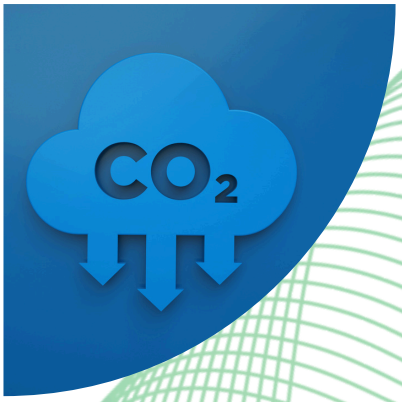
EUROCHAMBRES

Position on the Industrial Decarbonisation Accelerator Act



Eurochambres position on the Industrial Decarbonisation Accelerator Act

Europe's industrial decarbonisation efforts must not come at the expense of its global competitiveness. European businesses, particularly SMEs, face persistent obstacles that undermine both their decarbonisation efforts and competitiveness – from complex permitting procedures to funding barriers and an uneven global playing field. The Industrial Decarbonisation Accelerator Act provides a timely opportunity to address these challenges by streamlining and accelerating permitting, supporting industrial clusters, and developing lead markets for low-carbon products. Eurochambres calls for a technology-neutral, proportionate, and practical framework that empowers all businesses, especially SMEs, to navigate a competitive industrial transition.

1. Executive summary

The Industrial Decarbonisation Accelerator Act (IDAA) presents a timely opportunity to deliver a more competitive and sustainable industrial transition. Eurochambres welcomes the initiative's focus on three key enablers for industrial decarbonisation: faster permitting, support for decarbonisation projects and clusters, and the creation of lead markets for low-carbon products. These elements are essential to align the EU's climate ambitions with its competitiveness objectives.

- **Streamlining and accelerating permitting:** Lengthy and complex permitting procedures continue to hamper industrial decarbonisation. The IDAA must promote simplified, harmonised and time-bound permitting processes. This includes shorter, binding deadlines, digitalisation, "one-stop-shop" models, and exemptions for low-impact projects. Improved permitting must apply across all sectors and technologies.
- **Promoting projects and clusters for decarbonisation:** Clusters play a vital role in fostering innovation, achieving economies of scale, and facilitating collaboration between businesses, research institutions, infrastructure providers, and public authorities. The IDAA should support their development through clear criteria and targeted funding. Chambers of commerce and industry are well positioned to act as key intermediaries and ensure broad engagement, particularly from SMEs.
- **Fostering lead markets for low-carbon products:** The business case for industrial decarbonisation must be economically viable. Instruments such as non-pricing criteria in public procurement and voluntary labelling must be proportionate, technology-neutral, and aligned with existing EU frameworks. Special attention should be given to SMEs and the potential impact on costs and trade.

To be effective, the IDAA must take a holistic and inclusive approach that goes beyond energy-intensive industries and considers the broader industrial landscape. It also requires a practical, proportionate, and technology-neutral framework that empowers all businesses, especially SMEs, to navigate a competitive industrial transition.

2. Why the chamber network considers the upcoming Industrial Decarbonisation Accelerator Act relevant

European businesses, especially SMEs, continue to face serious competitiveness challenges. These include a complex regulatory environment, persistently high energy prices and an uneven global playing field. Such adverse conditions not only undermine the EU's industrial competitiveness but also negatively impact employment levels, as shown in the recent analysis from the Eurochambres Chief Economists Group, which found a concerning negative relationship between electricity prices and employment levels.

To ensure a competitive and sustainable industrial transition, the EU must deliver a more business-friendly response to climate change – one that reduces regulatory barriers, improves access to funding, and boosts European low-carbon products. The Industrial Decarbonisation Accelerator Act (IDAA) is a step in the right direction, as it addresses three key enablers for industrial decarbonisation: faster permitting, support for decarbonisation projects and clusters, and the development of lead markets.

