Joint Position Paper on the Industrial Accelerator Act and the Net-Zero Industry Act: proposed amendments

National Promotional Banks and Institutions (NPBIs) welcome plans to enhance the EUs resilience and to reinforce its industrial and manufacturing base, as stipulated also in the Industrial Accelerator Act (IAA). NPBIs are long-standing partners of their respective governments and the EU in financing corresponding projects. Most NPBIs already support renewable energies, hydrogen, safer supply chains, energetic renovations or the circular economy, today and will continue to do so in the future.

Such support needs to be strengthened over the coming decades. This is particularly highlighted not only by the reports prepared by Enrico Letta, Mario Draghi and Sauli Niinistö in 2024, but also by a recent Bloomberg Intelligence study that estimates the investment needs to advance Europe's strategic autonomy to a staggering EUR 14 trillion by 2035.[1] This is equivalent to the total GDP of the Netherlands on an annual basis.

Faced with such an investment challenge, any EU initiative must ensure simple and efficient implementation and be coherent with the simplification agenda. NPBIs play an important role in mobilising private investments. Public and private financing should go hand in hand, reinforce each other, not least in times of economic uncertainties. This is what many promotional programmes ("other forms of public intervention" in the language of the IAA) do: NPBIs leverage private finance.

In this respect, NPBIs are particularly concerned with three aspects of the proposed Industrial Accelerator Act (IAA):

1) Bureaucratic burden / implementability;
2) Proportionality (absence of thresholds, exclusion of renovations);
3) Missing alignment of the NZIA and the IAA.

The following position paper proposes a limited set of concrete amendments that will address the main issues identified and provide a more detailed explanation regarding the effects / benefits of the proposed changes, especially in the context of public support provided through NPBIs.

[1] €14 Trillion in Investment Needed to Advance Europe's Strategic Autonomy by 2035, According to Bloomberg Intelligence | Press | Bloomberg LP

AM 1, reducing the bureaucratic burden / ensuring implementability:

COM proposal	Amendment proposal
(-)	Art 3 (new definition): “**Other forms of public intervention” means financial aid provided by the EU, a Member State, a regional or local authority, a body governed by public law or an association by one or more such authorities or one or more such bodies governed by public law including grants but excluding promotional loans and guarantees.”**

Loans and guarantees differ fundamentally from grants in their economic effect, fiscal cost and incentive structure: Beneficiaries remain responsible for repayment and are inherently motivated to select economically viable projects. Moreover, guarantees and loans typically mobilise private capital and involve financial intermediaries in credit assessment and risk-sharing. This substantially reduces the risk of crowding out private finance compared with non-repayable grants. A regulatory framework that treats them identically compared being disproportionate and may unnecessarily discourage this efficient form of public support

Where policy objectives involve complex criteria that go significantly beyond market standards—for example, lifecycle greenhouse-gas emission requirements or origin requirements—a loan- or guarantee-only mechanism will generally not provide sufficient scope to incorporate the additional incentives needed to accelerate market uptake. In such cases, substantial additional costs, procurement burdens and compliance obligations arise compared with less costly alternatives. To systematically offset these additional costs and burdens and thereby create genuine investment incentives beyond the financing aspect alone, complementary instruments are generally required, additional grants or comparable non-repayable support components.

Nevertheless, loan-only programmes remain necessary, for example to support the European Union’s objectives for the deployment of renewable energy and to finance projects that are already driven by other mechanisms, such as auctions.

AM 2: Proportionality

COM proposal	**Amendment proposal**
Art. 12 (1): Without prejudice to Articles 107 and 108 TFEU, Member States shall design public support schemes ***in a way that they*** contribute to the objective of strengthening the Union’s strategic industrial value chains through the Union origin requirements, low carbon content requirements, or both, laid down in Part II of Annex II and Part **II** of Annex III, in accordance with **Articles 9 and 10** and without prejudice to Article 13. Member States shall apply the requirements referred to in the first subparagraph to public support schemes accounting for at least 45% of the total national budget allocated to the public support schemes covered by Part II of Annex II and accounting for 100% of the total national	Art. 12 (1): Without prejudice to Articles 107 and 108 TFEU, ***when deciding to set up new public support schemes or to update existing schemes***, Member States shall design ***those*** schemes to contribute to the objective of strengthening the Union’s strategic industrial value chains through the **application of** Union origin ***or*** low-carbon requirements, or both, laid down in Part II of Annex II and Part **III** of Annex III, in accordance with ***paragraphs 1 and 2*** of ***this*** Article_and **Article 7a.** This is without prejudice to Article 13. ***This definition shall not apply where the total amount of financial aid granted for a single coherent project does not exceed [EUR 300 000].***

