAA's industrial policy logic to actually work. It should be borne in mind that technological knowledge is becoming increasingly complex and cannot be built up exclusively endogenously. Foreign direct investment can therefore bring not only capital but also knowledge, technological expertise and innovation impetus to Europe, provided it is strategically integrated into European value-creation and innovation ecosystems.

Greenfield investments in particular demonstrate why the existing FDI screening framework is not sufficient on its own. The FDI Screening Regulation is primarily geared towards security and public order, not towards maximising the industrial policy benefits of investments for the internal market. It can review transactions or restrict them in individual cases, but does not create a uniform, EU-wide framework to specifically ensure technology transfer, local R&D, skills development or integration into European value chains in the case of strategically relevant investments. Particularly in the clean-tech value chains that are still taking shape, there is therefore a risk that, even though Europe attracts investment, this will be limited to assembly or other low-value-added production steps, whereas technology- and knowledge-intensive segments remain abroad. Industrial policy conditionalities can therefore help to ensure that greenfield investments create not only capacity but also know-how, innovation and long-term industrial anchoring in Europe. However, such conditionalities must be clearly defined, practicable and verifiable over the long term. Robust monitoring and evaluation mechanisms are required, along with clear guidelines on what conditions are attached, how compliance is verified and what the consequences of non-compliance are.

However, the FDI component of the IAA should be clearly distinguished from the existing or reformed EU FDI screening regime and closely integrated with it. Whilst FDI screening addresses security and regulatory risks, the IAA complements this regime by adding an industrial policy perspective on the quality and benefits of foreign investment for the internal market. It is therefore crucial to coordinate both sets of rules in such a way that no unnecessarily bureaucratic dual regime is created.

Policy positions:

- **Application should remain risk-based and proportionate:** Investment requirements that are too broad or too bureaucratic may deter even projects with a low-risk profile or divert them to third countries. Conditions should therefore be clearly defined, practicable, verifiable and designed in a way that makes sense from an innovation policy perspective. Monitoring and enforcement must also be risk-based, ex-post and proportionate, without placing an unnecessary burden on investment projects through vague legal terms, inconsistent national application or disproportionate reporting requirements.
- **Ensure consistency with existing EU FDI screening rules:** The FDI component of the IAA must be designed in such a way that no unnecessary parallel screening framework is created alongside the existing or reformed EU FDI screening regime. In particular, the IAA should not establish a second general screening mechanism or a separate, purely national economic investment control system. Where industrial policy or economic aspects are taken into account, they should instead be structured as clearly defined, EU-wide uniform conditions for the strategic investment projects covered by the

IAA and closely integrated with existing FDI screening structures. The aim is not to introduce a general additional investment review, but to ensure that certain large greenfield investments in strategic sectors make a verifiable contribution to European value-added, R&D, skills development, technology transfer and resilience. Implementation by Member States should follow uniform EU requirements to avoid divergent national assessment criteria, legal uncertainty and additional administrative burdens.

3. Accelerated Permit-Granting Procedures for Industrial Projects

Industrial transformation in Europe is being held back not only by demand for low-carbon products, which in many cases remains too weak, but also by high energy prices, investment uncertainty and lengthy, complex permitting procedures. In energy-intensive industries and clean-tech sectors in particular, these factors worsen investment conditions and hinder both the decarbonisation of existing sites and the development of new production capacities. The Impact Assessment explicitly identifies these factors as key barriers to industrial investment and project implementation.

Against this backdrop, it is generally to be welcomed that the IAA provides for measures to speed up procedures in addition to demand-side instruments. The key lever here lies in greater digitalisation and coordination of permitting procedures, a single-access-point or one-stop-shop approach, and the mandatory designation of industrial manufacturing acceleration areas for strategic sectors. These measures can help to increase planning and investment certainty, shorten procedures and bring industrial projects to fruition more quickly. This is an important step, particularly for industrial decarbonisation, because delays in approvals often hamper investment just as much as high costs or regulatory uncertainty.

From an economic policy perspective, however, the IAA must not be viewed in isolation. Faster and simpler procedures are necessary, but on their own they are not a sufficient response to Europe's structural challenges. It is crucial that the competitiveness measures set out in the IAA are integrated with a broader industrial policy agenda. These include, in particular, the accelerated expansion of renewable energies, electricity, grid and storage infrastructure, investment-friendly framework conditions for industrial transformation, innovation- and R&D-friendly business conditions and an active skills and workforce strategy. Only a comprehensive approach can succeed in simultaneously strengthening industrial value-added and decarbonisation in Europe.

