



ADVANCED RECHARGEABLE & LITHIUM BATTERIES ASSOCIATION

RECHARGE position on the proposed Industrial Accelerator Act

June 2026

The Industrial Accelerator Act marks a decisive shift in EU industrial policy, introducing Union preference and binding FDI conditions into law for the first time. While this is a strong and welcomed step forward, significant loopholes remain. Closing these gaps is essential to fully unlock and scale a resilient European battery value chain. RECHARGE fully supports the proposal to introduce Union content incentives as a lever for public procurement and support schemes. Introducing a European preference is not protectionist and the IAA does not create a precondition for accessing the European market. It needs to be ensured that the IAA delivers on resilience and reciprocity, and that scarce public resources support local industry while attracting investments which create value on the continent.

RECHARGE supports binding Union origin requirements for batteries in the Industrial Accelerator Act as a strategic lever to anchor production in Europe, accelerate scale-up of the battery value chain, and strengthen Europe's strategic autonomy. These present a targeted demand signal. Union origin requirements should channel public investment to generate real domestic value - keeping and expanding industrial activity in Europe, creating skilled employment, and ensuring that the economic gains from the energy transition benefit Europe's citizens.

Disclaimer:

This paper sets out RECHARGE's position on key provisions of the Industrial Accelerator Act. These positions laid out in this paper may evolve in line with the legislative process and additional information and knowledge acquired on the possible actual impact and challenges of implementation for the battery value chain.



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Context

The European battery industry stands at a critical inflection point. As the global race towards electrification accelerates, we have entered a “make or break” phase for Europe’s ability to compete. Despite years of strategic planning and investment, the continent faces mounting pressure. China now controls over 80% of global battery production, up from 50% in 2015, dominating not only manufacturing but also raw material processing, precursor and active materials production, recycling, and innovation. This industrial supremacy is increasingly leveraged for geopolitical influence, setting global standards and shaping market dynamics. Combined with significant overcapacity and state-backed industrial support, this dominance is placing growing pressure on European manufacturers and risks accelerating the loss of existing industrial capabilities across the battery value chain.

Europe’s battery sector stands at a crossroads. Despite strong research and industrial foundations as well as world-class expertise, the continent faces a widening competitiveness gap with China and the United States, both of which combine massive state-backed investment with strategic industrial coordination. Without decisive, collective action, Europe risks losing control of a value chain that underpins its multi-faceted transitions.

“Buy European” is not protectionism — it is purposeful, strategic industrial policy. Public procurement and support mechanism must drive industrial sovereignty. Europe must safeguard its industry against unfair competition and excessive dependency. Achieving this objective also requires closer cooperation with strategic partners that contribute to Europe’s competitiveness, resilience and economic security objectives.

In the past 18 months, over 700 GWh of announced cell production capacity in Europe has been rolled back or cancelled. A global oversupply of battery cells, projected to reach 30% in 2030, is driving down prices, making it harder for European producers, still in scale-up mode, to gain market traction. Unlike software, battery manufacturing demands years of iteration, deep technical expertise, and precise process control. These capabilities cannot be imported overnight.



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These setbacks are not confined to cell producers. Upstream material suppliers and equipment providers face stalled demand and cancelled offtake agreements, while downstream sectors depending on European cells, from automotive to stationary storage, experience uncertainty that delays product launches and investment decisions.

At the same time, Europe must not focus exclusively on attracting future investments. Preserving and strengthening existing manufacturing assets is equally important. Facilities that have already invested in European production capacity, created jobs and established industrial ecosystems represent a strategic asset that should be supported and fully utilised.

Battery manufacturing is inherently complex, involving intricate chemical processes, long qualification timelines, and steep learning curves. Without urgent and coordinated action, Europe risks falling into strategic dependency at the very moment batteries are becoming mission-critical infrastructure. These technologies are no longer confined to electric vehicles, they now underpin energy grids, construction equipment, databases, critical health care technologies, maritime transport, and defense systems. Losing ground in battery production would not only compromise Europe's industrial base but also its economic and geopolitical security.

As RECHARGE has called for in its recently published [A Battery Deal for Europe](#), to maximise industrial impact, Union origin requirements must be gradually and systematically embedded across the Union's most influential policy and funding instruments. This integration is essential to ensure that strategic demand translates into tangible industrial growth and technological sovereignty. These include the Clean Corporate Vehicles Regulation, Innovation Fund, Battery Booster Facility, Public Procurement rules, the European Competitiveness Fund, FDI screening, and strategic project eligibility under NZIA and CRMA. The European Competitiveness Fund will play a key role in supporting the battery value chain.

Strategic demand is Europe's most underused industrial lever. With Buy European policies, the EU can turn electrification into a driver of industrial sovereignty. Requirements should be simple, harmonised, and enforceable, designed to boost domestic production, not block market access.

