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Industrial Accelerator Act of the European Union: A New Direction in European Industrial Policy and Global Competitiveness

In recent years, the global economy has been undergoing a significant transformation driven by increasing geopolitical tensions, supply chain disruptions, fluctuations in energy costs, and accelerating technological change. Particularly in the post-pandemic period, supply shortages and intensified global competition in strategic sectors have led to the recognition of production capacity not only as a driver of economic growth but also as a critical factor for economic security and technological competitiveness. These developments have prompted many economies to refocus on industrial policy, while the European Union has begun to develop new policy instruments aimed at strengthening its production capacity.

Within this context, the European Union is developing new policy tools aimed at increasing production capacity in clean technologies and low-carbon industrial production, as well as strengthening strategic value chains. The Industrial Accelerator Act, proposed by the European Commission in March 2026, is one of the initiatives developed in line with this policy direction. The proposal introduces new mechanisms designed to support market creation within Europe for low-carbon industrial products and clean technologies, while strengthening the production capacity of European industry. It foresees the promotion of low-carbon products and strategic technologies manufactured in Europe through public procurement and public support programs.

This study examines the Industrial Accelerator Act proposed by the European Commission within the framework of the evolving industrial policy of the

European Union, analyzing its scope, core policy instruments, and its implications in the context of global competition.

Background

Discussions on industrial competitiveness in the European Union are strongly influenced by the report "The Future of European Competitiveness" prepared by Mario Draghi, which provides a comprehensive analysis of the structural challenges facing the European economy. Prepared at the request of European Commission President Ursula von der Leyen, the report highlights key structural issues confronting Europe in the global competitive environment. It emphasizes that Europe's industrial production capacity has weakened due to slow productivity growth, high energy costs, insufficient investment, and increasing global competitive pressure. At the same time, the scale of investments required for the green and digital transition suggests that existing policy tools may be insufficient to achieve this transformation.

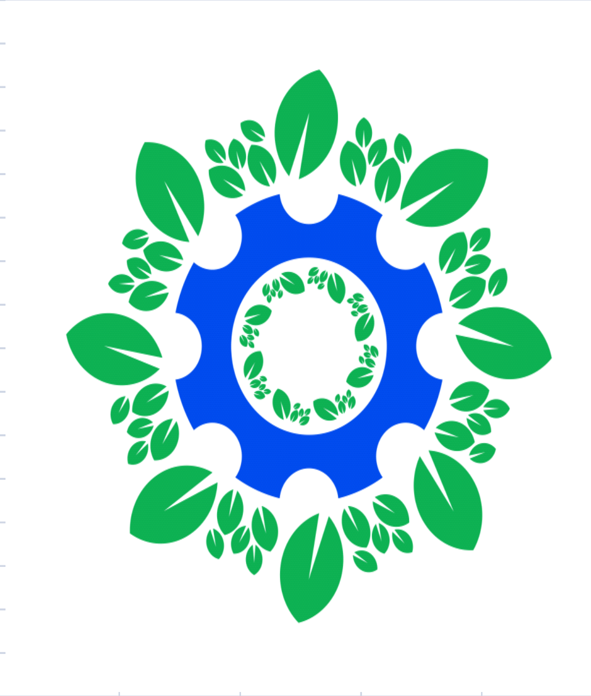
The Draghi report indicates that the European Union's long-standing reliance on regulatory instruments may no longer be sufficient. It argues that maintaining global competitiveness requires moving beyond a regulation-based approach and adopting a more active industrial policy that strengthens production capacity in strategic sectors. In this context, the report recommends the development of policy tools to enhance Europe's capacity in public investment, industrial infrastructure, clean technologies, and critical value chains.

The report also estimates that approximately €800 billion in additional annual investment is needed for Europe to achieve its green and digital transformation goals. This highlights the need to expand industrial policy instruments beyond regulatory frameworks to include investment financing.

Another influential report shaping the debate on competitiveness and industrial policy is "Much More Than a Market" by Enrico Letta. Prepared for the European Council, the report emphasizes the need to reinforce the European Single Market under new geoeconomic conditions and advocates a more integrated policy approach in energy, technology, and industry. It argues that maintaining production capacity requires restructuring the Single Market not only as a space for free trade but also as a framework supporting industrial policy and strategic value chains.

