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EIT RawMaterials Feedback: Commission proposal for the Industrial Accelerator Act - COM(2026)100

Executive Summary: The proposed Industrial Accelerator Act (IAA) represents an important and timely initiative to strengthen the European Union's industrial base, accelerate decarbonisation, and improve economic resilience. The proposal demonstrates strong alignment with key industrial challenges, particularly through its focus on streamlined permitting (Articles 4 and 5), demand-side measures (Chapter III), and enhanced coordination of foreign direct investment (Chapter IV). These elements constitute meaningful progress towards improving framework conditions for strategic sectors.

However, experience from EIT RawMaterials indicates that several structural bottlenecks remain insufficiently addressed. These include persistent financing gaps at scale, fragmented demand and lack of long-term offtake arrangements, weak coordination of industrial project pipelines, and limited operational links between demand-side instruments and raw-materials, processing, recycling and advanced-materials capacity. Without additional measures, these constraints risk limiting the effectiveness of the Act in delivering decarbonisation and industrial-resilience investments at the required speed and scale.

This contribution provides EIT RawMaterials' feedback on the Commission proposal for the Industrial Accelerator Act and identifies targeted improvements to ensure that the Regulation supports strategic industrial capacity, decarbonisation, supply-chain resilience and delivery of the EU's critical raw materials objectives.

Bridging gaps within the EU's policy delivery architecture: In this context, the IAA should be implemented in full coherence with the Critical Raw Materials Act, RESourceEU, the Raw Materials Mechanism and the forthcoming European Critical Raw Materials Centre. It should not create parallel or fragmented project pipelines. IAA demand-side instruments, acceleration areas and public support schemes should be connected to the Centre's operational functions: market intelligence, project portfolio management, investment de-risking, demand aggregation, joint purchasing, offtake structuring and stockpiling coordination. This would ensure that the IAA does not merely stimulate demand for strategic

products, but also helps secure the materials, processing capacity and qualified supply chains required to manufacture them in Europe. The central delivery challenge is to turn demand into offtake, offtake into finance, finance into midstream capacity, and midstream capacity into qualified supply for Europe's clean-tech, industrial and defence-relevant value chains.

Evidence on Key Market Barriers: A key barrier to developing the domestic raw materials sector is structurally higher operating expenditure (OPEX), driven in particular by elevated energy costs, higher compliance and financing costs, and comparatively limited state support. Industrial energy prices in Europe remain materially above those in several major competing regions, while competitors benefit from extensive subsidy, tax-credit and concessional-finance ecosystems that reduce input and financing costs across entire value chains. To address this structural disadvantage, targeted policy measures should be considered, including tax incentives, soft loans, guarantees, project-preparation support, and mechanisms to reduce industrial electricity costs, in order to narrow the competitiveness gap and incentivise investment in domestic and trusted-partner raw materials production.

In addition, evidence from EIT RawMaterials demonstrates a significant gap between innovation support and commercial deployment. While early-stage projects typically receive funding in the range of EUR 0.5-2.5 million, industrial projects in mining, processing and recycling can require capital expenditure in the hundreds of millions or billions of euros. A substantial pipeline of projects, estimated in the tens of billions of euros, has been identified but many projects face delays due to limited access to risk-tolerant capital and insufficient long-term demand visibility.

Demand fragmentation remains a structural barrier, particularly among SMEs, which lack the scale to secure offtake agreements. At the same time, Europe remains highly dependent on imports of many critical raw materials, exposing projects and downstream manufacturers to price volatility, supply risks and geopolitical leverage. Permitting complexity and administrative fragmentation further increase project timelines and costs, although these are addressed positively in Articles 4 and 5 of the proposal. The most acute delivery gaps are midstream and downstream: processing, refining, separation, chemical conversion, precursor materials, specialty metals, advanced materials and recycling. These stages connect extraction and secondary material recovery to final strategic manufacturing.

Without them, Europe risks creating demand-side incentives for final products while remaining dependent on external suppliers for the inputs that determine resilience and competitiveness.

Financing and Investment: The proposal recognises financing barriers but does not introduce dedicated mechanisms to close the scale-up gap between pilot and industrial deployment. While permitting improvements under Article 5 reduce risk, large-scale projects still lack access to sufficient capital and de-risking tools. Additional financial instruments are therefore required, particularly for midstream, recycling and industrial decarbonisation projects that are capital-intensive and exposed to price volatility.