Core principles:

- **Ownership neutrality:** “Made in Europe” is about where production happens, not who owns the facility.
- **Geographic scope:** Define “Europe” to include EU-27 + EFTA + the UK to avoid fragmentation and support a coherent industrial ecosystem, with an opt-in option for a limited number of trusted strategic partners based on clear criteria.
- **Component-based, process-focused definition:** Local content should be defined by the geographic location of key manufacturing steps. RECHARGE supports a **component-based approach** and has defined “**Key Manufacturing Steps to be localised in Europe for LCR eligibility per NZIA Component**” in our technical paper from November 2025 shared to the Commission. By mapping component-level production processes and designating the critical manufacturing steps to be localised in Europe, LCR eligibility becomes a transparent, verifiable criterion that supports consistent implementation and enforcement.
- **Address the entire value chain and create investment signals:** RECHARGE recommends explicitly including key battery metals and EU recycled content to support the full European battery value chain development in line with market readiness and industrial capacity
- **Harmonised EU implementation:** Union origin requirements and Foreign Direct Investment (FDI) rules should be set and enforced at EU level – equally across Member States, to prevent national fragmentation and internal market distortions.
- **Sector focus:** Prioritise **EV and stationary storage cell manufacturing**; apply stricter rules for defence sector and critical infrastructure. Avoid spill-over to non-strategic sectors (e.g., small-format cells for power tools).

RECHARGE stresses Union origin requirements must not be standalone. To avoid increasing costs and ensure competitiveness, Union origin requirements should be paired with allowing for production incentives and sustained funding (CapEx/OpEx support) through the Battery Booster Facility and later on through the European Competitiveness Fund.

RECHARGE key recommendations

- **Use a component-based approach for batteries instead of flexible rules of origin:**

Article 7 – Union origin (same in relevant Article Amending the Net-Zero Industry Act):

RECHARGE notes that the current text refers to the Union Customs Code to establish Union origin. In practice, and in application of the non-preferential rules of origin, origin is determined on the basis of the last substantial transformation. This could reduce the effectiveness of the measure in supporting EU industrial capacity for batteries and their components. When it comes to batteries and their components, **RECHARGE has reservations regarding the use of the Union Customs Code’s as the primary enforcement mechanism for establishing when a component is originating in the Union.** The UCC offers too much flexibility to claim that a component is originating with no verification mechanism. Non-preferential Rules of Origin (Union Customs Code) to define “made in EU” might be insufficient for batteries and their components: simple mixing or minor transformations of battery materials would confer “Union origin” without meaningful EU value added. Key manufacturing steps better reflect the specificity of the battery industry.

Actions required:

- **For main battery components, define key manufacturing steps that must occur in the EU to ensure real value creation happens in Europe. Use the Digital Battery Passport as the tool to help enforce self-declaration of the actual location of key transformation processes.**
- Regarding Art. 7 of the IAA, the new version of the UCC which is being discussed and finalised introduces the possibility of Delegated Acts in its Art. 148 to define origin for specific products. This is not possible in Art. 60(2) of the current UCC version in force. **Therefore Art. 7 of the IAA should reference the new version of the UCC, not the old one. Same reference should be made in the newly inserted Article 28(d) in the NZIA (following Art. 34 of the IAA).**

Amendment proposal - AM1

<u>Article 7 Union origin</u>	Parag 2:
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1. For the purposes of this Chapter, content of Union origin refers to content originating in the Union.

2. The origin of products and components shall be determined in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council.

2. The origin of products and components shall be determined in accordance with **Proposal for a Regulation establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 (COM(2023) 258 final) ~~Regulation (EU) No 952/2013~~** of the European Parliament and of the Council.

Adding a new 3. parag.

3. For batteries and their main specific and primarily used components, the origin of products and components shall be determined by the key manufacturing step to take place in the Union. The battery passport as regulated under the Regulation (EU) 2023/1542 (EU Batteries Regulation) as the tool to help enforcement tied to the actual location of key transformation processes.

Adding a new 4. parag.

The Revised Union Customs Code Regulation introduces the possibility of Delegated Acts in Art. 148 to define origin for specific products. For batteries this Delegated Act shall be defined as priority and 6 months after the EiF of the Revised UCC and by latest on 31 December 2027.

Adding a 5. parag.

For EV batteries and battery energy storage systems (BESS) requiring under Regulation (EU) 2023/1542 a Digital Product Passport, evidence of Union origin shall be provided through the data points in the Digital Battery Passport.