In addition, the European Commission's annual Single Market and Competitiveness Reports provide important insights into the EU's economic competitiveness. While the Single Market continues to offer a major global advantage, structural challenges remain in areas such as innovation capacity, investment conditions, energy costs, and regulatory burdens. Fragmented national regulations and complex administrative procedures are also identified as barriers to scaling companies and accelerating investment processes.

These reports have played a crucial role in shifting the debate beyond regulatory reforms toward a renewed focus on industrial policy tools. They have provided the analytical foundation for subsequent policy initiatives by the European Commission, contributing to a new policy direction that integrates green transition objectives with industrial competitiveness.



The European Union's New Industrial Policy Direction

Following the Draghi report, discussions on competitiveness and industrial policy in the EU have increasingly translated into concrete policy initiatives. The European Commission has developed a policy approach that integrates green transition objectives with industrial competitiveness. The Clean Industrial Deal (CID) represents a comprehensive framework aimed at increasing Europe's production capacity in clean technologies, accelerating the transformation of energy-intensive sectors, and strengthening resilience in critical supply chains.

Within this framework, the EU has introduced several regulatory initiatives. The Net-Zero Industry Act aims to expand clean technology production capacity within Europe, while the Critical Raw Materials Act focuses on securing access to essential materials for the energy transition. The Industrial Accelerator Act emerges as a complementary policy tool aimed at creating demand for low-carbon industrial products and clean technologies within Europe.

Together, these initiatives reflect a more holistic industrial strategy that integrates green transition goals with competitiveness and economic security.

In response to increasing global industrial policies and state support mechanisms, the EU is adopting more active policy tools to maintain production capacity and strengthen the investment environment in strategic sectors.

When considered alongside the Carbon Border Adjustment Mechanism (CBAM), these policy tools form a comprehensive framework. While CBAM reshapes competitive conditions through carbon pricing, the Industrial Accelerator Act aims to create demand within Europe for low-carbon production. Together, they demonstrate that the EU views the green transition not only as a regulatory process but as a restructuring of industrial competitiveness.

Industrial Accelerator Act

The proposed Act introduces a new regulatory framework aimed at strengthening the EU's industrial production capacity. It seeks to create demand for low-carbon industrial products and clean technologies through public procurement, public support programs, and investment mechanisms. It also includes tools to accelerate industrial investments, strengthen critical value chains, and enhance Europe's global competitive position.

Sectors Covered

The proposal focuses on strategically important sectors, particularly energy-intensive industries, the automotive value chain, and net-zero technologies.

Energy-intensive sectors include:

- Steel
- Cement
- Aluminum

The chemical sector may be included in later stages.

The automotive value chain includes:

- Electric vehicles
- EV components

Net-zero technologies include:

- Batteries
- Energy storage systems
- Solar technologies
- Wind equipment
- Heat pumps
- Electrolysers

- Nuclear technologies

Demand Creation Mechanisms

One of the most notable aspects of the Industrial Accelerator Act is the introduction of new demand mechanisms that incorporate low-carbon and European production criteria into public procurement and public support schemes. The proposal foresees that, in procurements and support programs financed through public resources, low-carbon production criteria and conditions related to production within Europe will be taken into account for specific products and technologies.

This approach will be applied particularly to products such as steel, cement, and aluminum used in the construction and automotive sectors. In this way, the European Union aims to create new markets within Europe for low-carbon industrial products and clean technologies. At the same time, this mechanism is designed to increase investment predictability for companies operating within Europe and to incentivize industrial investments in clean technologies.

The primary objective of these demand mechanisms is to reduce the cost gap between low-carbon production technologies and conventional production methods, thereby enabling the faster scaling of clean production investments. In this respect, the approach can be considered an application of "market creation" instruments within European industrial policy, aimed at generating new demand areas for clean technologies.

Conditions for Foreign Investments

While emphasizing that the European Union will remain open to foreign investment, the proposal introduces certain conditions for large-scale investments in strategic sectors. Accordingly, investments exceeding €100 million in areas such as electric vehicles, batteries, solar technologies, and critical raw materials are expected to deliver tangible contributions to the European economy.

