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COMMISSION STAFF WORKING DOCUMENT

Subsidiarity Grid

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

**establishing a framework of measures for the acceleration of industrial capacity and
decarbonisation in strategic sectors and amending Regulations (EU) 2018/1724,
(EU) 2024/1735 and (EU) 2024/3110**

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Subsidiarity Grid

1. Can the Union act? What is the legal basis and competence of the Unions' intended action?
1.1 Which article(s) of the Treaty are used to support the legislative proposal or policy initiative?
<p>The legal basis for this proposal is Article 114 of the Treaty on the Functioning of the European Union (TFEU), which enables the European Parliament and the Council to adopt measures to establish the single market and ensure its effective functioning.</p> <p>Moreover, Article 207 of the Treaty on the EU common commercial policy is the legal basis for the measures introducing minimum conditions on foreign investments to bring value added production in the Union for a specific set of sectors.</p>
1.2 Is the Union competence represented by this Treaty article exclusive, shared or supporting in nature?
<p>In the case of Article 114, the Union's competence is shared. In the case of Article 207, the Union's competence is exclusive</p>
<p><i>Subsidiarity does not apply for policy areas where the Union has exclusive competence as defined in Article 3 TFEU¹. It is the specific legal basis which determines whether the proposal falls under the subsidiarity control mechanism. Article 4 TFEU² sets out the areas where competence is shared between the Union and the Member States. Article 6 TFEU³ sets out the areas for which the Unions has competence only to support the actions of the Member States.</i></p>
2. Subsidiarity Principle: Why should the EU act?
2.1 Does the proposal fulfil the procedural requirements of Protocol No. 2⁴:
<ul style="list-style-type: none"> - Has there been a wide consultation before proposing the act? - Is there a detailed statement with qualitative and, where possible, quantitative indicators allowing an appraisal of whether the action can best be achieved at Union level?
<ul style="list-style-type: none"> - The preparation of the proposed Industrial Accelerator Act was subject to a thorough consultation process to gather the views of different stakeholders across the Union. - A call for evidence and a public consultation ran from 15 April to 8 July 2025 (12 weeks) via the 'Have your say' portal. The call for evidence received 295 contributions, while the public consultation collected 314 answers. A factual synopsis report summarising the outcomes of the public consultation activities is publicly accessible on the 'Europa' portal⁵. In parallel, the European Commission held targeted consultations: (i) a survey of 62 energy-intensive industry stakeholders across the steel, non-ferrous, cement, ceramics, chemicals, glass and pulp and paper sectors; (ii) 'reality-check' workshops with energy-intensive industry companies and with the steel sector; and (iii) a Member State workshop on lead markets and permitting; plus a battery-sector targeted consultation (63 respondents).

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E003&from=EN>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E004&from=EN>

³ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12008E006:EN:HTML>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016E/PRO/02&from=EN>.

⁵ [Industrial Accelerator Act - speeding up decarbonisation.](#)