While the chamber network welcomes the European Commission's efforts to enable a more competitive sustainability transition, it stresses that it is essential for the IDAA to take a holistic and inclusive approach. The focus should not be limited to energy-intensive industries but must consider the broader industrial landscape, with particular emphasis on SMEs and downstream users. Furthermore, the regulatory framework must be practical, proportionate, and technology-neutral to reduce complexity and attract investment, thereby ensuring that the transition enhances, rather than hinders, Europe's industrial competitiveness.

3. Speeding up permitting procedures for industrial access to energy and industrial decarbonisation

Lengthy and complex permitting procedures remain a major obstacle to industrial decarbonisation for European businesses. They lead to planning uncertainty, deter investment, and increase costs. This situation is further complicated by a lack of harmonisation across member states regarding procedures, required documentation, and contact points. These inconsistencies are particularly burdensome for cross-border projects and businesses operating in multiple member states, especially SMEs, which often lack the administrative resources to navigate varying requirements.

Streamlining and accelerating permitting is therefore critical to support a competitive industrial transition. Given the complexity of decarbonising industrial processes, a systematic and coordinated approach to permitting is essential, encompassing everything from on-site installations, such as hydrogen-ready furnaces or carbon capture equipment, to off-site infrastructure, including electricity transmission lines, hydrogen pipelines, and carbon storage or utilisation facilities. Without such coordination, fragmented efforts risk creating infrastructure gaps, inefficiencies, and sunk investments, undermining both Europe's competitiveness and its climate ambitions. In addition, the IDAA must take a holistic and cross-sectoral approach by aligning and streamlining permitting procedures under relevant EU environmental, energy, and industrial legislation. Inconsistencies in permitting deadlines and procedures under RED III, NZIA, and the Critical Raw Materials Act risk creating fragmentation and delays.

To support the industrial transition, EU legislation should establish clear thresholds to exempt low-impact projects from full environmental assessments, while upgrades or modernisations of existing facilities should be exempted entirely. Similarly, temporary construction emissions (e.g. from machinery) have only a limited and short-term environmental impact and should therefore be exempted to avoid unnecessary delays. The recent case of the Porthos CCS project illustrates the need to codify such exemptions clearly in EU law.

Key priorities

- **Streamline and accelerate permitting:** Introduce shorter and binding deadlines for approvals. This could also include exploring legal instruments such as “fictitious approvals” and early implementation permissions. However, it is necessary to strike a careful balance to ensure that mechanisms addressing administrative silence do not shift legal and financial risks onto project developers. The use of cut-off dates and preclusion of objections can significantly reduce unnecessary delays and enhance legal certainty.

- **Ensure technology-neutral and cross-sectoral application:** Improved permitting must apply across all sectors and technologies, not just hydrogen, batteries or renewables. Upholding the principle of technological neutrality is essential to avoid distorting innovation pathways and ensure fair access for all technologies.

- **Promote digitalisation and “one-stop-shop” models:** Permitting procedures should be digitalised based on EU-wide standards to improve harmonisation and accessibility, as well as to ensure interoperability of permitting platforms. Key features should include automated checks, document templates, and pre-filled data where possible. Establishing a single point of contact through a "one-stop-shop" model would reduce administrative burdens and enhance consistency. However, these efforts must be underpinned by the availability of adequate digital infrastructure, which should be accessible to all stakeholders, especially SMEs.

- **Harmonise rules across the EU and ensure legal coherence:** The IDAA must be aligned with and build on existing related legislation and strategies (e.g., RED III, NZIA, Critical Raw Materials Act, TEN-E, and the Industrial Carbon Management Strategy). It is crucial to prioritise EU-wide harmonisation and ensure the swift implementation of updated permitting rules by member states.

- **Address infrastructure and material input dependencies:** Decarbonisation technologies depend on complementary infrastructure and material inputs (e.g., roads for turbine transport, water supply for electrolyser deployment, chemicals for battery production). Permitting reforms should account for these interdependencies to prevent bottlenecks and ensure coordinated progress.