- **For Content equivalent to Union origin, create an opt-in mechanism for established trusted strategic partner countries to avoid relocation of battery manufacturing:**

Article 8-9 – Content equivalent to Union origin in public procurement and other forms of public intervention (same in Art. Amending NZIA): Move from automatic equivalence for FTA partners to an opt-in mechanism, allowing third countries to be added to Union-origin equivalence only after a resilience-based assessment, **in order to prevent the relocation of strategic parts of the battery value chain outside the EU**. RECHARGE interprets the current wording of the proposal to mean that countries having an FTA with the EU, including a public procurement chapter, would qualify as equivalent to Union origin. In practice, the number of countries covered by FTAs with a procurement chapter and the list of GPA signatory countries is significant (including Hong Kong which is China), collectively involve more than 40 countries, some estimate 80. Such a large country scope undermines the purpose of the legislation and the effectiveness of the IAA provisions. The current proposal risks enabling circumvention through third countries, particularly where production is relocated to jurisdictions benefiting from trade agreements. Moreover, simply including all and then excluding is going to be highly complicated and likely to take far too much time to make this workable. An overly broad definition would dilute this objective and would effectively constitute a continuation of the same policy approach that created the dependencies. Furthermore, to bring clarity to stakeholder and decision-makers, the Commission needs to provide a clear list of countries to be able to provide more accurate recommendations.

Actions required:

- **RECHARGE therefore advocates for clarity and for the establishment of a list of countries, as well as minimising the scope to EU27+EFTA+UK with an opt-in option for trusted strategic partners**, to ensure the measure effectively supports EU-based production. Explicitly include EFTA countries and the United Kingdom within the Union definition, reflecting the high level of regulatory alignment and reciprocity. The Iceland, Liechtenstein, Norway, Switzerland and the United Kingdom are stable, like-minded democracies with legal frameworks that align with Europe’s values and strategic interests; they pose no risk of an overnight severance of trade flows.

- The opt-in inclusion approach, the Commission needs to identify specific countries where the reciprocity of public procurement is not contested and only expand to other countries if they meet the same high standards.
- **The opt-in partner countries list should be established by the Commission in an Annex to the IAA or by latest 6 months ahead of the EVs and BESS component-based originating requirements to become applicable.**
- **Any recognition of equivalence should ensure genuine reciprocity, respect for fair competition and a comparable level playing field** including with regard regulatory alignment in particular convergence on environmental standards, state aid, as well as market access conditions. The inclusion should be limited to a few number of third countries which are trusted strategic partners to the EU.
- To be eligible to opt-in for Union origin equivalence, a country should:
 - demonstrate regulatory framework alignment with a substantive equivalence, including but not limited to, state aid control and labor rights, as well as comparable environmental and climate standards
 - ensure and maintain transparent and reliable frameworks with effective reciprocity in public procurements for Union goods, services, and economic operators, including non-discriminatory treatment in the relevant sectors;
 - possess with the Union Free Trade Agreement and be a part of WTO Government Procurement Agreement
 - maintain enhanced structured partnership, as an essential indicator of mutual trust and policy coordination. Cooperate with the Union in the critical technological areas that are recognised by the EU as strategic sectors and maintain strong industrial, investment integration as well as regulatory alignment with the Union.

Amendment proposal – AM2

<p><u>Article 8 Content equivalent to Union origin in public procurement</u></p> <p>1. With respect to the Union origin requirements referred to in Article 11,</p>	<p><i>Replace Art. 8 by the below -</i></p> <p>NEW 1. For the purposes of Article 11, the Commission shall define the list of countries from which content shall be treated as equivalent</p>
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content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union, or that are parties to the Agreement on Government Procurement, where relevant obligations of the Union exist under that agreement, shall be deemed to be of Union origin.

2. The Commission shall adopt delegated acts in accordance with Article 30 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:

(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in paragraph 1 in relation to any of the sectors listed in Annex I;

(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;

(c) such exclusion is justified under any other exception under the applicable agreement.

to content of Union origin in Annex [xx]. Commission shall adopt delegated acts in accordance with Article 43 by 6 months after the date of entry into force of this Regulation to supplement this Regulation by specifying, for products and services covered by Annex III, the third countries from which content shall be treated as equivalent to content of Union origin. In identifying such strategic partners, the Commission shall take into account, in particular:

- (a) the EFTA countries and UK to be included in the list of countries treated as equivalent to content of Union origin;**
- (b) reciprocal international commitments such as the Government Procurement Agreement and FTAs with strategic partners with a public procurement chapter granting reciprocity;**
- (c) the proven effective implementation of reciprocal treatment under such international commitment and;**
- (d) contribution to the Union's competitiveness, resilience and economic security objectives;**
- (e) cooperating with the Union in the critical technological areas that are recognised by the EU as strategic sectors.**

New 2. The Commission may adopt delegated acts in accordance with Article 43 at any time to exclude a third country from such a list in the

	<p>case of a serious breach of their commitments towards the Union or public order or economic security concerns.</p> <p>New 3. The opt-in partner countries list should be established by the Commission 6 months ahead of the component-based originating requirements to become applicable.</p>
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Amendment proposal – AM3

