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Position on the Industrial Accelerator Act Proposal

Strengthening the Union's strategic industrial value chains

June 2026

BBBB welcomes the Act's goal of creating lead markets for low-carbon products as a strategic tool to unlock investments for the green transition and reward the most innovative products on the EU market. In line with our commitment to making strategic procurement the norm by 2030, we consider the Commission's proposal both timely and necessary.

While strongly supporting the original intent of the Act, **the proposal falls short in delivering the strong demand signals called for in the Clean Industrial Deal**. As they stand, procurement measures for the construction sector remain insufficiently ambitious and overly dependent on the ability of sectoral legislation to deliver. Our members - including European businesses and networks of public authorities - are directly impacted by the extent to which the Act responds to their practical needs: clear rules, predictable demand and strong incentives to upscale investments.

To raise demand for European low-carbon products, our vision relies on key tools: harmonised low-carbon criteria, a mandate to procure beyond-price only and robust standards. The Act should build on this vision, reflecting the ambition set out in the Draghi and Letta reports. Without ambitious measures, the Act will fail delivering on its promise of strategically spending public money to strengthen the European clean industrial base.

Key recommendations

1. **Align quotas for low-carbon concrete and steel to market reality by raising them to at least 50% from the outset, with a gradual increase through 2040.**
2. **Ensure ambitious low-carbon definitions for steel and concrete are fast-tracked, with clear principles and timelines set in the Act to unlock investments.**
3. **Set Union-origin requirements in a targeted, impact-driven way for strategic sectors or where third countries are not granting reciprocal access.**
4. **Make best-value procurement the default under the forthcoming Public Procurement Act, ensuring that quality and life-cycle costs are systematically considered.**

1. Lead markets and procurement:

Public works account for around one-third of construction activity, making public procurement a significant lever to drive innovation in the sector. As the Commission's Impact Assessment rightly acknowledges, concrete and steel are key sectors due to their significant volumes, their importance for European industry and their environmental impact.

1.1 Procurement quotas

The mandatory quotas for low-carbon steel (25%) and concrete (5%) have potential to drive the industrial transition[1], but as currently designed they will have very limited impact. This is because:

- **The level of ambition is insufficient** to drive meaningful market transformation.
- **The quotas are static**, without a gradual increase that would strengthen the demand signal over time.
- **The exemptions rely on open-ended concepts** ("'disproportionate costs", ''reasonable alternative", "technological incompatibility") which may be subject to conflicting interpretations[2].

The current procurement quotas will impact under 2% of the EU steel demand

The market impact of the quota applied to both public procurement and public support schemes is estimated at around **7.5 Mt of steel (approximately 5% of total EU steel consumption)**. **If only public procurement measures are considered, the impact falls to around 2.5 Mt of steel (less than 2% of EU steel demand).**

A significant share of steel used in public construction works is produced through recycled steel (scrap) EAFs[3], with significantly lower emissions than fossil fuel-based production routes[4]. The project pipeline for low-emission flat steel (DRI) is estimated at 17.2 Mt for the EU market by 2030, with additional capacity currently awaiting final investment decision. The 25% quota for low-emission steel therefore reflects existing market capacity rather than creating additional demand for deeper industrial decarbonisation.

[1] These rules will apply only to contracts above EU procurement threshold which, according to existing studies, amount to around 20-30% of the total EU procurement by value.

[2] For instance, the 25% cost exemption does not specify the baseline against which disproportionate costs should be assessed (upfront price, total cost of ownership, life-cycle costs, market average prices, the lowest available offer, previous procurement prices). This is critical for construction projects, where 80% of the costs occur after the building is constructed.

[3] Estimates account for around two-thirds of the steel publicly procured for construction in the EU coming via the EAF route.

[4] World Steel Association - Climate change and the production of steel

Current initiatives already go beyond the proposed IAA quota:

- the ESPR – covering steel at intermediate production level - requires a **minimum target of 50%** for GPP to ensure a solid market demand[5].
- The latest JRC report on methods for defining mandatory GPP indicates that meaningful market transformation requires sufficiently high GPP uptake across contracts, with minimum quotas reaching up to **50%**.
- Steel producers can already meet a **50%** quota.

A quota of at least 50% is therefore necessary to provide an initial demand signal for investment in green steel technologies.

Proposed concrete quota doesn't reflect market developments

The quotas are rightfully set at concrete level as public authorities usually purchase concrete and not cement. This approach is also technology-neutral, allowing different upstream solutions (e.g. cement manufacturing, clinker alternatives, concrete mix design optimisation to compete.

However, the proposed quota of only 5% quota sends the wrong signal to the market actors, potentially undermining the rapid scaling of innovative concrete technologies.

