

2026-04-29

Industrial Accelerator Act – Recommendations to Policymakers

The Industrial Accelerator Act, together with the Net-Zero Industry Act and the Clean Industry Deal, is meant to secure and restore European manufacturing and strengthen resilient clean-tech value chains. The manufacturing sector is essential for safeguarding and boosting the EU's long-term economic success. However, the European Commission's proposal for the Industrial Accelerator Act (4 March 2026) is too limited and its implementation is too slow. ESMC therefore calls on EU policymakers to significantly raise ambition and speed up its adoption.

In sum, our five key recommendations:

• A real and strong Made in Europe

The Made in Europe criterion should cover the full PV value chain, starting with at least three main specific components (out of eight). Union origin should be limited to EU countries and close allies, not extended to all countries with Free Trade Agreements with the EU.

• Prompt designation of China as a high-risk supplier

The European Commission should designate China, and companies under Chinese control, as high-risk suppliers for solar PV technologies and apply the relevant limitations in public support schemes.

• Increase European benefits from Foreign Direct Investments

We support mandatory scrutiny of foreign direct investments and specific conditions for such investments, including joint ventures with European partners and local sourcing requirements.

• Strengthen European PV manufacturing equipment capacity

When public support is granted, the share of PV production equipment manufactured in the Union should correspond proportionally to the level of support received.

• Ensure swift implementation

The Regulation should enter into force no later than the first half of 2027.

Further details on our recommendations:

1. A real and strong Made in Europe

The Net-Zero Industry Act, adopted in 2024, sets the target of 30 gigawatts of PV manufacturing capacity in the Union, meeting 40% of the EU's annual solar deployment. Although ESMC strongly welcomes the establishment of local content requirements for solar PV for the first time at European level, the current proposal for the IAA is insufficient to achieve these objectives.

While the PV supply chain, according to the NZIA, contains eight key specific components that are all necessary to secure the European Union's solar energy independence, the IAA limits the criterion to just two components – inverters and cells (Annex II, p. 65 ff.). Hence, the IAA will not help bring the entire PV supply chain back to Europe. Even worse, large parts of the European solar industry will not benefit from the IAA provisions, as they produce components other than solar cells and inverters – such as polysilicon, ingots, wafers, modules, solar glass and mounting structures.

In order to serve as an effective lever for reshoring the entire solar PV supply chain, **all PV components should ultimately be included in the Made in Europe criterion, starting with a minimum of three main specific components, similar to the provision in the NZIA.**

Remaining components should be gradually phased in, in line with earlier drafts of the IAA. Currently, polysilicon, modules and inverters are among the main specific components for which the European Union has sufficient manufacturing capacity. In addition, there are many manufacturing projects for main specific components like cells, wafers and polysilicon close to financial investment decisions. These projects also could contribute to meet demand by 2030.

The Made in Europe criterion should also – as proposed in previous versions of the IAA – cover at least 50% of the tendered volumes without any cap and enter into force immediately upon adoption of the regulation, instead of being delayed by three years as currently proposed.

Furthermore, to enhance its effectiveness, **close EU allies such as the UK, Switzerland and Norway should also be covered. However, we strongly advise against allowing all countries with Free Trade Agreements or a customs union with the EU to qualify as having “Union origin”** (Art. 28e, p. 63 ff.). This would contradict the NZIA's objective of reshoring the PV industry and encourage Chinese companies to invest in FTA partner countries in order to circumvent the aims of the IAA. Countries like Vietnam, South Korea, Egypt or India already have today an existing manufacturing base with much lower costs than in Europe, however, often controlled and/or owned by Chinese entities. Given this low-cost competition, European companies are unlikely to invest in new capacity.

To summarise: In a worst-case adoption scenario, the IAA could even become a weaker support scheme than the NZIA with a geographical scope of EU+FTA countries, fewer components and adoption by 2030 or later.