<p><u>Article 9 Content equivalent to Union origin in other forms of public intervention</u></p> <p>1. With respect to the Union origin requirements set out in Article 12, content originating in third countries with which the Union has concluded an agreement establishing a free trade area or a customs union shall be deemed to be of Union origin.</p> <p>2. The Commission shall adopt delegated acts in accordance with Article 30 to exclude, in whole or in part, a third country from the scope of paragraph 1 based on any of the following criteria:</p> <p>(a) that third country has failed to provide national treatment related to Union products or entities under the agreements referred to in</p>	<p><i>Replace Art. 9 by the below -</i></p> <p>NEW 1. For the purposes of Article 12, the Commission shall adopt delegated acts in accordance with Article 43 by 6 months after the date of entry into force of this Regulation to supplement this Regulation by specifying, for products and services covered by III, the third countries from which content shall be treated as equivalent to content of Union origin. In identifying such strategic partners, the Commission shall take into account, in particular:</p> <ul style="list-style-type: none"> (a) the EFTA countries and UK to be included in the list of countries treated as equivalent to content of Union origin; (b) reciprocal international commitments such as FTAs with strategic partners; (c) the proven effective implementation of reciprocal treatment under such international commitment and; (d) contribution to the Union’s competitiveness, resilience and economic security objectives.
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<p>paragraph 1 in relation to any of the sectors listed in Annex I;</p> <p>(b) such exclusion is justified to avoid dependencies or any other developments that may threaten the security of supply in the Union of the products in question;</p> <p>(c) such exclusion is justified under any other exception under the applicable agreement</p>	<p>New 2. The Commission may adopt delegated acts in accordance with Article 43 at any time to exclude a third country from such as list in the case of a serious breach of their commitments towards the Union or public order or economic security concerns.</p> <p>New 3. The opt-in partner countries list should be established by the Commission 6 months ahead of the component-based originating requirements to become applicable.</p>
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➤ **Member States cost circumvention rules to reflect realities:**

Article 11/12 – Public procurement and other forms of public intervention (same in relevant Art. Amending NZIA): RECHARGE draws attention to a loophole in the proposal regarding the cost circumvention rule. Member States would be allowed to circumvent Union-origin and low-carbon criteria when costs exceed 25-30%. In our view, this poses a serious risk of hollowing out the regulation in practice and weakens localisation incentives and could result in uneven implementation. It also does not reflect market realities. The cost derogation clause creates regulatory uncertainty and creates low-cost bidding and could result in incentives for dumping practices to activate the cost derogation mechanism. In the battery and EV sector, where Chinese manufacturers benefit from extensive and comprehensive state support, integrated supply chains, and economies of scale, a 25–30% cost differential is not unusual. In practice, the circumvention option could always apply.

Article 11 and 12 of the published proposal, as well as the proposed new article 28c for the NZIA, all include disproportionate cost exemptions. However, the current wording of some of these articles is currently unclear. Disproportionate cost exemptions should be clearly limited to the cost of the final products. As the text stands now, any cost increase of more than 25%/30% upstream in the supply chain is sufficient to trigger the exemption, which creates a large and risky loophole.

Actions required:

- To raise the derogation threshold substantially (to a level that reflects genuine market failure rather than ordinary cost differentials). For batteries (and EVs), this would mean a threshold of 40-45% cost difference during the first phase (EiF to third year), 30-35% during the second phase (after three years after EiF), and 25–30% from 2035.
- We ask the Commission to stipulate that the 25%/30% threshold only refers to final products under Article 11, 12 and Article 28c.

To avoid price dumping to trigger the IAA exemption, the use of disproportionate-cost exemptions by Member States should be monitored, and if the Commission notices a spike of notifications for a specific product, then it should start ex-officio trade defence investigations targeting that product and its components.

Amendment proposal – AM4

<p><u>Article 11 Public procurement</u></p> <p>3. Contracting authorities and contracting entities may decide not to apply the requirements set out in Annexes II and III where any of the following conditions are fulfilled:</p> <p>(a) the required products or services can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;</p> <p>(b) no suitable tenders or no suitable requests to participate were submitted, including in response to a similar former public procurement procedure launched by the</p>	<p><u><i>New subparag. 3(d)</i></u></p> <p><u>Article 11 Public procurement</u></p> <p>3. Contracting authorities and contracting entities may decide not to apply the requirements set out in Annexes II and III where any of the following conditions are fulfilled:</p> <p>(a) the required products or services can only be supplied by one specific economic operator, and no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the public procurement procedure;</p> <p>(b) no suitable tenders or no suitable requests to participate were submitted, including in response to a similar former public procurement procedure launched by the same</p>
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<p>same contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;</p> <p>(c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 25%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.</p>	<p>contracting authority or contracting entity in the two years preceding the start of the planned new procurement procedure;</p> <p>(c) their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 25%, based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.</p> <p>NEW (d) for batteries, BESS and EVs, their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 40% on EiF of this Regulation, 30% after year three after EiF, and 25% after 2035 based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.</p>
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<p><u>Article 12 Other forms of public intervention</u></p> <p>1. Without prejudice to Articles 107 and 108 TFEU, Member States shall design public support schemes in a way that they contribute to the objective of strengthening the Union’s strategic industrial value chains through the Union origin requirements, low-carbon content requirements, or both, laid down in Part II of Annex II and Part II of Annex III, in accordance with Articles 9 and 10 and without prejudice to Article 13. Member States shall apply the requirements referred to in the first subparagraph to public support schemes accounting for at least 45% of the total national budget allocated to the public support schemes covered by Part II of Annex II and accounting for 100% of the total national budget allocated to the public support schemes covered by Part II of Annex III.</p>	<p><i>New parag. 1</i></p> <p>NEW 1. Contracting authorities and contracting entities shall exclude from access to other forms of public intervention referred to in Part II of Annex II and Part II of Annex III support to economic operators owned or controlled by an entity established in third countries which have not concluded an international agreement with the Union guaranteeing such access.</p> <p><i>Afterwards new numbering</i></p> <p>2. Without prejudice to Articles 107 and 108 TFEU, Member States shall design public support schemes in a way that they contribute to the objective of strengthening the Union’s strategic industrial value chains through the Union origin requirements (....)</p>
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Amendment proposal – AM6