- **Introduce exemptions and thresholds for project approvals:** Clear thresholds should be established to exempt low-impact projects from full environmental impact assessments. Upgrades or modernisations of existing facilities, as well as temporary construction emissions (e.g., from machinery) should generally be exempted from an assessment.

- **Reform environmental legislation:** Existing EU environmental rules (e.g., the Birds and Habitats Directives) should be modernised to allow for greater flexibility. This includes introducing simplified compensation mechanisms (e.g., eco-accounts, pre-approved offset areas). In this context, the potential integration of nature credits under the *Roadmap towards Nature Credits* should be explored to streamline offset obligations.

4. Promoting projects, clusters, and collaboration with the chamber network to enhance decarbonisation

Clusters can play a vital role in supporting a competitive industrial decarbonisation by fostering innovation, enabling economies of scale, and promoting collaboration across value chains. These collaborative ecosystems are essential, as industrial decarbonisation requires integrated approaches across sectors and regions to make the deployment of decarbonisation technologies economically viable.

In this context, chambers of commerce and industry are an integral part of the cluster ecosystem, as they are well positioned to link businesses with stakeholders such as research institutions, infrastructure providers, and public authorities, thereby facilitating synergies – for example, the reuse of excess industrial heat for district heating or matching green hydrogen production with regional industrial demand. Moreover, clusters can serve as best-practice models for other regions seeking to decarbonise their industries without compromising competitiveness.

The Enterprise Europe Network (EEN), as the world's largest support network for SMEs, can also play a key role in this effort. Through the active engagement of chambers, the EEN helps facilitate stakeholder connections and translates EU policy objectives into concrete action at the regional and local levels, particularly for smaller businesses. However, a major challenge is the lack of financial support.

More broadly, many regions are unable to fully leverage the benefits of clustering due to barriers such as insufficient funding, skills gaps, labour shortages, inadequate infrastructure, and insufficient housing. To realise the full potential of clusters and to ensure a competitive industrial transition, it is essential to provide adequate financial support, strategic coordination, and a supportive regulatory framework with special emphasis on SMEs and cross-border collaboration. The funding gap must be addressed in the upcoming Multiannual Financial Framework (MFF).

Key priorities

- **Use transparent and balanced selection criteria:** Priority industrial decarbonisation projects or clusters should be selected based on clear, technology-neutral criteria, taking into account factors such as innovation potential, emission reduction, and scalability. To ensure broad participation, especially from SMEs, these criteria must be drafted using clear language to facilitate their application and verification.

- **Coordinate closely with industry:** The involvement of businesses, especially SMEs and downstream industries, is essential in defining and implementing priority projects or clusters to ensure alignment with industry needs. In this context, chambers of commerce and industry are well positioned to act as a bridge between businesses and policymakers.

- **Support industrial ecosystems, not just lighthouses:** While flagship projects are critical to demonstrate decarbonisation technologies, the broader aim should be to build industrial ecosystems that enable a competitive transition. This must include support for R&D, workforce reskilling and upskilling, strong SME involvement, and infrastructure planning.

- **Encourage cross-border and cross-sector clusters:** Decarbonisation clusters should not be confined to national borders or single sectors. Removing barriers to cross-border and cross-sector initiatives would allow for greater economies of scale, infrastructure sharing, and exchange of best-practice models. It is crucial that no region or industry is left behind in order to ensure a competitive and fair transition across the EU.

- **Ensure adequate and accessible funding:** Sufficient funding must be made available for all stages of cluster development, from early research and innovation to the deployment of decarbonisation technologies by businesses. This must include boosting existing and upcoming EU funds (e.g., Horizon Europe, Innovation Fund, and Industrial Decarbonisation Bank) as well as applying the new Clean Industrial Deal State Aid Framework. Special attention must be given to ensuring a level playing field across the single market and access to funding for SMEs.