The Impact Assessment bases its assumptions on final investment decisions for low-carbon cement projects, as a proxy for market capacity for low-carbon concrete. This raises several inconsistencies:

- Cement represents 10-15% of concrete by volume. Investment-readiness indicators for low-carbon cement projects do not reflect the full range of existing and near-term market options for low-carbon concrete.
- Low-carbon concrete can be achieved through several additional routes such as increase of Supplementary Cementitious Materials (calcined clay, limestone, recycled concrete fines), alternative clinker-free cements with near-zero potential, or mix-design optimisation[6].

Low-carbon concrete can supply 90 to 115% of the public market by 2030 or 23 to 48% of the EU market within the same timeframe. **To drive meaningful impact, the quota should be set at least 50%. The scope of the concrete quota application in Annex II – reference**

[5] Art 65(3).

[6] For example, the impact assessment foresees a 2,3Mt pipeline of low-carbon cements by 2030 based on FID of CCS projects, whereas in France alone additional low-carbon cement manufacturing capacities (with clinker substitution technologies) of 3 Mt by 2030 are under development.

to clinker and cements - should also be clarified, to avoid constraining innovation and creating unnecessary ambiguity[7].

BBBB recommendations:

- **Increase the minimum quota to 50% low-carbon content for both steel and concrete,** to create a stronger demand signal for low-carbon products.
- **Set a gradually increasing trajectory over time for the quotas (e.g. up to 2040)**, to reflect the EU's decarbonisation pathway and the expected growing availability of low-carbon technologies.
- **Clarify the exemptions for public procurement**, to provide legal certainty for both suppliers and contracting authorities.
- **Extend the scope of Annex II to other construction materials, including a 25% quota for plastics.[8]**

1.2. Union origin

"Made in Europe" criteria in public procurement and other forms of public intervention can support EU's competitiveness and resilience. EU's largest partners and competitors (the United States, China, India or Canada) all use domestic preference rules in procurement as part of their industrial policy, with different levels of ambition and sectoral priorities.

These criteria need to be carefully designed. They should be limited to impactful sectors and be simple to implement. If too broad or rigid[9], they risk reducing competition in public tenders or increasing legal and administrative complexity for public buyers, particularly in sectors with international supply chains or where EU production capacity remains limited in the short-term. Increase in costs, passed down to public buyers, also represents a risk that will need to be assessed.

Based on these considerations, **origin-based criteria should be introduced where justified by demonstrated strategic vulnerability or security of supply risks**. Such justification should focus on sectors that entail high energy costs, danger of global overcapacities or supply chain fragilities[10]. They should also be paired with low-carbon requirements to ensure

[7] The reference to clinker may create ambiguity and limit the competition between different low-carbon technological pathways. We therefore suggest deleting this reference.

[8] Construction is the second-largest plastic consumer in Europe (20% of total demand), out of which public projects cover 40% of the plastic usage (windows thermal insulation, ductwork, urban furniture, pipes, etc).

[9] Under the current proposal, products manufactured in the EU + European Economic Area + third countries covered by the WTO GPA + bilateral trade agreements with the EU, are entitled to equal treatment. Therefore, the Union-origin restrictions notably affect China and India.

[10] For example, for recycled materials, origin requirements for EU/EFTA/UK countries are needed to safeguard Europe's recycling infrastructure.

European, innovative products are truly incentivised. Lastly, detailed provisions and tools on eligibility, value-added calculations, verification methods and exemptions, are needed to practically operationalise their implementation.

BBBB recommendations:

- **Apply Union-origin requirements only for strategic sectors or where third countries have applied preferential treatment for their domestic products** (e.g. recycling, cleantech, steel).
- **Provide clear guidance on how Union-origin requirements should be implemented** (e.g. as technical specifications or award criteria) **and verified** during contract execution.

1.3. The IAA's role in the European procurement framework

Behind the debate on low-carbon and Union-origin quotas, there is a larger question about the strategic role of public procurement. Public contracts should not be awarded to those offering only the lowest upfront price. This is crucial for the construction sector where upfront price reflects only 20% of a project's lifecycle cost. Procurement should instead foster competition based on long-term value for European taxpayers' money, including quality, innovation and environmental impact.

Quotas in the IAA are a starting point, but on their own they won't turn public procurement into a strategic tool. **With the IAA postponing discussions on this point, the forthcoming Public Procurement Act will need to be ambitious enough to give the mandate to procure strategically instead of just the cheapest option**[11].

According to the European Court of Auditors price alone accounts for almost 60% of public contract awards in 18 Member States, exceeding 80% in 8 of them.

BBBB recommendations:

- **Make criteria beyond the lowest purchase price the default basis for contract award.** A legal mandate to systematically purchase beyond the lowest price (e.g. comply-or-explain system) should be included under the Directives revision.

[11] For example, the Dutch system uses award criteria beyond the lowest price as the default starting point, requiring contracting authorities to consider whether price-only award is justified (comply-or-explain mechanism).

2. Labels and low-carbon definitions

The IAA was initially announced to include voluntary carbon-intensity labels for industrial products. In the final proposal, the work has been outsourced to sectoral legislation: the Construction Products Regulation (CPR) and the Ecodesign for Sustainable Products Regulation (ESPR). This poses both benefits and risks which will have to be carefully managed to ensure efficient delivery of procurement measures[12].