<p><u>Article 12 Other forms of public intervention</u></p> <p>3. The competent authority may still implement support schemes that do not meet the requirements laid down in Part II of Annex II and Part II of Annex III, in whole or in part, if the application of such requirements:</p>	<p><i>New subparag. 38(c)</i></p> <p>Article 12 Other forms of public intervention</p> <p>3. The competent authority may still implement support schemes that do not meet the requirements laid down in Part II of Annex II and Part II of Annex III, in whole or in part, if the application of such requirements:</p> <p>(a) would lead to significant delays due to the unavailability of the required components or final</p>
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<p>(a) would lead to significant delays due to the unavailability of the required components or final products. Estimated delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant;</p> <p>(b) would incur disproportionate costs. Disproportionate costs shall be presumed to exist where, based on objective, transparent and verifiable data, compliance would increase the cost of the underlying final product or technology by more than 30%.</p>	<p>products. Estimated delays in excess of seven months, based on objective, transparent and verifiable data, may be presumed to be significant;</p> <p>(b) would incur disproportionate costs. Disproportionate costs shall be presumed to exist where, based on objective, transparent and verifiable data, compliance would increase the cost of the underlying final product or technology by more than 30%.</p> <p>NEW (c) for batteries, BESS and EVs, their application would require a contracting authority or contracting entity to acquire goods, services or works having disproportionate costs or would result in technical incompatibility in their operation and maintenance. Estimated cost differences exceeding 45% on EiF of this Regulation, 35% after year three after EiF, and 30% after 2035 based on objective and transparent data, may be presumed by contracting authorities and contracting entities to be disproportionate.</p>
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➤ **Maintain key lead markets creation for Made in Europe batteries through the Clean Corporate Vehicles Regulation Union origin requirement**

Article 13 – Financial support for corporate vehicles (Article 4 Clean corporate fleets proposal): RECHARGE strongly supports the Union content definition for corporate EVs (Article 13) which strictly follows the Made-in-Europe approach as laid out in Article 7 (production within EU only). This is key to preserve as corporate vehicles currently represent over 65% of EV sales, providing a large

offtake for European battery and component manufacturers. RECHARGE considers this provision to be key to create lead markets and believes it should be preserved. The link between Union origin and the Clean Corporate Vehicles proposal is, in our view, particularly important to ensure coherence between demand and industrial policy objectives.

➤ **Maintain ambitious FDI conditions to support true value creation**

Article 18 – Value-added foreign direct investment criteria: RECHARGE emphasises that the current provisions address the main concerns. RECHARGE notes that there is currently a rush to invest to avoid the disposition kicking in. With regard to timing, RECHARGE also observes that these provisions would only apply from 12 months after the Regulation’s entry into force, thereby delaying their practical impact. A harmonized implementation across Members States is key for the provisions to deliver on their objectives and to avoid “window shopping” of investors. On Workforce criteria RECHARGE recommends to raise the provision to up to 75% (incl. Residents) over a three years phase-in from the final investment decision. A clarification that the expansion of investments in existing facilities should also be explicitly included in the scope of the FDI regime would be necessary to avoid different interpretations and uneven enforcement.

Amendment proposal – AM7

<p>Article 18 Value added foreign direct investment criteria</p> <p>2. From [OP insert date: 12 month after entry into force of this Regulation], Investment Authorities shall only approve foreign direct investments made directly by foreign investors that fulfil either four or more of the following six conditions:</p> <p>(e) at least 50% of the workforce employed in the context of the foreign direct investment, at</p>	<p>Changes</p> <p>2. From [OP insert date: 12 month after On entry into force of this Regulation], Investment Authorities shall only approve foreign direct investments made directly by foreign investors that fulfil either four or more of the following six conditions:</p> <p>(e) at least 50% of the workforce employed in the context of the foreign direct investment, at</p>
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the time of its implementation and continuously throughout its operation, shall be made up of Union workers across all categories of the workforce, including operational, technical, supervisory, and managerial positions. Such employment shall be accompanied by adequate training and capacity-building measures. Where a Union target or Union asset already performing manufacturing activities before the investment is acquired, including after bankruptcy, maintaining the existing workforce or re-employment of the former workforce shall be prioritised, in accordance with national law and the application of collective agreements. In the event that the foreign investor, the Union target or the Union asset receives public funding, notwithstanding article 107 TFEU, it shall commit not to decrease the number Union workers for a period of five years on pain of recovery by the relevant national authorities, the funding awarded;