<ul style="list-style-type: none"> - A synopsis report summarising all stakeholders' positions and contributions to the Industrial Accelerator Act is presented in Annex 2 to the staff working document on the impact assessment report⁶. - Furthermore, the explanatory memorandum and Chapter 3 of the impact assessment report present qualitative and – where possible – quantitative indicators enabling an assessment of the need to act at Union level.
<p>2.2 Does the explanatory memorandum (and any impact assessment) accompanying the Commission's proposal contain an adequate justification regarding the conformity with the principle of subsidiarity?</p>
<p>Yes. The explanatory memorandum and Chapter 3 of the impact assessment report include a section that provides detailed proof of compliance with the subsidiarity principle.</p> <p>They also clarify why referring to the Union's objective for a stronger manufacturing base is justified for subsidiarity purposes. This objective reflects challenges that arise from integrated supply chains, cross-border ecosystem needs, and common exposure to international pressures. Acting only at national level would lead to uneven approaches, undermine the level playing field, and weaken the functioning of the single market. A coordinated framework is therefore necessary to ensure that national measures contribute coherently to this shared objective.</p>
<p>2.3 Based on the answers to the questions below, can the objectives of the proposed action be achieved sufficiently by the Member States acting alone (necessity for EU action)?</p>
<p>The objectives of the Industrial Accelerator Act cannot be achieved sufficiently by Member States acting alone due to the deeply integrated and cross-border nature of European industrial value chains and ecosystems, energy systems and investment flows. Industrial decarbonisation projects require access to integrated value chains and depend on transnational infrastructure, common definitions, and interoperable administrative frameworks. The targeted consultations confirmed this: 90% of stakeholders considered EU-level demand-side coordination essential. With reference to public procurement, existing green public procurement practices remain largely voluntary, sector-specific, fragmented, and inconsistently applied across Member States. Voluntary resilience criteria are even less frequently integrated into current procurement procedures. The absence of coordinated EU-level action results in divergent national rules on: low-carbon product definitions; resilience criteria in procurement; and investment-screening procedures. This conflicts with the Treaty's single-market objectives (Articles 26 and 114 TFEU) and distorts competition across Member States.</p>
<p>(a) Are there significant/appreciable transnational/cross-border aspects to the problems being tackled? Have these been quantified?</p>
<p>The problems identified are transnational and cross-border as they relate to industrial decarbonisation investment and well-integrated supply chains in strategic sectors and clean technologies across the Union. For instance, looking at the causes of the slowdown in decarbonisation investments, permitting procedures represent a bottleneck. While Member States remain responsible for environmental and industrial permitting, they lack the capacity to ensure coherence and mutual recognition of procedures, time frames and</p>

⁶ Add reference when available.

data requirements across borders. The causes (e.g. administrative complexity, infrastructure access, and fragmented regulatory approaches) vary regionally but have Union-wide repercussions, as delays or inconsistencies in one Member State affect supply chains, investment decisions and downstream markets across the EU. It also affects the achievements of the Union's climate objectives. The problem is widespread, affecting all Member States with manufacturing industries, rather than being limited to a few isolated cases. Many authorities, especially at regional level, are overstretched and face resource and expertise constraints in handling complex decarbonisation projects. Member States and stakeholders generally agree on the need to streamline permitting and foster lead markets but differ on instruments, scope and speed of implementation. This divergence justifies Union intervention to lay down a coherent, minimal set of common parameters ensuring that national actions contribute effectively to a single, well-functioning single market.

(b) Would national action or the absence of the EU-level action conflict with core objectives of the Treaty⁷ or significantly damage the interests of other Member States?

Given the need to secure a competitive industrial base and strengthen the Union's manufacturing capacity in key technologies underpinning the green and digital transitions, Member States may decide to: take unilateral decisions to secure foreign investments in key technologies at national level, in order to avoid increased dependencies; and/or introduce uncoordinated incentives to support domestic sectors and businesses. Such actions could ultimately distort competition between Member States, create intra-EU barriers to the free movement of goods, and contribute to the fragmentation of the single market.

(c) To what extent do Member States have the ability or possibility to enact appropriate measures?

A regulation is of general application and is binding upon and directly applicable in all Member States. Nevertheless, the proposal includes a few mandatory minimum measures, while giving Member States discretion as to the manner of implementation and the level of ambition they wish to pursue. Notably, creating lead markets enables Member States to lay down requirements exceeding those set out in the Regulation.

Moreover, the Industrial Accelerator Act proposes measures to incentivise national authorities to simplify and accelerate administrative procedures for industrial decarbonisation projects. The measures outline the general objectives to be achieved, leaving Member States the flexibility to implement them in the manner that best suits their internal processes and digital infrastructure.

(d) How does the problem and its causes (e.g. negative externalities, spillover effects) vary across the national, regional and local levels of the EU?