Policy recommendation: The IAA should introduce, or explicitly connect to, a dedicated financing framework aligned with a scale-up and de-risking pillar, including blended finance, guarantees, Contracts-for-Difference (CfDs), offtake-backed instruments and project-preparation facilities. These tools should be embedded within an integrated pipeline linking innovation to deployment, ensuring continuity from early-stage R&D to industrial-scale production.

Demand Aggregation and Offtake: Demand-side provisions create lead markets but do not by themselves resolve fragmentation or the absence of coordinated offtake. EU-level aggregation or facilitation mechanisms would strengthen investment signals and help convert industrial demand into bankable projects.

Policy recommendation: The IAA should establish mechanisms for coordinated offtake and demand aggregation, including pooled industry commitments, trusted-supply requirements and conditional offtake structures. Public procurement and public support schemes should be used strategically to anchor demand for EU-based and trusted-partner production and to support market pull for low-carbon, circular and resilient industrial products.

Project Pipeline and Scaling: The proposal lacks a structured mechanism to prioritise and coordinate industrial projects across their lifecycle. This limits the translation of existing pipelines into operational capacity and final investment decisions.

Policy recommendation: The IAA should support the creation of a centralised project pipeline or Funding Gateway with clear stage-gates and prioritisation criteria. This mechanism should

connect projects to financing, permitting, demand-side instruments, the Raw Materials Mechanism and the operational functions of the European Critical Raw Materials Centre, ensuring that strategic projects reach final investment decision, construction and commissioning.

EIT RawMaterials can support this delivery agenda by mobilising its pan-European ecosystem across industry, research, investors, regions and project developers. Its role should be understood as complementary to the Commission's strategic and regulatory authority: helping translate policy objectives into bankable projects, offtake structures, market intelligence, skills pathways and deployment-ready industrial capacity.

Supply Chain Resilience :Coordination through existing bodies is recognised, but operational tools such as stockpiling, advanced risk monitoring, demand aggregation and value-chain project prioritisation are not yet sufficiently developed.

While the IAA contains relevant provisions touching critical raw materials, its demand-side architecture remains primarily product- and manufacturing-oriented. The Regulation should therefore be strengthened to ensure that Union-origin, low-carbon, public support and acceleration-area measures translate into investable capacity across the full value chain, including processing, refining, recycling, precursor materials and critical intermediates.

Policy recommendation: The IAA should adopt a full value-chain approach, supporting mining, processing, refining, separation, chemical conversion, intermediate manufacturing, recycling and advanced materials. It should align closely with CRMA objectives and include targeted measures to prioritise strategic bottlenecks such as processing capacity, secondary raw materials, critical intermediates and midstream qualification into industrial supply chains. The IAA should also recognise the dual-use relevance of raw and advanced materials. Many inputs required for clean technologies are also essential for defence readiness, aerospace, secure communications, electronics, energy infrastructure and advanced manufacturing. Materials such as rare earths, graphite, tungsten, titanium, antimony, magnesium, gallium, germanium, copper, nickel and aluminium should therefore be assessed not only through a decarbonisation lens, but also through a resilience, security-of-supply and defence-readiness lens.

Skills: Provisions are included but do not fully reflect the scale of workforce transformation required across extraction, processing, recycling, advanced manufacturing, digitalisation and industrial decarbonisation.

Policy recommendation: The IAA should include a dedicated skills and education pillar linked to industrial deployment, ensuring workforce readiness across the raw materials and industrial value chain, including mining, processing, refining, recycling, advanced manufacturing, permitting, industrial project development and supply-chain qualification.

Monitoring and KPIs: Monitoring provisions remain limited and should be expanded to include system-wide indicators such as investment mobilisation, project progression, offtake formation, capacity deployment, circularity performance and supply-security outcomes.

Policy recommendation: The IAA should establish a robust governance framework based on measurable outcomes, including supply security, capacity deployment, investment mobilisation, project progression, qualified offtake, stockpiling readiness and circularity performance. A lean delivery mechanism should build on existing EU competences and connect to the Critical Raw Materials Centre, rather than creating fragmented new administrative structures.