the time of its implementation, **which shall increase to 75% over the first 3 years** and continuously throughout its operation, shall be made up of Union workers across **(nationals and including Permanent Residents in Member States)** all categories of the workforce, including operational, technical, supervisory, and managerial positions. Such employment shall be accompanied by adequate training and capacity-building measures. Where a Union target or Union asset already performing manufacturing activities before the investment is acquired, including after bankruptcy, maintaining the existing workforce or re-employment of the former workforce shall be prioritised, in accordance with national law and the application of collective agreements. In the event that the foreign investor, the Union target or the Union asset receives public funding, notwithstanding article 107 TFEU, it shall commit not to decrease the number Union workers for a period of five years on pain of recovery by the relevant national authorities, the funding awarded;

- **Support the establishment of a competitive and resilient battery supply chain in Europe**

- 1) RECHARGE recommends the introduction of provisions for recycled content and battery-grade key strategic materials to be phased in over time to ‘originate in the Union’ to fulfill requirements. These should reflect market realities and formulated as an additional requirement, not linked to the NZIA 10 components list. While binders are an essential primarily used component of batteries, and a strategically relevant and already-established European capability, RECHARGE members hold different views on the inclusion of binders as a component to be phased in through the Union origin requirements at this stage.

Actions required:

- i. For EV batteries and BESS and from 2031 (according to the Recycled Content target rules of the EU Batteries Regulation), recycled content to originate from the Union. This allows public spending to reward local sourcing of recycled content in batteries and does not constitute a market access provision. While the EU Battery Regulation sets recycled content targets, it does not require this recycling and refining to battery-grade lithium, nickel, cobalt to happen in the EU – the IAA should mandate that a meaningful share of battery materials is recycled in Europe when covering the access to public procurement or public demand-side incentives for EVs and BESS.
- ii. For EV batteries and BESS, pCAM should not be subject to Union-origin requirements before seven years after EiF, subject to a positive assessment of European production capacity and market readiness.
- iii. Before 2031 recycled content and before 2035 binders and pCAM can be declared as originating. Member States may voluntarily recognise recycled content, binders or pCAM originating in the Union as a positive criterion in public procurement or support schemes.
- iv. During the first IAA review, RECHARGE supports a full impact assessment regarding the inclusion of binders and pCAM to be phased in.

Concrete amendments reflecting the above in Part I & Part II of Annex III, as well as in the relevant IAA Articles amending NZIA (for BESS) need to be formulated. RECHARGE will supplement this paper with these concrete amendments at a later stage, reflecting the above additional requirements listed in points i - iv.

- 2) On battery-grade key strategic materials: The IAA should include a requirement for battery raw materials, ensuring that at least 50% of the combined volume of battery-grade lithium, nickel, cobalt and graphite originates from the Union (scope as in the final version of Art. 8/9 scope incl. trusted partner countries as in the RECHARGE proposal). This requirement can rely on existing disclosure and traceability obligations under the Batteries Regulation to verify compliance and limit administrative burden.

Critical raw materials (CRMs) should be explicitly included as a strategic sector under the IAA. Structural dependency raw materials risks constraining Europe's ambition to build competitive and resilient ecosystems for strategic technologies such as batteries. Even with the EU's ambitious CRM benchmarks under the Critical Raw Materials Act, a recent report from the [European Court of Auditors confirms that European](#) players remain largely off-track in meeting 2030 objectives.

This dependency is not accidental. It reflects a persistent cost advantage in certain third-country markets, notably China, based on large-scale industrial clusters, vertically integrated value chains, lower capital and operating costs and long-standing industrial policy support, at home and abroad.

Yet structural dependency on battery raw materials risks constraining Europe's ambition to build a competitive and resilient battery ecosystem. Even with the EU's ambitious CRM benchmarks under the Critical Raw Materials Act, recent analyses¹ confirm that European players remain largely off-track in meeting 2030 objectives.

Actions required:

- To address this issue, the IAA should include requirements in Annex III mandating that at least 50% of the combined total volume of lithium, nickel, cobalt and graphite in the battery (incl. primary and secondary materials) must originate from the EU or trusted partner countries for the vehicle to qualify as made in the EU. Importantly, setting the threshold at 50% of total volumes preserves operational flexibility: manufacturers could comply by prioritising EU and trusted-partner sourcing for some materials, while continuing to source others globally, depending on price, quality specifications, and short-term availability

¹ [Special report 04/2026: Critical raw materials for the energy transition | European Court of Auditors](#)

constraints. A threshold set at 50% strikes a balance between ambition and feasibility, providing a credible demand-side signal to support investment in secure supply chains while preserving manufacturers’ flexibility in sourcing decisions.