budget allocated to the public support schemes covered by Part II of Annex III.
Introducing a threshold that is currently absent ensures a higher degree of proportionality of the measure and supports the “think small first” principle. For smaller, economically compact projects, the effort required to demonstrate compliance with the “Union origin/low-carbon requirements” would be reduced, without undermining the regulatory objective for larger, structurally significant projects.

AM 3: Proportionality

<table>
<tr><th>COM proposal</th><th>Amendment proposal</th></tr>
<tr><td>Annex II, Part II: For schemes established or updated on or after 1 January 2029 that benefit households or companies and that primarily aim to support the construction or renovation of buildings for residential and commercial purposes and infrastructure and the lease and purchase of motor vehicles for civil purposes, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall ensure that only beneficiaries that comply with the following minimum requirements, are eligible.</td><td>Annex II, Part II: For schemes established or updated on or after 1 January 2029 that benefit the construction or retrofit of public non-residential buildings–and infrastructure and the lease and purchase of motor vehicles for civil purposes, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall ensure that only beneficiaries that comply with the following minimum requirements, are eligible. For construction projects, a threshold of [EUR 300.000] shall apply to retrofit measures to ensure proportionality.</td></tr>
<tr><td colspan="2">The EPBD already introduces a lifetime GHG-emissions approach for buildings (life-cycle GWP). This approach takes into account not only the building’s operational CO_2 emissions, but also the CO_2 emissions of all construction materials used during the manufacturing phase. The individual GHG footprint of the steel, concrete, and aluminium used in the project has a significant influence on the outcome of the life-cycle assessment. This will ensure that sufficient incentives are provided to consider construction materials that are produced with low CO_2 emissions in new construction. This approach is much more holistic than the proposed approach in the IAA, which solely focussed on three potential building materials. Being more holistic, it offers way more flexibility on the one side, but also taking into account not just the production, but also circular economy and other aspects, hence having a much larger impact than the proposed, narrow, scope of the IAA as well as allowing for the most cost-efficient approach with regards to the specific building. Additionally, the EU also recently recast the buildings product regulation, which also contains numerous provisions relating to building materials. Not to mention tariffs the EU is applying to imports of the concerned products and the – again only recently – recasted. In light of the housing crises, acknowledged by the Member States, the European Parliament and the European Commission alike, it seems counterintuitive to add additional strings for residential buildings, especially for renovations. However, public non-residential buildings typically play a role-model, which is why it might be warranted to limit the additional burden to public buildings.</td></tr>
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AM 4: Alignment Recital to AM 3

COM proposal	Amendment proposal
(19) Demand-side measures should focus on establishing low-carbon requirements for steel, cement and aluminium used in buildings, infrastructure and motor vehicles, where appropriate, since those sectors are the most energy-intensive industries. Targeted Union wide demand-side measures can help create lead markets for low-carbon and Union-produced energy-intensive industrial products, supporting decarbonisation while strengthening the Union's industrial base.	(19) Demand-side measures should focus on establishing low-carbon requirements for steel, cement and aluminium used in ***non-residential public*** buildings, infrastructure and motor vehicles, where appropriate, since those sectors are the most energy-intensive industries ***or have a role-model to play and buildings in general are already subjected to Directive EU(2024)1275, including the GHG life-cycle approach***. Targeted Union wide demand-side measures can help create lead markets for low-carbon and Union-produced energy-intensive industrial products, supporting decarbonisation while strengthening the Union's industrial base.
Changes to the recital to align it to the proposed changes to Part II of Annex 2.	

