

JBCE POSITION PAPER ON THE PROPOSAL FOR AN INDUSTRIAL ACCELERATOR ACT

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KEY MESSAGES

JBCE calls on co-legislators to retain the European Commission's proposals on:

- ❖ The inclusion of 'trusted partners' in the IAA proposal.
- ❖ Union origin equivalence for content originating in countries sharing a free trade area or a customs union with the European Union (EU), as well as parties to the Agreement on Government Procurement (GPA) for public procurement.
 - JBCE calls for special consideration to be given to like-minded partners promoting common values, including free trade, such as Japan, to preserve strong strategic relationships.
- ❖ Exempting Japan as a free trade agreement partner, and services, from additional conditions on Foreign Direct Investment.

JBCE calls on co-legislators to:

- ❖ Reflect content equivalencies for 'trusted partners' across all sectors and products in scope.
- ❖ Clarify ambiguous definitions and provisions, and ensure a predictable reciprocity assessment process to maintain a predictable business environment.
- ❖ Streamline Union origin requirements across existing and upcoming legislation to prevent regulatory overlaps, ambiguity, and unnecessary administrative burdens, including at national level.

1. Introduction

Acknowledging the European Union (EU)'s competitiveness agenda, the Japan Business Council in Europe (JBCE) welcomes the opportunity to comment on the European Commission's proposal for an Industrial Accelerator Act (IAA)¹ presented on 4 March 2026.

The IAA proposal aims to boost the demand and manufacture of clean technologies in the Union, driving the creation of lead markets. JBCE appreciates the inclusion of 'trusted partners' in the proposal, partially reflecting our 'Made with Common Values' approach of establishing value chains among trusted partners sharing commitments to sustainability, resilience, the rule of law and human rights.² We hope that this inclusive approach to 'trusted partners' will be consistently and coherently reflected, not only in the IAA, but also across pending and upcoming proposals, including the Automotive Package, the Cloud and Artificial Intelligence Development Act, the Public Procurement Act and the Circular Economy Act, paving the way towards EU competitiveness that is 'Made with Common Values'.

However, JBCE would like to highlight some elements of concern in the current proposal that may impede the IAA's effective implementation and broader objectives.

2. A consistent approach to trusted partners & content equivalence

JBCE welcomes the European Commission's decision to include content originating from 'trusted partners' in the scope of the IAA proposal. JBCE strongly believes that the EU and Japan can achieve supply chain diversification and the creation of lead markets together rather than through isolation. In this context, JBCE urges the co-legislators to maintain this openness to trusted partners such as Japan in the final text.

Furthermore, JBCE welcomes the targeted scope of the IAA's Foreign Direct Investment requirements under **Chapter IV**, which specifically exempt investments covered by an economic partnership or a free trade agreement with the EU, as well as those targeted at providing services. JBCE calls on co-legislators to preserve the Chapter's intended scope in the final text of the IAA.

However, certain provisions appear to distort the coherence of the broader approach to partner content.

a) Correcting an inconsistent approach to content equivalence

Our understanding is that under certain provisions, content originating in partner countries will not be deemed equivalent to EU origin. For example, with regard to financial support for corporate vehicles (**Article 13** and **Annex III part 2**) and under the provisions

¹ [Industrial Accelerator Act](#)

² [JBCE position paper on 'Made with Common Values'](#)

complementing the CO₂ Regulation for cars and vans³ (**Article 14** and **Annex III part 3**), only components and low-carbon steel that originate in the EU would fulfil the criteria. The same applies to Member States' support for construction and manufacturing of net-zero technologies under the amendments to the Net-Zero Industry Act (NZIA)⁴ introducing a new **Article 28c**.

This approach not only creates difficulty in the interpretation of the IAA's provisions, but also risks seriously compromising EU market access for trusted partners, and could undermine the creation of diversified global supply chains, as well as the broader EU-Japan economic security cooperation.