Within this framework, such investments are required to meet criteria such as enabling technology transfer, supporting integration into European value chains, and generating local employment. This approach can be seen as part of a broader economic security framework that seeks to strengthen production capacity in strategic sectors while maintaining openness to global investment flows and supporting qualified employment within European industry.

The conditions introduced for foreign investments under the proposal go beyond being a simple industrial policy instrument and point to the establishment of a new regulatory framework through which the European Union seeks to steer investment flows in strategic sectors. This approach implies that investment decisions will no longer be assessed solely on economic criteria, but also in terms of technology transfer, value chain integration, and economic security considerations.

In this respect, the regulation represents a policy tool that introduces additional obligations into investment processes and has the potential to fundamentally reshape the structure and dynamics of investment decisions.

İzin Süreçlerinin Hızlandırılması ve Sanayi Hızlandırma Alanları

Sanayi Hızlandırıcı Yasa Tasarısı aynı zamanda sanayi yatırımlarının hayata geçirilmesini hızlandırmayı amaçlayan düzenlemeler içermektedir. Tasarı kapsamında sanayi projeleri için izin süreçlerinin dijitalleştirilmesi ve tek temas noktası sistemi ile yürütülmesi öngörülmektedir. Belirli sanayi projeleri için izin süreçlerinde azami sürelerin belirlenmesi ve idari süreçlerin sadeleştirilmesi hedeflenmektedir.

Tasarı ayrıca "Industrial Acceleration Areas" (Sanayi Hızlandırma Alanları) olarak adlandırılan sanayi hızlandırma alanlarının oluşturulmasını öngörmektedir. Bu bölgelerde temiz üretim projelerinin kümelenmesi, sanayi tesisleri arasında iş birliğinin güçlendirilmesi ve enerji altyapısının geliştirilmesi amaçlanmaktadır. Bu yaklaşım ile Avrupa'da temiz sanayi yatırımlarının daha hızlı hayata geçirilmesi ve üretim kapasitesinin ölçeklenmesi hedeflenmektedir.

Global Trade and Protectionism Debates

One of the most notable aspects of the Industrial Accelerator Act is the introduction of preference mechanisms for products manufactured in Europe within public procurement and public support schemes. Under the proposal, it is foreseen that, in certain sectors, European-origin content will be taken into account alongside low-carbon production criteria. This approach points to a new policy direction in the European Union's industrial policy, aimed at supporting production capacity through public procurement and support mechanisms.

In recent years, the increasing use of industrial policies and state support mechanisms at the global level has begun to significantly influence the geographical distribution of production investments. In particular, the enactment of the Inflation Reduction Act in the United States and China's long-standing industrial support policies have intensified global competition in clean technology production and strategic sectors. In response to these developments, the European Union has begun to consider demand creation mechanisms among its policy tools in order to preserve industrial production within Europe and to direct new investments toward the region.

In this context, the "Made in EU" approach is not merely considered a commercial preference mechanism, but also as an integral part of the

European industrial strategy. Creating demand for products manufactured within Europe through public procurement and support programs aims to encourage clean technology investments to take place within Europe. At the same time, this approach is associated with the objective of reducing external dependencies in strategic sectors and strengthening European industrial value chains. These developments indicate that, in addition to the free trade and regulatory policy approach that the European Union has long advocated, it has begun to use industrial policy as a more active instrument of competition.

However, this approach also brings various debates in terms of the global trading system. The use of preference mechanisms for European production in public procurement is interpreted by some as a shift toward a more protectionist industrial policy. The European Commission, on the other hand, emphasizes that the proposal is compatible with international trade rules and that the European Union continues to maintain its open trade approach. These developments point to a new era in which industrial policies are regaining importance globally and state support mechanisms are directly shaping competitive dynamics.

Implications for Türkiye

The new industrial policy instruments developed by the European Union have the potential to generate significant implications not only for the EU itself but also for countries that maintain strong trade relations with Europe. As an economy with deep production and trade ties with the European Union within the framework of the Customs Union, Türkiye is among the countries that may be directly affected by these developments. Particularly in sectors such as automotive, metals, machinery, and energy-intensive industries, where Türkiye has strong integration with European value chains, the EU's new industrial policy tools constitute developments that need to be closely monitored.