The slowdown in decarbonisation investments and current supply chain vulnerabilities undermine the business case for EU industries and businesses and put the achievement of the EU's climate end economic security goals at risk. Decline in industrial competitiveness would spill over across all sectors and stages of the value chains, ultimately jeopardising people's well-being. Regions that currently host energy-intensive industries are particularly at risk of further economic and social decline, leading to widening disparities in employment

⁷ https://europa.eu/european-union/about-eu/eu-in-brief_en.

and prosperity across the single market. Such growing imbalances ultimately threaten the Union's overall resilience, as echoed in the 2025 Strategic Foresight Report⁸.

(e) Is the problem widespread across the EU or limited to a few Member States?

The problems identified are widespread across the EU, affecting in particular the more industrialised Member States, and the ones aspiring to be. Energy-intensive industries face similar challenges across all Member States, leading to comparable consequences such as industrial slowdown, loss of production capacity, postponed decarbonisation investments, and plant closures resulting in lay-offs.

Moreover, reducing dependency on non-EU countries for the Union's most strategic industries is a challenge for the Union, as such dependencies could constrain or delay the EU's ability to decarbonise in the event of supply disruptions. Slowing industrial decarbonisation due to competitiveness losses and supply chain vulnerabilities poses a serious challenge to the EU's climate ambition, strategic autonomy and economic security.

(f) Are Member States overstretched in achieving the objectives of the planned measure?

The consultations and the impact assessment carried out during the preparation of this proposal indicated that Member States generally support the initiative, while seeking to balance the expected benefits of the preferred policy measures against the associated costs.

In the case of permitting measures, they are in line with existing best practices regarding digitalisation, and timelines fall within average timelines in the Union. Moreover, the Commission envisages to issue the necessary guidelines to ensure a successful achievement of the different objectives, notably on foreign direct investment conditionalities or the designation of industrial acceleration areas by Member States.

The proposal sets targets to boost capacities of different strategic industries with the objective of accelerating decarbonisation in the Union, while securing a stable domestic supply. Every target has been measured based on existing and expected capacities for the different sectors to ensure its viability.

(g) How do the views/preferred courses of action of national, regional and local authorities differ across the EU?

Overall, Member States are supportive of the Industrial Accelerator Act and recognise the need for EU-level coordination to accelerate industrial decarbonisation and create lead markets for European low-carbon products and technologies. In the dedicated consultation workshop, Member State representatives welcomed the proposal's ambition but stressed the importance of maintaining consistency with existing legislation such as the Net-Zero Industry Act, the Ecodesign for Sustainable Products Regulation, and circular economy initiatives. Several Member States are in favour of introducing 'Made in EU' requirements and preference criteria in public procurement to stimulate demand. At the same time, they emphasise the importance of ensuring technological neutrality, affordability, alignment with the methodologies of the EU emissions trading system and the carbon border adjustment mechanism, and the avoidance of new administrative burdens. On permitting, Member States call for practical simplification through digital tools and standardised procedures while opposing strict deadlines. Some prefer limiting acceleration measures to

⁸ [COM\(2025\) 484 final](#) 2025 Strategic Foresight Report.

major decarbonisation projects, whereas others favour cross-cutting simplification applicable to all industrial investments.

2.4 Based on the answer to the questions below, can the objectives of the proposed action be better achieved at Union level by reason of scale or effects of that action (EU added value)?

Yes, the objectives of the proposed action can be better achieved at Union level due to the scale, the urgency and the scope of the efforts needed.

(a) Are there clear benefits from EU-level action?

Acting at EU level has clear added value. A common European framework will provide the scale, coherence and predictability needed to accelerate industrial decarbonisation and strengthen competitiveness across the single market. It will guide and de-risk investments in low-carbon production processes, ensuring that industrial projects materialise in line with Europe's collective objectives rather than through fragmented national approaches.