JBCE therefore calls on co-legislators to ensure that equivalence of 'trusted partners' content is recognised by all types of support schemes and across all sectors in scope of the IAA.

b) Addressing the ambiguity surrounding Union assembly requirements for vehicles

Under **Annex III** of the IAA proposal setting out Union origin requirements for vehicles, the ambiguous formulation of the criteria does not confirm whether vehicle assembly in partner countries is deemed equivalent to Union origin. If the intention is to condition vehicle assembly to take place in the EU only, this distinction significantly distorts the broader recognition of content from 'trusted partners' set out in the IAA. Such an approach risks severely impacting businesses' operations, and may drive an increase of assembly-only investment models without boosting value-added production within the EU.

JBCE calls on co-legislators to introduce more explicit language confirming that vehicle assembly in 'partner countries' is equivalent to vehicle assembly within the Union, thereby ensuring coherence and legal certainty for partners' businesses.

3. Ensuring legal clarity and predictability for businesses

a) Clear legal definitions and provisions

Certain provisions that are critical to inform businesses' decision-making rely on definitions that currently lack sufficient precision, making their implications difficult to assess. In particular, JBCE would welcome clarity on the following points:

Uncertainties surrounding the pending definition of 'low-carbon'

The definition of 'low-carbon' is expected to be developed separately via delegated acts under the Ecodesign Regulation⁵ for steel, concrete and mortar, aluminium, as well as

³ [CO₂ Regulation for cars and vans](#)

⁴ [Net-Zero Industry Act](#)

⁵ [Ecodesign Regulation](#)

products whose performance is deemed to depend mainly on those materials, as referred to in **Annex II**. The absence of a clear methodology and scope makes compliance difficult to assess and creates a significant risk of additional administrative burden and cost. This uncertainty is particularly problematic given the long lead times required for sourcing.

JBCE therefore calls for the swift adoption of the relevant delegated acts, providing the essential clarity businesses need to fully assess the implications of the IAA.

An imprecise definition of select components

Definitions of components are covered, to an extent, by the IAA's **Article 3**, the NZIA Commission Implementing Regulation 2025/1178⁶, and other specified acts. However, in certain cases, the terms used can have wide-ranging implications that may go beyond what is intended.

For example, the use of certain terms such as “*systems*” or “*platforms*” without a more thorough explanation makes it difficult for businesses to grasp the breadth of products under the IAA's scope, particularly blurring the line between immaterial products such as software and physical components.

Additionally, the vague description of products intended for use in buildings and infrastructure in **Annex II** fails to provide a sufficiently granular indication of what is really in scope for energy intensive industries.

Should interpretation be left to national authorities, the IAA's requirements risk uneven application on the basis of approximate estimations that may go beyond the proposal's intentions. JBCE therefore calls on co-legislators to carefully limit the scope through clear language, notably by explicitly setting out what is excluded from the scope, such as standalone digital solutions, to ensure legal certainty and facilitate the implementation of the IAA's requirements by national authorities.

b) A more predictable reciprocity assessment process

JBCE notes that the IAA foresees the possibility to exclude, under specific conditions, certain partners from benefiting from equivalence to Union origin. However, such measures should be applied with caution to maintain stable and resilient supply chains.

Such provisions foresee that an exclusion may be justified “*to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question.*” Although it is not possible to predict all shapes or forms of future developments that may impact the EU, more clarity can create a more reliable and predictable framework for future action, providing a higher degree of certainty for businesses. In this regard, JBCE stresses the need of privileging dialogue with stakeholders as an initial step.

⁶ [List of net-zero technology final products and their main specific components](#)

Furthermore, providing measurable indicators of what might constitute a threat to the security of supply in the Union would allow companies to monitor and anticipate such developments, contributing to broader economic security efforts. Clear guidelines on assessing EU supply security risks, along with defined timetables, would be welcome.

The Joint Communication on Strengthening EU Economic Security⁷ of 3 December 2025 outlines non-cumulative indicators of a high-risk dependency. Clarifying whether considerations under the IAA align with this Communication can help build coherence within the EU's overall strategy.

c) Legal certainty and predictability of future IAA developments

As **Article 29** foresees the potential future inclusion of new sectors and products based on the outcome of the European Commission's review, JBCE believes that transparency on the evaluation of the IAA's impact, complemented by thorough stakeholder consultation during this process, will ensure industries' ability to anticipate policy changes and enrich them through constructive input.