Expected Impacts of Strengthened Measures: Strengthening the IAA along the lines suggested above would have several positive impacts.

- Economically, improved access to finance and demand aggregation would accelerate final investment decisions and increase industrial capacity in Europe.
- Socially, stronger project pipelines and investment flows would support high-quality job creation and skills development across regions.
- Environmentally, faster deployment of low-carbon technologies would contribute to reducing emissions in energy-intensive industries, aligning with EU climate objectives.

Potential trade-offs should also be considered. Stronger Union-origin, low-carbon or demand requirements could increase short-term costs for downstream sectors. These costs should be managed through transparent exemptions, energy-cost relief, de-risking, demand aggregation and targeted public support, while preserving the long-term investment signal required for resilience and competitiveness.

Conclusion: The IAA provides a strong foundation to accelerate industrial decarbonisation and strengthen Europe's strategic industrial base. However, to fully deliver on the objectives of the Commission proposal, it should be complemented by stronger mechanisms for financing, demand aggregation, offtake, project coordination, midstream capacity development and monitoring. In particular, securing the midstream industrial layer remains the central condition for translating demand into resilient European industrial capacity. These additions would help ensure that the proposal delivers on its objectives in a timely, effective and strategically coherent manner.

The Act should not merely stimulate demand for strategic products; it should help secure the raw materials, processing capacity, circular feedstocks and qualified supply chains without which European industrial resilience, clean-tech competitiveness and defence readiness cannot be achieved.

Ultimately, the IAA is a welcome and necessary step, but it will only deliver European industrial resilience, clean-tech competitiveness and defence-readiness if it also secures the midstream and downstream materials capacities that connect raw materials to strategic manufacturing.

The battery value chain is referenced below as an illustrative case. The same logic applies to other strategic value chains, including rare earth permanent magnets, defence-relevant materials, electrification metals, advanced materials, specialty alloys, recycling and by-product recovery.

ANNEX

Case Study: Implications of the Industrial Accelerator Act for the Battery Value Chain

While the battery value chain is used below as an illustrative case, the same logic applies to other strategic value chains, including rare earth permanent magnets, defence-relevant materials, electrification metals, advanced materials, specialty alloys, recycling and by-product recovery.

Strategic context: batteries and critical raw materials: The European battery value chain is central to the EU's industrial, climate and strategic autonomy objectives.

Batteries underpin electric mobility, grid stability and broader digital and defence applications. However, the sector remains heavily dependent on critical raw materials (CRMs), processing and precursor materials located outside the EU, particularly in Asia.
This creates a structural vulnerability whereby the green transition risks replacing fossil fuel dependence with mineral and downstream dependence. Against this backdrop, the IAA aims to strengthen domestic manufacturing primarily through demand-side instruments.
While this represents an important policy shift, its current design should be strengthened to support a competitive, resilient and fully integrated European battery ecosystem.

Enabling downstream capacity and value-chain coverage: The IAA provides important demand-side support to final manufacturing and selected downstream components. However, it is less explicit on the enabling downstream stages that determine whether European battery production is genuinely resilient: refining, chemical conversion, precursor cathode materials, cathode and anode active materials, battery-grade graphite, recycled feedstock processing and downstream qualification into OEM supply chains. Without these downstream capabilities, Europe risks building visible final manufacturing capacity while remaining dependent on external suppliers for the most strategic inputs. This creates a structural imbalance. Companies may be incentivised to assemble batteries within the EU while continuing to source key processed inputs from third countries. As a result, the EU risks developing production capacity without securing reliable access to essential inputs. This weakens both industrial resilience and long-term competitiveness, as upstream and downstream dependencies continue to expose manufacturers to supply shocks and geopolitical risks.

Open strategic autonomy and EU-origin companies operating globally: Union-origin and European preference requirements should be robust, but applied through an open strategic autonomy lens. EU-origin companies with trusted third-country assets should be recognised where those assets demonstrably strengthen EU supply security, support binding or conditional EU offtake, meet traceability and sustainability requirements, and contribute to resilient European value-chain integration. Eligibility for partner-country content should remain conditional on reciprocity, security-of-supply benefit and avoidance of new single-country dependencies. This would avoid penalising European firms operating integrated global supply strategies while ensuring that support under the IAA maximises value, resilience and industrial benefit for Europe.