Crucially, the Batteries Regulation already requires companies to disclose supply-chain information on key inputs such as lithium, nickel, cobalt, and graphite in the Battery Passport, including their country of origin. This creates a ready-made compliance architecture for verifying friendshoring thresholds, thereby minimizing administrative burden and accelerating implementation.

Amendment proposal – AM8

Proposal for a Regulation Recitals – new recital (XX)	
	<p>In order to strengthen the resilience and strategic autonomy of the Union’s battery value chain, it is appropriate to introduce targeted sourcing conditions for key battery raw materials. Given the high level of concentration of global supply for lithium, nickel, cobalt and graphite, demand-side requirements linked to public support and procurement can play an important role in reducing strategic dependencies and supporting the development of supply capacity in the Union and in partner countries. A friendshoring approach, based on sourcing from the Union and from trusted partners with which the Union maintains close economic and regulatory cooperation, provides a</p>

	<p>proportionate and effective means to achieve these objectives. Where relevant, compliance with such requirements should build on existing disclosure and traceability obligations under Regulation (EU) 2023/1542 in order to avoid duplication of reporting requirements and limit administrative burden.</p>
<p style="text-align: center;"><i>Justification</i></p> <p><i>This recital explains the rationale for introducing a friendshoring requirement for battery raw materials, linking it to resilience, strategic autonomy and demand-side policy tools. It also clarifies that existing traceability instruments under the Batteries Regulation can be used to support verification, without creating new reporting obligations</i></p>	

Amendment proposal – AM9

<p>Proposal for a Regulation Annex III – Part I – point g (new)</p>	
	<p>The ratio between the total volume of battery-grade lithium, nickel, cobalt and graphite used in the battery originating in the Union, within the meaning of Article 8, and the total volume of lithium, nickel, cobalt and graphite used in the battery is equal to or greater than 50%.</p>

	<p>The requirements set out in points d), e), f) and g) apply from [OP: please insert date 3 years after the date of entry into force of this Regulation].</p>
<p style="text-align: center;"><i>Justification</i></p> <p><i>This amendment introduces a targeted friendshoring criterion for key battery raw materials for Public procurement procedures of electric vehicles to reduce Europe’s structural dependency and support investment in upstream capacity in the EU and trusted partners. A 50% threshold calculated on total volumes provides a credible demand-side signal while preserving manufacturers’ flexibility to comply by focusing on some materials and sourcing the remainder globally. Compliance can be verified using existing origin disclosure obligations included in the Batteries Regulation, limiting administrative burden and enabling rapid implementation. This requirement should apply 3 years after date of entry into force.</i></p>	

Amendment proposal – AM10

<p>Proposal for a Regulation Annex III – Part II – point f (new)</p>	
	<p>The ratio between the total volume of battery-grade lithium, nickel, cobalt and graphite used in the battery originating in the Union, within the meaning of Article 9, and the total volume of lithium, nickel, cobalt and graphite used in the battery is equal to or greater than 50%.</p> <p>The requirements set out in points d), e), and f) apply from [OP: please insert date 3</p>

	years after the date of entry into force of this Regulation].
<p style="text-align: center;"><i>Justification</i></p> <p><i>This amendment introduces a targeted friendshoring criterion for key battery raw materials for other forms of public intervention and financial support for corporate vehicles to reduce Europe’s structural dependency and support investment in upstream capacity in the EU and trusted partners. A 50% threshold calculated on total volumes provides a credible demand-side signal while preserving manufacturers’ flexibility to comply by focusing on some materials and sourcing the remainder globally. Compliance can be verified using existing origin disclosure obligations included in the Batteries Regulation, limiting administrative burden and enabling rapid implementation. This requirement should apply 3 years after date of entry into force.</i></p>	

➤ **More ambitious phase-in of BESS components**

Article 34 of the proposed IAA introduces amendments to the Net-Zero Industry Act (NZAI). It adds a new Annex II to the NZIA that details Union origin requirements for net-zero technologies, and battery energy storage systems in particular (BESS). For the IAA to have a true impact on the battery value chain development in Europe, the BESS sector, which is the fastest growing batteries sector, should be addressed with similar ambition. The BESS (stationary storage) sector in Europe is generally growing faster than the EV battery sector, even though EV batteries remain much larger in absolute volume. BESS is scaling from a smaller base but expanding rapidly due to renewables integration and grid needs – which is expected to continue over the next decade. The massive solar & wind rollout requires flexibility solutions, whereby batteries become an “essential infrastructure” for grid stability.

Actions required:

- RECHARGE recommends in first phase Cells to become a mandatory component to originate, and in Phase two CAM to be added explicitly.