In particular, EU-level action will harmonise definitions, labelling methodologies, and demand-side instruments such as public procurement and European content requirements, thereby preventing market distortions and ensuring a level playing field for industrial producers. Common principles for permitting and planning will also facilitate cross-border coordination, speed up project deployment, and improve access to shared infrastructure such as energy grids and CO₂ transport and storage networks.

By replacing divergent national regimes with a single, coherent framework, this initiative will save companies and administrations significant time and resources, lower compliance costs, and provide greater legal certainty for investors. Coordinated action at EU level will create economies of scale, accelerate the industrial transition, and strengthen the resilience, sustainability and competitiveness of Europe's industrial base.

(b) Are there economies of scale? Can the objectives be met more efficiently at EU level (larger benefits per unit cost)? Will the functioning of the internal market be improved?

Yes. Acting at EU level provides clear economies of scale and efficiency gains. By setting a single, coherent framework for industrial decarbonisation, the Industrial Accelerator Act will streamline permitting procedures across Member States, strengthen demand for low-carbon and EU-made products, and create a predictable investment environment that supports competitiveness and economic security.

EU-level coordination will deliver substantial efficiency benefits by harmonising rules for public procurement, public support schemes, and foreign direct investment conditionalities, thereby preventing regulatory fragmentation and reducing compliance costs for businesses. A uniform application of these measures will also avoid forum shopping and ensure a level playing field for companies operating within the single market.

The preferred policy option focuses on simplifying and accelerating industrial investments while maintaining environmental protection. It reduces administrative complexity by building on existing legislative frameworks (such as the Net-Zero Industry Act) through targeted amendments rather than creating new, stand-alone systems. This approach avoids duplication, lowers adjustment costs, and delivers faster results.

<p>Overall, EU action enables the objectives to be achieved more efficiently than at national level by pooling resources, providing legal clarity, and ensuring consistency across the Union. The coordinated framework will help attract investment and enhance the overall functioning of the single market by supporting a resilient, competitive and decarbonised European industrial base.</p>
<p>(c) What are the benefits in replacing different national policies and rules with a more homogenous policy approach?</p>
<p>As stated above, achieving Europe’s industrial decarbonisation and competitiveness objectives requires a coherent and harmonised framework at EU level. Fragmented national approaches would risk undermining the single market by creating unequal conditions for companies, increasing administrative burdens, and causing delays in project deployment. Diverging national rules on permitting, labelling or EU-content requirements could result in market distortions, unfair competition, and higher compliance costs for operators active across several Member States.</p> <p>A more homogenous EU framework will instead ensure consistency, predictability and interoperability across the Union, allowing companies to invest and operate efficiently under a harmonised set of rules. It will also enable better coordination on shared infrastructure, maximising synergies and avoiding duplication of effort.</p> <p>By replacing divergent national policies with a common European framework, the Industrial Accelerator Act will strengthen resilience to external shocks, ensure a level playing field across the single market, and enhance the Union’s ability to respond collectively to global industrial and economic challenges.</p>
<p>(d) Do the benefits of EU-level action outweigh the loss of competence of the Member States and the local and regional authorities (beyond the costs and benefits of acting at national, regional and local levels)?</p>
<p>There is no loss of competence for Member States and local or regional authorities as they remain the main actors responsible for carrying out permitting procedures and introducing public procurement requirements. This Regulation provides a common framework for their actions.</p>
<p>(e) Will there be improved legal clarity for those having to implement the legislation?</p>
<p>The Regulation sets out specific timelines and criteria to guide Member States’ actions when a specific requirement is laid down. Several provisions of the Regulation will be specified through implementing or delegated acts, which should further harmonise and facilitate the implementation of the obligations introduced under this Regulation, thus improving legal clarity.</p>
<p>3. Proportionality: How the EU should act</p>
<p>3.1 Does the explanatory memorandum (and any impact assessment) accompanying the Commission’s proposal contain an adequate justification regarding the proportionality of the proposal and a statement allowing appraisal of the compliance of the proposal with the principle of proportionality?</p>
<p>Yes. The explanatory memorandum and the impact assessment report (Chapter 3) provide detailed proof of compliance with the proportionality principle. The proposal is limited to</p>

what is necessary to achieve its objectives, ensuring the functioning of the single market for decarbonised and resilient industrial production, without going beyond what is required.