The IAA makes quotas (and their value) depend on low-carbon definitions which do not exist yet. **Negotiating values for quotas can only be successful if the IAA sets out clear rules on how low-carbon definitions should look in sectoral legislation**. This is essential, as current efforts under the CPR have shied away from decarbonisation measures[13].

To get there:

- **The IAA should define the technical boundaries of low-carbon definitions**. With the low-carbon definitions being developed under the ESPR and the CPR through Delegated Acts, the IAA should provide a set of **general principles** applicable to every low-carbon definition. This would ensure that that only the cleanest and most innovative performing products are rewarded.
- **A clear mandate for the ESPR and CPR to develop the definitions by 2028**. The IAA should put forward a **deadline** for the low-carbon definitions to be delivered, along with a **backstop clause**[14]**.** This would ensure that the entry into force of the quotas (1 January 2029) is not delayed.

[12] The CPR and ESPR provide a regulatory framework to introduce information and / or performance requirements on the environmental footprint of construction products from a lifecycle perspective. At the same time, there are over 150 sustainability standards and initiatives across the steel value chain aiming to determine what constitutes green steel.

[13] As low-carbon definitions apply only to construction products covered by a harmonised technical specification or a European Technical Assessment, any delays in the harmonisation process can limit the application of procurement measures. This has already affected SCM-based and clinker-free cements/binders, whose Single Market access heavily relies on delayed updates to harmonised standards. Moreover, the first CPR acquis work plan predates the IAA and does not yet include dedicated workstreams for low-carbon steel and concrete.

[14] An example of safeguard clause example exists in the ESPR: if product requirements for cement are not developed under the CPR by 31 December 2028, the ESPR s hall adopt delegated acts setting those requirements no later than 1 January 2030

BBBB recommendations

- **Include a 2028 deadline for the sectoral legislation to deliver the low carbon definitions along with a safeguard clause,** to avoid delays in green investments.
- **Include amendments to the CPR working plan** (adopted prior to the IAA proposal), to ensure low-carbon definitions for concrete and steel are prioritized in the CPR Aquis working groups.
- **Establish general principles applicable to all low-carbon definitions**, to ensure:
  - Technology-neutral and non-discriminatory criteria that work for all market segments (e.g. clinker substitution solutions) and properly reward circularity (e.g. recycling and reuse of metal scrap, construction and demolition waste).
  - The top two classes of performance are limited to the best-performing 20–30% of products available on the EU market and exclude any fossil-fuel based products[15].
  - Public procurement obligations (quotas) are clearly tied to the two best performance classes.
  - A gradual plan to consider other environmental and public health impacts beyond GWP by 2030.

ANNEX 1

Market impact of the proposed low-carbon quotas

STEEL:

Data points:

- EU steel demand (145Mt, 2019 data) and its use per sector (35% construction, 20% automotive).
- Share of publicly procured steel in construction projects (11% EU steel demand) - out of which 20% of projects (by value) are within the scope of the EU Public Procurement Directives.
- Share of publicly procured vehicles within the scope of the EU Public Procurement Directives: cars (0.5%), light buses/vans (0,6%), buses/coaches (43%), trucks (11%).
- Share of vehicles benefitting from public support schemes (70%).

[15] Methods for the definition of classes of performance and labels - Publications Office of the EU

Findings:

- **Quota impact on steel demand in construction and automotive public procurement**: **2,42 Mt** (1,7% of EU total steel demand).
- **Quota impact on steel demand in public support schemes**: **5,08 Mt** (3,5%)
- **Quota total impact on EU steel demand**: **7,50 Mt** (5,2%)

CONCRETE:

Data points:

- 16 different scenarios used to define low-carbon concrete including:
  - near-zero cement clinker (e.g. CCS or recycled clinker) blended with supplementary cementitious materials (SCMs).
  - other types of low-carbon concrete technologies: clinker free cements, cement free concrete, optimised mix designs.

Findings:

- **Low-carbon concrete supply potential relative to the public procurement market:** 90-115% (the lower end reflects industry-roadmap data, while the higher estimates gradually include additional data sources.)

Sources:

- European Commission – Impact assessment report
- VUB - Public procurement of construction steel and cement in the EU
- JRC Publications - Method for the definition of mandatory GPP requirements
- JRC Publications - Revision of the EU GPP Criteria for Road Transport
- Light weighting as a means of improving Heavy Duty Vehicles' energy efficiency and overall CO2 emissions
- Improving automotive steel recycling for a circular economy - International Council on Clean Transportation
- Cement Europe's Net Zero Roadmap
- JRC Publications - Environmental and socio-economic impacts of the circular economy transition in the EU cement and concrete sector
- JRC Publications - Decarbonisation options for the cement industry
- DETOCS: Turning data and science into low-carbon cement