AM 5: Aligning IAA and NZIA

COM proposal	Amendment proposal
Article 34 Amendments to Regulation (EU) 2024/1735 Regulation (EU) 2024/1735 is amended as follows: (1) in Article 3 the following points (34), (35) ***and*** (36) are added:	*Article 34* Amendments to Regulation (EU) 2024/1735 Regulation (EU) 2024/1735 is amended as follows: (1) in Article 3 the following points (34), (35)**,** (36) ***and (37)*** are added: **(d) (new) '(37)** "Other forms of public intervention" means financial aid provided by the EU, a Member State, a regional or local authority, a body governed by public law or an association by one or more such authorities or one or more such bodies governed by public law including grants but excluding promotional loans and guarantees."**.**
To be further elaborated: The IAA introduces changes to the NZIA. NPBIs would be very much in favour of an alignment between the two acts, that are closely related. However, the IAA also introduces two further Art. 28 (a + b) having other forms of public intervention in the title. The second one might prove more problematic, since it looks at excluding providers from high-risk countries. The latter might have to be agreed as a general rule for security concerns, also for promotional loans and guarantees!	

AM 6: Ensuring security

COM proposal	Amendment proposal
Article 28b Limitations to high-risk suppliers for other forms of public intervention ***For support schemes within the scope of Articles 28 and 28a that include control systems, management control systems, supervisory control and data acquisition systems, remote access systems or firewalls, Member States shall design those schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme only where suppliers identified as high-risk suppliers in accordance with Regulation xxxx/xxxx [CSA2] are not be involved in the following processes:*** ***(a) the supply of those products or systems;*** ***(b) the design, development or production of those products or systems;*** ***(c) the management, control or operation of those products or systems;*** (d) ***the development, maintenance, operation, or updating of their software.***	***Delete***
As a general principle, where security is at stake, such products should not be marketed within the EU in the first place, irrespective of the source of finance used to deploy them. Possibly this issue could be done via the Cyber Security Act and the Cyber Resilience Act and respective implementing legislation. Limiting such highly relevant security considerations solely to public forms of support does not enhance the security in the context of connected systems such as electricity grids. This is also in line with article 26 paragraph 1a NZIA as it is currently in place.	

AM 7: Alignment of Annex II Part III with changes to Art. 28b

COM proposal	Amendment proposal
Part III – Other forms of public intervention ***In accordance with Article 28b, when deciding to set up new schemes or to update existing schemes benefitting households or companies that support the demand for net-zero technology final products listed in this paragraph, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall design the***	***delete***

schemes in such a way as to ensure that beneficiaries shall be eligible to the scheme or to additional financial compensation only where the requirements laid down below are fulfilled: (...)
As a general principle, where security is at stake, such products should not be marketed within the EU in the first place, irrespective of the source of finance used to deploy them. Possibly this issue could be done via the Cyber Security Act and the Cyber Resilience Act and respective implementing legislation. Limiting such highly relevant security considerations solely to public forms of support does not enhance the security in the context of connected systems such as electricity grids. This is also in line with article 26 paragraph 1a NZIA as it is currently in place.

AM 8, 9, and 10 – adapting recitals in light of AM proposal 6

COM proposal	Amendment proposal
(72) To ensure a high level of cybersecurity, it is necessary to prevent high-risk suppliers, as identified in accordance with [the proposal for a revised Cybersecurity Act] from supplying critical ***components to bidders of renewable energy auctions, tenderers of public procurement procedures, and final products supported*** *by government intervention in the scope of this Regulation*	(72) To ensure a high level of cybersecurity, it is necessary to prevent high-risk suppliers, as identified in accordance with [the proposal for a revised Cybersecurity Act] from supplying critical components to ***projects located in the EU.***
(73) Furthermore, the cybersecurity provisions of Article 26 of Regulation (EU) 2024/1735 should not only apply to 30%, but to all renewable energy auctions in light that cybersecurity is essential to the stability and integrity of the Union's energy system as a whole. A gap even in just one element of an energy system's cybersecurity could endanger the stability of the whole system. In addition to the high level of cybersecurity ensured in critical sectors by Directive (EU) 2022/2555 and in products with digital elements under Regulation (EU) 2024/2847, extending the scope of the cybersecurity requirements of Regulation (EU) 2024/1735 to all renewable energy auctions should further reduce the vulnerabilities of the Union's energy system and contribute to securing energy and economic stability.	***Delete*** -> becomes obsolete when insecure products are per se banned from the EU market, which should be the aim in order to protect interconnected grids.
(74) The application of the requirements on Union origin and cybersecurity for net-zero technologies should complement the requirements on sustainability and resilience set out in Regulation (EU) 2024/1735. ***They should therefore be inserted in that Regulation to ensure consistency and simplify implementation by the relevant authorities.***	(74) The application of the requirements on Union origin and cybersecurity for net-zero technologies should complement the requirements on sustainability and resilience set out in Regulation (EU) 2024/1735. ~~***They should therefore be inserted in that Regulation to ensure consistency and simplify implementation by the relevant authorities***~~