The initiative focuses on a narrow set of targeted measures:

- streamlining and digitalisation of permitting procedures for industrial manufacturing projects,
- creation of EU lead-markets with minimally harmonised demand-side criteria
- harmonisation of conditions for foreign direct investments in emerging key strategic sectors to ensure high value added to the single market,
- creation of industrial acceleration areas to increase the competitiveness of the manufacturing industry,
- harmonisation of definitions and labelling for low-carbon steel products.

The measures establish enabling frameworks and shared principles, leaving detailed implementation and administrative organisation to national authorities. The proposal therefore complies with the proportionality principle: it intervenes only where coordination at EU level adds clear value, and with the least intrusive means consistent with the objectives of efficiency, legal certainty and a level playing field.

3.2 Based on the answers to the questions below and information available from any impact assessment, the explanatory memorandum or other sources, is the proposed action an appropriate way to achieve the intended objectives?

The proposed action is an appropriate and proportionate way to achieve the intended objectives. It targets those areas where Member States cannot effectively act alone, ensuring common product definitions, coherent permitting principles and uniform investment conditions, and relies on a simple, flexible instrument that minimises administrative burden while securing EU-wide consistency.

(a) Is the initiative limited to those aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?

Yes. The scope of the Industrial Accelerator Act is limited to cross-border issues (market fragmentation and administrative bottlenecks) that require coordination across 27 Member States. National action alone cannot ensure equal competitive conditions or guarantee mutual recognition of procedures.

(b) Is the form of Union action (choice of instrument) justified, as simple as possible, and coherent with the satisfactory achievement of, and ensuring compliance with the objectives pursued (e.g. choice between regulation, (framework) directive, recommendation, or alternative regulatory methods such as co-legislation, etc.)?

A regulation is the most suitable instrument, as it ensures uniform application of core definitions and procedures essential for a functioning single market. It avoids delays linked to transposition and prevents divergences that could arise under a directive.

(c) Does the Union action leave as much scope for national decision as possible while achieving satisfactorily the objectives set? (e.g. is it possible to limit the European action to minimum standards or use a less stringent policy instrument or approach?)

The proposal leaves wide discretion to Member States in organising their permitting systems, defining administrative responsibilities, and implementing digital tools. It lays down only minimum procedural principles and coordination mechanisms. Similarly, the

<p>adoption of EU-wide product labels and procurement criteria remains voluntary or limited to specific sectors, giving national authorities the freedom to adapt.</p>
<p>(d) Does the initiative create financial or administrative cost for the Union, national governments, regional or local authorities, economic operators or citizens? Are these costs commensurate with the objective to be achieved?</p>
<p>The impact assessment found that the initiative’s costs for Member States and companies may be high in the short run. However, in the long run, they are expected to be modest and outweighed by time savings, reduced duplication, and improved certainty. Additionally, the initiative is expected to increase the EU’s security of supply and overall economic security, including by supporting job creation and decarbonisation investments. Digitalisation and simplification of permitting are expected to reduce average project-approval times. Existing data under the EU emissions trading system and the carbon border adjustment mechanism are reused for the label on greenhouse gases intensity, avoiding new reporting obligations. For the Commission, implementation costs are limited to coordination, guidance, enforcement and IT support functions.</p>
<p>(e) While respecting the Union law, have special circumstances applying in individual Member States been taken into account?</p>
<p>Yes. The proposal accommodates differences in administrative structure, legal tradition and regional competences by allowing Member States to tailor implementation within common parameters. Territorial impact analysis confirms that the measures will benefit regions hosting energy-intensive industries by accelerating investment while respecting environmental safeguards and national permitting laws.</p>