2. Prompt designation of China as a high-risk supplier

We strongly support the proposed limitations on high-risk suppliers of net-zero technologies participating in public measures (Art. 26, 28b, p. 60 ff., recital 72). The reference to the Cybersecurity Act is also important, as it provides a suitable legal basis for such limitations. For the solar PV sector, China represents the clearest case of a high-risk supplier, with dependency ranging from 80% to almost 100% depending on the component. **It is therefore critical that the European Commission promptly designate China, and companies under Chinese control, as high-risk suppliers for solar PV technologies**, with particular focus on solar PV inverters.

3. Increase European benefits from Foreign Direct Investments

We support the proposal on mandatory scrutiny of foreign direct investments exceeding €100

million, as well as requirements for joint ventures with European companies, the employment of local workforce, sourcing from the EU, etc. (Art. 17, p. 46 ff.). However, the joint venture requirement should not be one option among several conditions, but a prerequisite. It is essential to ensure that strategic net-zero technologies developed and deployed in Europe remain under European industrial influence and governance, thereby strengthening technological sovereignty, safeguarding sensitive know-how, and preventing the leakage of innovation to foreign competitors. **We also strongly recommend that manufacturing equipment is included within the sourcing requirement for inputs under the FDI chapter, that the minimum share is increased from 30 to 50%, and that this requirement is made binding. Foreign entities with a record of IP or patent infringements against European companies should face appropriate measures, including restricting or excluding their access to the European market.**

4. Strengthen European PV manufacturing equipment capacity

We welcome the provision on Union origin requirements for Member State support to manufacturing, as outlined in Article 28c. It is well justified to condition financial support on local manufacturing when European taxpayers' money is involved. It is equally important that similar criteria apply to the development of European PV production equipment capacity (pullers, diamond wire saws, stringers, laminators, inspection tools, etc). **We recommend that, when public support is granted, the share of PV production equipment manufactured in the Union should correspond proportionally to the level of support received.** European-made PV production equipment is essential for strengthening Europe's technological sovereignty, as it secures critical know-how, innovation capacity and high-value jobs within the Union, while reducing strategic dependencies in this key clean-tech sector.

5. Ensure swift implementation

We welcome the reference to 2027 as the year of entry into force of the Regulation (p. 77 of the digital version) and **strongly urge implementation during the first half of 2027 rather than the second.** As the IAA proposes amendments to the Net-Zero Industry Act, these could be fast-tracked to allow for earlier application. Time is critical: European solar PV manufacturers face intense pressure from unfair Chinese competition. The sooner these measures take effect, the greater the likelihood of safeguarding investments and preserving Europe's manufacturing base.

Follow the Commission's own Impact Assessment:

More ambitious measures are possible

The [European Commission's Impact Assessment of the Industrial Accelerator Act](#) shows that ambitious Made in Europe requirements for solar PV in public support schemes deliver clear economic and energy-system benefits. The impact on final electricity prices is expected to remain minimal (around 1%), as modules represent a small share of total system costs and EU prices are largely set by marginal fossil fuel generation.

Stronger EU-content requirements would reduce dependence on imports, stimulate domestic manufacturing, strengthen supply-chain resilience, and improve cybersecurity and control over critical energy infrastructure. The Impact Assessment concludes that ambitious implementation can unlock significant strategic and industrial benefits, whereas weak or delayed application would leave Europe exposed to continued supply-chain risks and industrial decline.

It is high time to finally turn the tide – from factory closures to the genuine reshoring of the European solar PV sector. European policymakers can make that happen by

sharpening the provisions in the Industrial Accelerator Act and adopting key elements from earlier drafts.

European Solar Manufacturing Council (ESMC) represents more than 60 companies across the European solar PV manufacturing value chain, including modules, polysilicon, cells, wafers, inverters, materials, equipment and energy storage.

Contact:

Christoph Podewils, Secretary General

Tel: +49 177 8741 214, email: podewils@esmc.solar

Jens Holm, Policy Director

Tel: +46 708 250 889, email: holm@esmc.solar