

Statement on the Industrial Accelerator Act (IAA)

The IAA can turn Europe's sustainable, competitiveness and security goals into industrial reality. In an era of aggressive resource and technological competition globally, Europe must urgently adopt a more assertive, impactful Made in EU strategy to rebuild its industrial leadership and secure its long-term competitiveness, economic security and clean energy future.

Batteries and their supply chains are critical in this. Beyond transport decarbonisation, batteries are a foundational technology for Europe's strategic sectors – including resilient energy systems with clean power supply and grid stability, critical infrastructure, defense capabilities and advanced medical technologies. While Europe's battery sector faces severe market headwinds, immediate targeted support is critical to secure this strategic value chain before the window of opportunity closes.

Excessive dependencies on single-source third countries create strategic vulnerabilities for Europe. There is a real risk that dominant players will continue weaponising critical minerals. To defend the continent against external pressure, Europe needs a higher level of energy and supply chain security.

All this necessitates establishing a competitive and locally anchored battery ecosystem that is essential for strategic autonomy and sovereignty, and to reduce structural dependencies on imported fossil fuels. The transition must be implemented in line with industrial readiness and together with strategic partners with strong long-term technological and investment engagement in the European market. Therefore, strong IAA provisions are needed to create the investment certainty required to quickly scale a domestic European battery value chain, strengthen existing industrial assets and avoid further strategic dependencies.

As Europe's leading independent organisations on transport and energy security, the European Initiative for **Energy Security (EIES)** and **T&E**, together with **RECHARGE**, Europe's leading association representing the entire lithium battery value chain, we urge the IAA to:

- **Prioritise the "electric tech stack":** This stack consisting of battery, electric motor, power electronics and control system are becoming strategic dual-use technologies critical for mobility, energy systems, critical infrastructure resilience, defense applications and medical technologies. Securing this locally - with strategic partners - should be a clear priority in the IAA.
- **Adopt a whole value chain approach:** Europe must be able to develop competitive industrial capabilities across the full battery supply chain, from raw material extraction and refining to key component manufacturing, cell production and recycling. This must include battery-grade key strategic materials, precursor active materials, anode active materials and locally recycled battery metals, considering both new investments as well as already established manufacturing facilities. The whole value chain approach should be in line with creating the right investment signals and actual industrial readiness to

avoid undermining the competitiveness of Europe's battery industry itself.

- **Ensure strong and credible Made in EU provisions:** Other jurisdictions extensively use local content requirements, while Europe has been subsidising demand without securing supply. Public funding instruments - including vehicle subsidies, tax schemes and public procurement - must favour strategic products made in Europe. The provision on corporate vehicles is key in ensuring coherence between demand and industrial policy objectives, creating much needed lead markets. The objective is not to restrict market access, but to ensure that public support contributes to and rewards European production. The numerous exemptions in the Commission IAA proposal should be removed to avoid it becoming an optional framework that fails to create a local market. Stronger anti-circumvention and market protection mechanisms should be introduced to prevent dominant global players from using indirect production structures, third countries' subsidies or preferential jurisdictions to circumvent the objectives of the IAA. At the same time, cooperation with trusted strategic partners should be maintained to safeguard the continuity of European production.
- **Make foreign direct investment (FDI) work for Europe:** Foreign investment is welcome, but it must bring value to the European economy, its workers and supply chains. We welcome the establishment of strict conditions for FDIs applying to all major investments in strategic sectors - through EU ownership, mandatory technology transfers, local workforce employment and local sourcing obligations.

Resilience has a sovereignty premium, but the cost of inaction - losing our industrial base and becoming strategically dependent - is far higher. The IAA must become a simple but strong framework to create the business case to invest. It should be the cornerstone of the EU's industrial policy.