- **Strengthen enabling conditions:** Beyond funding, the success of industrial decarbonisation clusters and projects depends on the broader context. This includes access to affordable energy and raw materials, a skilled workforce, research capacity, available housing, and transport infrastructure. These enabling conditions are essential to attract investment, boost competitiveness, and ensure a just transition.

5. Create and protect European lead markets for low-carbon products

Europe is well positioned to lead in the development and production of low-carbon products, but this leadership must be economically viable. At present, the market uptake of low-carbon products remains challenging due to several factors, including a lack of a global level playing field, weak demand, high energy prices, and regulatory complexity. Addressing these challenges is critical to ensure that European businesses manufacture the low-carbon products needed for the sustainability transition.

Introducing non-pricing criteria in public procurement, especially in strategic sectors, can stimulate demand for low-carbon products, but only if these criteria are designed in a practical and proportionate way. Crucially, they must remain accessible to all businesses, especially SMEs. Similarly, voluntary labelling for low-carbon products can support uptake by increasing consumer awareness and willingness to pay a premium. However, this only works if labelling methodologies are clearly defined, aligned with existing and upcoming legislation, and easy to implement for businesses of all sizes. Finally, measures must also

address barriers in the single market that limit businesses' ability to scale up and prevent Europe from unlocking its full potential.

Key priorities

- **Streamline public procurement processes:** To successfully leverage demand for low-carbon products through public procurement, procedures must be simplified and made more accessible, particularly for SMEs. Overly complex and demanding requirements remain a major barrier to participation; therefore, simply adding further criteria risks exacerbating the situation.

- **Ensure proportionate and practical non-pricing criteria:** To ensure sustainability and resilience criteria in public procurement are compatible with competitiveness, they must be contract-related, easily monitorable by the contracting authority, and easily documentable by the supplier. Particular attention must be paid to the potential increase in costs and the risk of excluding SMEs from public procurement processes.

- **Apply the "Think Small First" principle:** All initiatives to create and protect lead markets must account for the administrative and financial capacities of SMEs to ensure that leadership in low-carbon products also represents an opportunity for smaller businesses.

- **Prevent unintended trade and market distortions:** The introduction of EU content and resilience criteria can contribute to diversification and de-risking. However, excessive restrictions risk creating trade barriers and retaliatory measures, as well as undermining the EU's open procurement markets, which benefit both businesses and consumers. Ambiguities around potential "Made in Europe" criteria, including when a product exactly qualifies as such and the risk of repackaged imports, must be addressed and thoroughly assessed to avoid distorting competition.

- **Assess impact on cost and delivery timeline:** There is a risk of increased complexity in public procurement, particularly in areas such as energy infrastructure, leading to higher procurement prices or delayed infrastructure expansion. In addition, the switch to climate-friendly production processes and corresponding documentation requirements demand considerable investment, which represents a financial burden, especially for smaller companies. It is therefore critical to comprehensively examine both the financial and practical implications.

- **Promote voluntary and harmonised EU labelling:** Carbon intensity labels can boost transparency, comparability, and the competitiveness of low-carbon products. However, they must remain voluntary and based on harmonised EU-wide methodologies aligned with existing and upcoming legislation (e.g., EU ETS, CBAM, and the Ecodesign Regulation) to avoid fragmentation.

- **Leverage existing frameworks and ensure legislative coherence:** Rather than creating new layers of compliance, EU policies should build on existing legislation. For example, evidence and reporting criteria should rely on existing frameworks, such as the Voluntary SME Standard for sustainability reporting, to minimize burdens for SMEs. Similarly, related methodologies and requirements under the Ecodesign Regulation and Circular Economy Act must be aligned to avoid duplication.

- **Ensure the economic viability of lead markets for low-carbon products:** The price remains the decisive factor, especially in global competition, raising the question of who pays for the additional costs of European low-carbon products. Policymakers must therefore ensure that European companies have a viable business case for low-carbon products and can benefit from lead markets without being placed at a disadvantage. This also requires concrete measures to ensure a global level playing field.

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

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