**EU Industrial Accelerator Act – An Opportunity for Europe's Industrial Suppliers**

With the Industrial Accelerator Act (IAA), the European Commission is sending a strong signal in favour of a new, strategically focused European industrial policy. The aim of the proposed regulation is to strengthen the EU's industrial base, expand production capacities, and accelerate the decarbonization of key sectors. Considering global challenges such as geopolitical uncertainty, supply chain dependencies, and the massive industrial policy programs in the U.S. and China, this step comes at the right time.

Preference rules should be part of a comprehensive industrial policy. The primary goal must always be to maintain the competitiveness of European industry.

**Free global trade is the foundation of our prosperity, yet trade defence measures are also necessary**

Free, rules-based global trade is a cornerstone of success for German industry. As the U.S. uses trade policy as a tool to advance political goals imposing tariffs on imports, while imports of products from China continue to grow, European manufacturers are facing increasing pressure. Imports of automotive parts from China into the EU have doubled since 2019, while exports have barely increased. In this unprecedented situation, trade defence measures such as a European preference scheme are justified and necessary from a regulatory perspective, provided they are appropriate and proportionate. This is particularly true when European taxpayer money is used, for example, to promote electric vehicles.

The IAA is a commitment to a "Made in Europe" strategy: public procurement and public funding are to specifically favour products that are manufactured in Europe and produced with low carbon emissions. If done correctly, this can yield a twofold benefit: strengthening European value creation and employment while accelerating the transition to a climate-neutral economy. Furthermore, technological expertise remains in Europe, thereby contributing to the continent's resilience. The new procurement criteria particularly support strategic sectors, including steel, aluminium, rubber, automotive manufacturing, and future technologies.

Automotive production is a key driver with its numerous suppliers at various stages of prodction throughout Europe. For an effective Made in Europe policy a local content requirement is a suitable instrument. To keep the majority of the value creation in Europe, the local content requirement must apply not only to the final product but also at the component level.

**EU rules on preferential treatment must be implemented in a practical and low-bureaucracy manner**

The IAA can only serve as a successful model if it is designed with minimal bureaucracy, remains practical in its implementation, and, most importantly, achieves its intended objectives. Local content requirements should be realistic and achievable and should leverage the opportunities offered by the digitalization of supply chains, as is already the case in the automotive industry. When in doubt, trust must take precedence over control.

For EU preference to be effective, Union origin must be defined in a way that reflects the added value generated in the EU. The existence of a free trade agreement, customs union or procurement commitment alone should not be sufficient for treating third-country content as equivalent to Union origin. Such treatment should require clear and WTO-compliantconditions, in particular reciprocity as well as equivalent $CO_2$ costs and sustainability standards.

August 2026