Furthermore, when accelerating permitting procedures, administrative requirements should not be the only obstacles considered, as inconsistencies between EU legal acts and, in particular, regulations in the various sectoral laws at EU level also pose hurdles to the acceleration of procedures. Therefore, in addition to resolving purely administrative obstacles through overarching legislative acts (e.g. the CRMA, the NZIA, the Omnibus Directives and now also the IAA), the coherence of the IAA with similar, existing legislative acts such as the NZIA and the CRMA must also be ensured. In particular, to achieve a genuine simplification in the area of permitting, problematic provisions within the individual EU legal acts relevant to authorisations, such as the Water Framework Directive, the EU Nature Restoration Regulation, the Industrial Emissions Directive, the EU Energy Performance of Buildings Directive (EPBD), etc., must be revised so as to speed up procedures and strengthen the competitiveness of EU production along the value chain.

Policy positions:

- **Procedural acceleration should cover the entire value chain:** The procedural accelerations provided for in the IAA should be designed in such a way that not only narrowly defined core sectors, but as many functionally relevant industrial projects as possible along strategic value chains can benefit. This applies in particular to upstream and downstream production stages, industrial suppliers, recycling and circular economy activities, as well as other industrial projects, insofar as

they are essential for the resilience, decarbonisation and scaling of strategic industries. Article 3 currently defines 'industrial manufacturing projects' as the construction, conversion or extension of industrial sites in NACE C, with the exception of C12. However, for industrial decarbonisation and transformation projects, project-related intermediate inputs, infrastructure connections, grid connections, recycling and circular economy activities, or other functionally necessary supply chain elements are often also crucial. Insofar as such elements are necessary for the realisation of the industrial project and are not already covered by other EU legal acts such as the NZIA or the CRMA, the IAA procedural rules should provide for clear interfaces, coordinated deadlines and the widest possible inclusion within the accelerated permitting framework. The aim should not be an unlimited expansion of the scope of application, but rather the avoidance of permitting bottlenecks that effectively neutralise the acceleration effect for strategic industrial projects.

- **The IAA must be embedded within a broad location agenda:** The IAA can only achieve its full effect if it is implemented in conjunction with such an agenda. In addition to faster procedures, the accelerated expansion of renewable energies, grids and storage facilities, as well as investment-friendly framework conditions for industrial decarbonisation, are particularly necessary. When establishing acceleration areas, energy supply, grid connections and other infrastructural requirements must be consistently taken into account.

- **Designing a single-access-point effectively:** The single-access-point must not result in an additional administrative step. It should function as a genuine one-stop shop that receives applications digitally, forwards them automatically to the relevant authorities, provides transparency on the status of proceedings, reuses existing data and avoids duplicate submissions. At the same time, the authorisation regime must remain compatible with federal administrative structures. The coordinating authority provided for in Article 5 should consolidate procedures and coordinate deadlines without unnecessarily overlapping existing substantive responsibilities or creating additional coordination loops. Clear allocation of roles, interoperable digital systems, sufficient administrative capacity and the ability to coordinate complex procedures in a modular manner are required to ensure that the intended acceleration of procedures is not undermined by overburdening or ambiguities regarding responsibilities.

- **Clear and streamlined rules for industrial manufacturing acceleration areas:** There are currently uncertainties regarding the distinction between the proposed "aggregated baseline permits" and the continued need for "installation-specific permits". This concerns, in particular, the question of whether, and if so which, parts of a permit under the Industrial Emissions Directive could be covered by the "aggregated baseline permit". To achieve genuine procedural acceleration, this distinction must be clearly defined. Furthermore, the criteria for industrial manufacturing acceleration areas are very comprehensive. In line with the objective of simplification, they should be limited to what is strictly necessary. The IAA should not create additional reporting or disclosure obligations for companies, for example with regard to transition plans, investment needs or site-specific climate risks, where these are already addressed by other legal acts or do not directly contribute to accelerating permit-granting procedures.

- **Ensuring sufficient enforcement capacity among permitting authorities:** The streamlining measures envisaged in the IAA can only be effective if the competent authorities are adequately resourced in terms of personnel, expertise and technology. Faster procedures can only be achieved if the authorities have sufficient qualified staff, suitable IT systems and specialised expertise for complex industrial, environmental, energy and infrastructure procedures. Otherwise, there is a risk that the acceleration rules will be undermined in practice by overburdening, endless rounds of additional requests, inconsistent application or legally contestable decisions. The provision of resources to the

authorities should therefore be explicitly enshrined in the legal act as a key condition for the implementation of the IAA. In doing so, responsibility should not simply be transferred to the Member States in abstract terms. The European Commission should support the Member States in implementation through uniform guidelines, digital standards, model procedures, training programmes and technical assistance.

4. General comment

- **Ensuring coherence between the IAA and similar, existing EU legal acts:** For those provisions of the IAA that are already covered in the same or a similar form by other EU legal acts, such as the Critical Raw Materials Act (CRMA), the Net Zero Industry Act (NZIA), the Ecodesign for Sustainable Products Regulation (ESPR) or the FDI Screening Regulation, consistency and integration between these legal acts and the IAA must be ensured in order to guarantee uniform definitions and regulations and thus stable framework conditions and legal certainty for businesses.

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