4. Preventing unintended negative impacts on businesses

a) Overly drastic increase in costs for partners' businesses

JBCE understands that, based on the European Commission's impact assessment accompanying the IAA proposal, European preference requirements risk leading, in the short term, to increased costs for net-zero projects and products. In this context, JBCE expresses strong concern about the impact of the IAA's requirements on trusted partners' businesses, such as an overly drastic increase in future costs, which may have been overlooked during assessments.

We therefore call on co-legislators to assess the IAA proposal while also taking into consideration this dimension, and to ensure sufficient flexibility is provided to prevent unintended negative impacts on partners' businesses.

b) Unrealistic timelines

JBCE strongly advocates for the inclusion of realistic timelines, supply-chain mapping flexibility, and alignment with industry realities.

Any later tightening of thresholds or extension of scope should take place only following a prior review of supply-chain maturity. For example, regarding vehicles, at tender submission, it is possible to estimate origins for key components, but the design phase can also impact sourcing, as design choices often dictate suppliers and their origin. In this vein, JBCE

⁷ [Joint Communication – Strengthening EU economic security](#)

proposes delaying the application of IAA requirements for light-duty fuel cell electric vehicles until at least 2035, as the technology and supply chains are still at an early stage and need room to develop.

c) Risk of legal disputes due to inconsistency with existing agreements

JBCE acknowledges the IAA proposal's references to the EU's commitments under its free trade agreements and as a party to the Agreement on Government Procurement. In this regard, it is essential to ensure not only that the final text is compatible with the EU's international commitments, but also that its implementation is consistent, in order to prevent proliferation of legal disputes.

d) Circumvention of IAA criteria by national authorities

The provisions outlining origin and low-carbon requirements foresee several exceptional circumstances in which national authorities may not apply the IAA, including in case of "*disproportionate costs*." The estimated excess presumed to constitute such disproportionate costs ranges from 20% to 30% across provisions covering public procurement, support schemes, and auctions. This price threshold can, in practice, be easily reached in certain sectors, undermining the objective of Union origin and low-carbon requirements. Ensuring adequate safeguards could mitigate such circumvention risks.

5. Maintaining a harmonised legislative environment

a) Across EU legislation

The harmonisation of Union origin and other non-price criteria in existing and upcoming legislation is of the utmost importance to prevent regulatory overlaps, lack of clarity and unnecessary administrative burdens. Close attention should therefore be paid, for example, to how the IAA builds upon the NZIA's resilience and sustainability criteria, to prevent excessive strain from cumulative criteria.

Furthermore, certain conditions introduced under amendments to the NZIA rely on the definition of so-called 'high-risk suppliers' when excluding the provision of certain products and services for cybersecurity reasons. At this time, a list of high-risk suppliers cannot be produced, given that the proposal amending the Cybersecurity Act is under scrutiny by the co-legislators, who may choose to amend the criteria proposed by the European Commission. This situation makes it difficult to evaluate the impact of such exclusions within the scope of the NZIA and risks creating legal uncertainty should the legislative process on the Cybersecurity Act stall.

JBCE calls on co-legislators to ensure that the final text of the IAA remains consistent with the broader EU rulebook, including with the Automotive Package, the Cybersecurity Act, the

Public Procurement Act and the Circular Economy Act, with particular attention to future delegated and implementing acts, methodologies and definitions.

b) Among Member States

A harmonised approach to the implementation of the IAA among Member States will be necessary to avoid fragmentation within the Single Market. However, **Article 12** foresees that public support schemes for energy intensive industries accounting for at least 45% of the total national budget allocated to such schemes must apply IAA conditions, implying that it does not forbid introducing stricter criteria for support schemes for up to 55% of the budget. JBCE calls on co-legislators to safeguard the scope of the IAA by introducing an obligation for Member States not to enforce stricter local content requirements than what is under the current proposal.

6. Conclusion

JBCE calls on the co-legislators to maintain the EU's market openness and close trading relations with like-minded partners sharing common values, such as Japan, when preparing their respective positions.

JBCE remains committed to sharing the expertise of its member companies during the negotiations in order to achieve a text that is beneficial to the EU's businesses and consumers as well as to its trusted partners, fostering ever-stronger relations between the EU and Japan.

ABOUT JBCE

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of over 110 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceuticals, textiles, and glass products.

For more information: <https://www.jbce.org/> / E-mail: info@jbce.org

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