ADVANCED RECHARGEABLE & LITHIUM BATTERIES ASSOCIATION

RECHARGE recommendations for the Industrial Decarbonisation Accelerator Act - speeding up decarbonisation

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RECHARGE, representing the European battery industry, welcomes the opportunity to contribute to the public consultation on the Industrial Decarbonisation Accelerator Act (IDAA). As the voice of a sector central to Europe's green transition, RECHARGE recognises the significance of this legislative initiative in accelerating industrial decarbonisation while reinforcing Europe's technological leadership, strategic autonomy, and competitiveness.
The battery value chain lies at the heart of the EU's ambitions for a climate-neutral economy- powering sustainable mobility, enabling energy storage, and creating high-value jobs across the continent. The IDAA represents a key policy opportunity to reinforce Europe's industrial base by creating demand for low-carbon products, strengthening lead markets, and safeguarding strategic technologies from global competitive distortions.

In this paper, RECHARGE provides targeted recommendations to help ensure that the Act delivers on its full potential for the battery sector. Our focus is particularly on **Objective 3: the creation and protection of European lead markets for clean technologies and how this can catalyse the scale-up of a resilient, innovative, and sustainable battery ecosystem in Europe**.

The proposed Industrial Decarbonisation Accelerator Act (IDAA) offers a timely opportunity to embed structural tools that can stimulate demand for domestic products along the battery value chain – while simultaneously protecting European producers from global competitive distortions.

Support the development of strategically relevant technologies through industrial policy

To ensure Europe's resilience and reduce overreliance on external actors, such as China, the Industrial Decarbonisation Accelerator Act should explicitly support the development of strategically relevant technologies, such as the batteries industry, through well-targeted industrial policy. Beyond direct funding, public support mechanisms must integrate smart conditionality that guides market behavior toward long-term strategic goals.

In particular, the legislation should promote the use of:

- Non-price award criteria in public tenders, such as sustainability, resilience, and supply chain security, to reward high-value technologies that contribute to Europe's climate and industrial objectives;
- Market access exclusions for technologies or providers that fail to meet minimum standards on transparency, ethical sourcing, or environmental performance (for batteries, these set of requirements are defined in the EU Batteries Regulation);
- Local content requirements (LCRs), which ensure that European public subsidies generate tangible value in the form of jobs, skills, and industrial capacity along the entire battery value chain within the EU.

Wherever public funding is used, whether through direct subsidies, grants, or procurement, strategic conditionalities such as local content requirements and sustainability criteria should be applied. This

broad application helps maximise economic spillovers, reinforce regional industrial ecosystems, and strengthen public trust and political legitimacy for continued investment in Europe's decarbonisation and electrification agenda.

Buy European – Turning Strategic Demand into Industrial Sovereignty

Promoting domestic production along the battery value chain is not protectionism - it is industrial policy with a purpose. It ensures that public and private spending on electrification delivers lasting economic benefits across Europe's regions. This is about turning climate ambition into industrial opportunity.

To make this vision real, RECHARGE calls for the following policy actions:

1. **Introduce smart Local Content Requirements** (sustainability, resilience, and minimum EU content criteria in public (and some private) procurement for EVs, grid storage, and defense applications). These should prioritise components and materials sourced from within the EU battery value chain, while respecting EU trade rules.
2. **Establish sustainability and resilience weighted tenders for battery-related public infrastructure**, giving a competitive edge to EU-made batteries with low lifecycle emissions, ethical sourcing, and digital passports in place.
3. **Embed sustainability and resilience criteria in strategic funding instruments**, such as demonstrated in the IF24 Call for Batteries, to ensure taxpayer funding boosts EU-based value creation.

1. Strengthening the Battery Value Chain through Local Content Requirements

To successfully implement the Industrial Decarbonisation Accelerator Act (IDAA) and anchor battery manufacturing within the EU, the introduction of **local content requirements (LCRs)** must be considered a strategic policy instrument for Foreign Direct Investments.

Local content requirements (LCRs) represent a powerful industrial policy instrument that can advance multiple strategic objectives for the European Union as it accelerates its clean energy transition. By incentivising production, sourcing, and value creation of key technologies within the EU, LCRs strengthen Europe's economic and geopolitical autonomy. Reducing dependence on imported battery components and raw materials helps mitigate supply chain vulnerabilities, including those arising from global trade disruptions or foreign market concentration.

LCRs also drive regional economic development. They act as a magnet for investments across the battery value chain — from mining and materials processing to cell manufacturing and recycling — while supporting the creation of high-quality jobs and reinforcing industrial activity in strategically important regions. In doing so, they provide a pathway for inclusive, sustainable growth and skill development in future-facing sectors.