Public procurement mechanisms and the "Made in Europe" approach introduced under the Industrial Accelerator Act are among the key elements of these discussions. While the draft regulation foresees that the scope of "Made in Europe" will primarily include the European Union and European Economic Area countries, it also contains certain flexibilities allowing the European Commission, under specific conditions, to consider some third countries or "trusted partners" within this scope. Therefore, the way in which the "Made in Europe" approach is implemented is considered a factor that may directly affect the position of countries that are strongly integrated into European value chains within EU public procurement and industrial support programs.

Within this context, for Türkiye—an economy with deep production and trade relations with the European Union under the Customs Union—this approach is regarded as a development that should be closely followed. A significant portion of industrial products manufactured in Türkiye are strongly integrated into European production networks. For this reason, the new policy instruments developed by the European Union in relation to public procurement, industrial support programs, and clean technology investments may have important implications for Türkiye's position within European industrial value chains.

However, the European Union's new direction in industrial policy is not limited solely to public procurement or rules of origin criteria. Policy instruments developed in areas such as clean technology production, the transformation of energy-intensive sectors, and access to critical raw materials may also have significant implications for the geographical distribution of industrial investments and the future structure of production for countries closely integrated into European industrial value chains.

On the other hand, the European Union's free trade agreements with third countries occasionally give rise to new discussions from Türkiye's perspective. While Türkiye aligns with the EU's common external tariff under the Customs Union, it is not a party to the free trade agreements concluded by the European Union with third countries. This situation may, in some cases, lead to asymmetrical competitive conditions. Therefore, developments related to both the European Union's industrial policies and trade policies are issues that need to be evaluated together from Türkiye's perspective.

In this framework, the new industrial policy instruments developed by the European Union are of strategic importance for Türkiye not only in terms of trade relations but also in terms of industrial transformation and the future structure of production. For Turkish industry, which has strong production linkages with Europe, the development of low-carbon production capacity, the increase of clean technology investments, and the strengthening of its position within European industrial value chains emerge as key policy areas in the coming period. Therefore, for Türkiye, the issue is not merely one of compliance, but of redefining its position within European industrial value chains.

Conclusion and Evaluation

The Industrial Accelerator Act constitutes an important example of the new direction that has become more pronounced in the European Union's industrial policy in recent years. The European Union has begun to use policy instruments more actively with the aim of strengthening production capacity and maintaining competitiveness in strategic sectors. In this context, the new regulations developed seek to support industrial transformation while also encouraging production investments within Europe.

The policy instruments developed by the European Union in line with its green transition and industrial competitiveness objectives demonstrate the emergence of a more comprehensive policy framework that supports industrial transformation. Increasing clean technology production, securing access to critical raw materials, and accelerating low-carbon industrial investments are among the core elements of this approach. Within this framework, the Industrial Accelerator Act stands out as an important policy tool aimed at supporting low-carbon industrial production in Europe and accelerating clean technology investments. The mechanisms developed through public procurement and support programs aim to accelerate production investments and strengthen industrial production capacity within Europe.

This approach also indicates that the European Union is moving toward a more active understanding of industrial policy that is not limited to regulatory instruments but directly influences production capacity and the investment environment. The discussions on the use of low-carbon and European production criteria in public procurement further suggest that this new industrial policy approach may also bring various debates in terms of the global trading system.

The Industrial Accelerator Act, whose legislative process is still ongoing, represents an important example for understanding this emerging direction in the European Union's industrial policy. This policy approach, shaped around clean technologies, energy-intensive industries, and strategic value chains, points to a more active industrial strategy aimed at strengthening Europe's position in global industrial competition.

The steps taken by the European Union to expand its industrial policy tools and support production capacity are also likely to have implications for the geographical distribution of global value chains. For countries with strong production linkages to Europe, this transformation brings to the forefront not only the continuation of existing trade relations but also the need to develop new production capacities and technology investments required by industrial transformation. In this context, the Industrial Accelerator Act represents not merely a regulatory change in the European Union's industrial policy, but the beginning of a new era in which production, investment, and competitiveness dynamics are being redefined. This new direction in the European Union's industrial policy also constitutes an important policy area that needs to be closely monitored from the perspective of Türkiye.

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