COMMITTEE FOR EUROPEAN CONSTRUCTION EQUIPMENT

BRIEFING NOTE

Brussels, 15 July 2026

Industrial Accelerator Act (IAA) Potential Implications for the Construction Equipment Industry

The European Commission's proposed **Industrial Accelerator Act (IAA)** represents a major shift in EU industrial policy. While its immediate impact on construction equipment manufacturers appears limited, the proposal establishes an important precedent by introducing "Made in Europe" requirements and local-content rules for selected strategic products in a low-carbon perspectives when receiving public support or procured through public authorities.

The construction equipment sector is currently **not included** among the products subject to the new "Made in Europe" provisions. However, the automotive sector will enjoy specific protections for electric vehicles (EVs). This creates an opportunity for CECE to advocate for a similar approach for **electric construction machinery**, particularly given the strategic importance of decarbonisation and industrial resilience in Europe and of the unfair competitive advantages exploited by most Chinese OEMs in this space.

1. What is the Industrial Accelerator Act?

The IAA was proposed by the European Commission on 4 March 2026. Its overall objective is to increase the share of manufacturing in EU GDP from approximately 14% today to 20% by 2035. The proposal rests on four pillars:

1. Faster permitting for industrial manufacturing projects.
2. **Creation of lead markets for low-carbon and European-made products.**
3. Conditions for large foreign direct investments (FDI) in strategic sectors.
4. Industrial Manufacturing Acceleration Areas designated by Member States.

For CECE members and for the purpose of the upcoming Board discussion, this note focuses on the second pillar: **demand-side measures favouring products manufactured in Europe.** This note describes the Commission proposal for this file. The way EU legislators will shape this text is now unpredictable and open to speculations.

2. What are the "Made in Europe" provisions?

The IAA introduces requirements that public money should increasingly support products that are both:

- Manufactured in Europe ("Union-origin")
- Low-carbon, where applicable.

The requirements would apply in:

- Public procurement.
- Public support schemes.
- Certain auctions and incentive programmes.

Sectors currently covered

The Commission proposal focuses on:

Sector	Type of requirement
Steel, aluminium, cement and related products	Low-carbon + Made in EU
Net-zero technologies (battery storage, solar PV, wind, heat pumps, hydrogen, etc.)	Made in EU
Electric vehicles	Made in EU

The proposal therefore creates preferential treatment for European manufacturing where public money is involved, similar in concept to domestic-content policies implemented in other major economies.

3. How is "Made in Europe" defined?

Importantly, the Commission has adopted a wider definition of "EU origin" than just the EU 27. This means the approach seeks to strengthen European value chains while remaining broadly consistent with existing international trade commitments. Is considered equivalent to EU origin:

- Content from countries with EU free trade agreements or customs unions will also count. This is roughly 80 countries around the world, including UK, Turkey, India, Japan, Korea, Canada, to name a few.
- Countries covered by the WTO Government Procurement Agreement may also be recognised. This is the category which would include the US.
- The Commission retains powers to exclude certain countries under specific circumstances.

Please note: there is no specific list of countries in the IAA proposal and this is an area where political discussions in the Parliament are already running very high.

4. What is included for electric vehicles?

The automotive sector is the clearest example of how the IAA intends to operate. The Commission explicitly included within the scope of the "Made in EU" framework:

- Battery electric vehicles.
- Plug-in hybrid vehicles.
- Fuel-cell vehicles.

The IAA provides that the above-mentioned electric vehicles qualify for:

- Public procurement preferences.
- Public support schemes.
- Corporate fleet incentives.
- Certain regulatory flexibilities linked to the automotive transition.

The underlying policy rationale is straightforward:

1. Europe wants to accelerate electrification.
2. Europe wants the industrial value generated by electrification to remain in Europe.
3. Public funding should support local manufacturing and supply chains.

The Commission's concern is particularly focused on batteries and strategic EV components, where Europe faces strong dependence on non-EU suppliers.

5. Why this matters for the CECE industry and Board assessment

Construction equipment is going through a very similar transformation, but unlike road vehicles, electric construction machinery is currently not covered by the IAA's Made in Europe provisions.

The current IAA proposal has **limited direct impact** on most CECE members because construction equipment is not presently covered by the new Made-in-EU requirements. This assessment broadly aligns with Orgalim's preliminary view that the proposal's immediate effects on engineering industries may be limited.

However, the proposal is politically significant because it establishes a new industrial-policy principle, that public money should increasingly support products that are both clean and manufactured in Europe.

Volvo Construction Equipment has proposed to initiate advocacy actions aimed at including electric construction machinery within the scope of the IAA. Volvo would prefer that these actions are carried out by CECE instead of individual efforts by OEMs.

The Board members are invited to assess this Volvo proposal and be ready to take a position at the upcoming **Board meeting of 9th September.** This legislative proposal was presented to the CECE Board on 24th April, to the HLTPAG in early May and to the CO2 Task Force on two occasions in April and July.

For more details on the proposal, click here.