Cost exemptions and investment signals: Cost-based exemptions should remain exceptional, evidence-based and time-limited. They should not become a routine mechanism for bypassing Union-origin or low-carbon requirements. Where exemptions are granted, they should be subject to transparent justification, periodic review and, where appropriate, accompanying measures to close the European cost gap through energy-cost relief, de-risking, demand aggregation, offtake support or targeted public support. If local content requirements become optional in practice, investment signals for European battery production may remain uncertain. Given that production costs in Europe are currently higher than in competing regions, widespread exemptions could discourage long-term investment and reinforce the competitive advantage of external suppliers.

Critical raw materials integration: While the IAA contains relevant provisions touching critical raw materials, its demand-side architecture remains primarily product and manufacturing-oriented. The framework should therefore be strengthened to ensure that demand for EU-based manufacturing is linked to processing, refining, precursor production, recycling and material substitution. Without stronger alignment across these stages, the EU risks assembly-driven industrialisation, where value-added activities are concentrated in final manufacturing stages while the most strategic elements - resource control, processing capacity and qualified materials supply - remain external. This would limit the EU's ability to build a resilient and autonomous battery ecosystem.

Weak circularity and recycling linkages: The circular economy dimension of the battery value chain is insufficiently operationalised in the current proposal. In particular, stronger mechanisms are needed to link recycling activities with domestic processing, refining and manufacturing. This should include measures to retain and process valuable secondary raw materials in Europe, including battery waste and black mass where appropriate. Such measures would strengthen both supply security and sustainability objectives, while increasing the EU's ability to close material loops within its own industrial system.

Risk of investment diversion: Taken together, these factors may contribute to unintended geographical shifts in investment. Strict localisation requirements, combined with broad exemptions or poorly calibrated partner-country eligibility, may lead companies to locate parts of their value chain outside the EU while still maintaining access to certain benefits.

In this context, the IAA should avoid a redistribution of investment that weakens domestic industrial capacity. Its design should instead support resilient European value-chain integration, while preserving trusted partnerships and open strategic autonomy.

Recommendations for strengthening the IAA in the context of the battery sector's future competitiveness:

To address these challenges and ensure that the IAA effectively supports battery production, several targeted modifications are recommended:

1. The scope of local content and demand-side requirements should be extended to cover the full value chain. This should include precursor cathode materials, cathode and anode active materials, battery-grade graphite, recycled feedstock processing and selected critical raw materials. Such an extension would ensure that policy incentives support integrated industrial development rather than partial assembly activities.

2. Union-origin and European preference requirements should be applied through an open strategic autonomy lens. EU-origin companies with trusted third-country assets should be recognised where those assets strengthen EU supply security, support binding or conditional EU offtake, meet traceability and sustainability requirements, and avoid new single-country dependencies.

3. Cost-based exemptions should remain exceptional, evidence-based and time-limited. They should not become a routine mechanism for bypassing Union-origin or low-carbon requirements. Where exemptions are granted, they should be subject to transparent justification, periodic review and accompanying measures to close the European cost gap.

4. Stronger integration with the Critical Raw Materials Act, RESourceEU, the Raw Materials Mechanism and the European Critical Raw Materials Centre is needed. The IAA should explicitly support refining, processing, recycling, precursor production and material substitution technologies, ensuring alignment between industrial demand, resource strategy and project financing.

5. Circularity mechanisms should be strengthened by linking recycling targets with domestic processing capacity and by creating incentives to retain and process strategic secondary raw materials in Europe. This would enhance resource efficiency and contribute to supply security.

6. Greater coherence with related EU industrial policies, including the Net-Zero Industry Act and innovation funding programmes, should support a more holistic approach. Battery value chain development requires coordination across policy areas to ensure that innovation, investment, offtake and industrial deployment progress in parallel.

Bottom line for Batteries

The IAA represents a significant step forward in strengthening European industrial policy through demand-side instruments. However, in its current form, it risks supporting only partial development of the battery value chain if key downstream dependencies remain unresolved. Addressing gaps in downstream integration, global value-chain alignment, circularity and investment incentives is essential. With targeted adjustments, the IAA can better support a competitive, resilient and fully integrated European battery ecosystem capable of delivering economic, strategic and defence-readiness benefits over the long term.