Conclusion

The EU has a wide variety of instruments in place already today. Tariffs apply on products such as steel and aluminium, the CBAM is currently being reformed to also include certain products. The EPBD for the first time focusses on the decarbonisation of the building stock, including life-time analysis of buildings, and the buildings products regulation has also just been adopted. The IAA now adds additional requirements regarding certain products to this complex setting. And it also introduces changes to the NZIA, some of which relate to Union content, others relating to security issues.

The proposed amendments aim to support a delicate balance between these many dimensions as well as different pieces of EU legislation covering the different issues at stake and unfolding simultaneous impacts. Overall, the aim is to reduce the additional bureaucratic burden as much as possible and focus on areas with the highest impact, considering the realities in the EU and globally today.

The aim should be, given much of the enabling industry needs to be built up and scaled up within the EU first, to provide additional incentives for the purchase of products with a higher European content. Such additional incentives typically take the form of grants. Promotional loans can typically only provide general incentives but are on their own unable to cover for the additional costs involved in European content.

In addition, juxtaposing public and private funding as the EC proposed poses a more fundamental problem: all economists agree that that scarce public resources are best used to leverage private funding. The IAA as proposed by the EC poses a risk to the ability of public funding to leverage private funding by imposing a large number of additional red tape. The risk is real that if adopted without changes in this respect, and the EU market continuously being flooded by cheaper products, public funding will fully seize to be used for the financing of respective projects, for lack of attractiveness. If this risk materialises, nothing would be won for the EUs industrialisation goal. A more cautious approach is also in line with article 26 paragraph 7 NZIA, where, in the case of auctions, the requirements are to be applied to “at least 30%” of the annual volumes auctioned, thus, not to 100%.

About AECM: AECM – Guarantors Europe represents 51 members operating in 33 countries in Europe, and 7 international partners (including the European Investment Fund). 32 members are public promotional institutions/banks, 9 are public-private mixed, and 10 are private/mutual guarantee institutions. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing loans for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs' access to finance in a budget-efficient way. At the end of 2024, AECM members had EUR 218 billion of guarantees in portfolio, supporting more 6 million SMEs across Europe.

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About EAPB: The European Association of Public Banks (EAPB) gathers member organisations (financial institutions, funding agencies, promotional and public banks, associations of public banks and banks with similar interests) from 17 European Member States and countries, representing directly and indirectly the interests of over 90 financial institutions towards the EU and other European stakeholders. With a combined balance sheet total of about EUR 3.4 trillion and a market share of around 15%, EAPB members constitute an essential part of the European financial sector.

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About ELTI: The European Association of Long-Term Investors (ELTI) represents a European-wide network of National Promotional Banks and Institutions (NPBIs) who offer financial solutions tailored to the specific needs of their respective country and economy. The association gathers 34 European long-term investors from 23 Member States across the European Union as well as candidate countries. With a combined balance sheet of € 2.9 trillion, ELTI's goal is to promote long-term investment in close alignment with the objectives and initiatives developed by the European Union in order to foster sustainable, smart and inclusive growth and job creation.

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About NEFI: The Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI) represent 19 financial institutions from 18 European Union member states as well as the UK. NEFI pursues the objective of following the financial, political and legal developments in the fields of European economic and financial policies and all measures adopted by the EU institutions which are relevant for promotional financial institutions focusing on the facilitation of SMEs' access to finance. NEFI members act complementary to and in cooperation with the national banking system through co-financing, risk-sharing, expertise and advisory services in order to address shortcomings in the SME financial markets. In 2024, NEFI members actively supported and financed more than 220.000 SMEs all over Europe with more than EUR 64,6 billion of financing, mainly in the form of loans and guarantees.

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