From an environmental and social perspective, encouraging local sourcing ensures alignment with Europe's high regulatory standards. Locally produced batteries are more likely to comply with EU norms on emissions, labor rights, and resource stewardship, while promoting circularity through local recycling infrastructure and secondary raw material recovery.

Moreover, LCRs foster domestic innovation and technological leadership. By creating predictable market demand for European clean tech solutions, they support the growth of industrial ecosystems rooted in advanced R&D, materials science, and clean manufacturing technologies. This sustained demand can unlock further public and private investment in enabling technologies and value-added services, reinforcing Europe's position as a global innovation hub.

In a global context where other major economies aggressively support domestic production through subsidies and procurement rules, LCRs are also essential to ensuring fair competition. They help level the playing field for EU manufacturers, prevent import-driven market distortions, and restore balance in international trade dynamics.

RECHARGE recommends that LCRs should serve primarily as positive incentive mechanisms, offering preferential access to public support instruments—such as grants, procurement contracts, and financing tools - for projects that deliver tangible local value in the form of employment, skills development, and industrial capacity. Rather than acting as restrictive market access conditions, LCRs should function as strategic reinforcements, encouraging investment across the entire battery value chain, including components, equipment, manufacturing machinery, and related services. Moreover, local content benchmarks should evolve over time, reflecting industry maturity, technological advances, and regional capabilities. Gradual escalation allows ecosystems to adapt while ensuring public support and industrial resilience grow in step with the sector.
To promote balanced innovation outcomes in foreign direct investment, Europe could consider developing a structured approach for integrating intellectual property rights (IPR) considerations into FDI agreements, such as facilitating co-ownership models or IPR transfer mechanisms. These frameworks would aim to support reciprocal innovation partnerships while safeguarding long-term competitiveness and value creation. The policy could draw inspiration from earlier joint venture experiences, such as EU firms entering Chinese markets under tech-sharing terms while adapting to current legal, commercial, and geopolitical realities through consultation with stakeholders and alignment with EU industrial objectives.

In conclusion, LCRs can play a pivotal role in accelerating the scale-up of Europe's battery ecosystem by aligning industrial, environmental, economic, and geopolitical objectives if introduced carefully and in close dialogue with industrial actors.

2. **Sustainability- and resilience weighted tenders for battery-related public infrastructure**:
Integrating sustainability and resilience criteria into public tenders for battery-related infrastructure represents a critical opportunity to align procurement policy with Europe's climate goals, supply chain strategy, and technological leadership. By shifting away from purely price-based tendering toward a weighted evaluation system, public authorities can reward suppliers that contribute to environmental integrity, social responsibility, and strategic autonomy.
RECHARGE recommends the development of an EU Toolbox on Sustainable Public Procurement and Product Labelling, specifically designed to help Member States stimulate demand for clean industrial products along the battery value chain.
This guidance equips Member States with practical levers to integrate sustainability and resilience criteria into public procurement and to boost demand for low-carbon, EU-made products through voluntary labelling schemes. Together, these tools form a demand-side framework that complements supply-side measures.

3. Embed Strong Sustainability and Resilience Criteria into Strategic EU Funding Instruments
To ensure that public investments in clean industrial transformation yield tangible, long-term benefits for Europe's economy, security, and climate goals, RECHARGE recommends integrating sustainability and resilience-based conditionalities into all relevant EU-level funding programmes, including the Innovation Fund, Connecting Europe Facility, and financing lines backed by the European Investment Bank (EIB). These criteria should prioritise projects that enhance the resilience, reliability, and strategic depth of EU industrial ecosystems. Rather than defaulting to geographic origin as a proxy, this approach promotes supply chain integrity, transparency, and sustainability, aligning with EU policy objectives while remaining WTO-compliant. Resilience criteria can include diversified and traceable sourcing of critical raw materials, preferably from EU or aligned partners adhering to environmental and labor standards; local or regional value creation, such as EU-based processing, component assembly, or end-of-life recovery and demonstrated supply chain transparency, including implementation of digital product passports and due diligence systems.

Embedding such requirements helps ensure that EU taxpayer funds support not only innovation, but also the structural robustness of clean technology supply chains, including batteries.

ABOUT RECHARGE

RECHARGE is the European industry association for advanced rechargeable and lithium batteries. Founded in 1998, it is our mission to promote advanced rechargeable batteries as a key technology that will contribute to a more empowered, sustainable and circular economy. RECHARGE's unique membership covers all aspects of the advanced rechargeable battery value chain in Europe: from suppliers of primary and secondary raw materials, to battery, equipment and original equipment manufacturers (OEMs), to logistic partners and battery recyclers. www.rechargebatteries.org

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