Phase	BESS: Union origin requirement
Phase 1 (Years 1-3)	Battery system (Union origin) + Cells mandatory component + BMS (for projects >1 MWh)
Phase 2 (Year 3+)	Battery system (Union origin) +Cells +BMS + CAM +one additional main specific component

Amendment proposal – AM10

<p><u>'ANNEX II Union origin requirements for net-zero technologies Part I – Public procurement</u></p> <p>1. In accordance with Article 25a, for public procurement procedures published after the entry into force of this Regulation falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU where contracts, works contracts or work concessions include the procurement of the following net-zero technologies, procurement documents shall include the requirements laid down below:</p>	<p>(a) Battery energy storage systems: From [OP: Please insert the date = 1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and contain battery cells that originate in the</p>
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<p>(a) Battery energy storage systems: From [OP: Please insert the date = 1 year after entry into force of this Regulation] until [3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and, for projects including battery energy storage exceeding 1 Megawatt-hour, contain a battery management system that originates in the Union. From [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and contain battery cells, a battery management system as well as one additional main specific component that originate in the Union.</p>	<p>Union and, for projects including battery energy storage exceeding 1 Megawatt-hour, contain a battery management system that originates in the Union. From [OP: Please insert the date = 3 years after entry into force of this Regulation], the battery energy storage systems shall originate in the Union and contain battery cells, Cathode Active Material, a battery management system as well as one additional main specific component that originate in the Union.</p>
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- **The different Union origin requirements for small EVs is a major loophole and should be deleted:**

Under the current drafting of Article 14 and Annex III on super credits for small zero emission vehicles (accounting for approximately 20% of the BEV market), they can qualify as "Made in EU" even when using a Chinese-origin battery, provided that 70% of non-battery components are EU-sourced. The battery is the single highest-value component in an electric vehicle, typically accounting for 30–40% of total vehicle cost. A provision that allows the most strategically significant component to originate entirely outside the EU while still conferring Made in EU status contradicts the IAA's core industrial logic.

Actions required:

- We therefore recommend removing the derogation for small EVs as defined in the Part III in Annex III, and set the same Union origin requirements phase-in as for all EVs, without changing the reference to Art. 7 in the Art. 14. With regard to small BEVs, RECHARGE is especially concerned about the missed opportunity to make Made-in-EU batteries mandatory. The current draft requires either to have 70% of the value of the car’s components (excluding the battery) from the EU OR a Made-in-EU battery. These two conditions should not be considered as separate options, but rather as cumulative, with both conditions having to be fulfilled in order to qualify for super credits. For Public Procurement or other forms of public intervention and financial support for corporate vehicles, there should not be a special treatment of small EVs, and those parts deleted in Part I and Part II of Annex III.

Amendment proposal – AM11

<p><u>ANNEX III Union origin requirements for vehicles</u></p> <p><u>Part I – Public procurement procedures of electric vehicles</u></p> <p>(...)</p> <p>The requirements set out in points d), e) and f) apply from [OP: please insert date 3 years after the date of entry into force of this Regulation].</p> <p>By way of derogation to the requirements set out above, small electric vehicles of subcategory M1E, as defined in Regulation (EU) 2018/858, shall include the following Union origin requirements:</p> <p>1. the vehicle is assembled within the Union; 2. and one of the two criteria below:</p>	<p>The requirements set out in points d), e) and f) apply from [OP: please insert date 3 years after the date of entry into force of this Regulation]. By way of derogation to the requirements set out above, small electric vehicles of subcategory M1E, as defined in Regulation (EU) 2018/858, shall include the following Union origin requirements:</p> <p>1. the vehicle is assembled within the Union;</p> <p>2. and one of the two criteria below:</p> <p>(a) the ratio between the total ex-works price of vehicle components –</p>
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<p>(a) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%;</p> <p>or</p> <p>(b) the vehicle’s traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.</p>	<p>excluding the vehicle battery – originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%; or</p> <p>(b) the vehicle’s traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.</p> <p>Same part to be deleted in And Part II – Other forms of public intervention and financial support for corporate vehicles</p>
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Amendment proposal – AM11

<p><u>ANNEX III Union origin requirements for vehicles</u></p> <p><u>Part III – Super credits for small zero-emission vehicles</u></p> <p>(...)</p> <p>1. the vehicle is assembled within the Union;</p> <p>2. and one of the two criteria below:</p> <p>(a) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the</p>	<p>(...)</p> <p>1. the vehicle is assembled within the Union;</p> <p>2. and one of the two criteria below:</p> <p>(a) the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the</p>
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<p>battery – is equal to or greater than 70%; or (b) the vehicle’s traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.</p>	<p>battery – is equal to or greater than 70%; and or (b) the vehicle’s traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union.</p>
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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 by enabling decarbonised electricity and mobility, and cutting-edge consumer products. RECHARGE’s unique membership covers all aspects of the advanced rechargeable battery value chain: from suppliers of primary and secondary raw materials, to battery and original equipment manufacturers (OEMs), to logistic partners and battery recyclers. www.rechargebatteries.org

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