ADVANCED RECHARGEABLE & LITHIUM BATTERIES ASSOCIATION

RECHARGE proposal on the EU-UK Trade and Cooperation Agreement (TCA) -

Maintaining the agreed 2027 Rules of Origin while addressing practical implementation challenges

November 2026

RECHARGE calls on the European Commission to uphold the agreed 1 January 2027 start date for Phase III Rules of Origin (RoO) under the EU–UK Trade and Cooperation Agreement (TCA), while swiftly assessing targeted mechanisms to address genuine short-term supply and qualification constraints. Any solution must preserve the agreed framework and contractual obligations, as well as the demand signals underpinning European investment. A further postponement would undermine confidence in the timetable and put European cathode active material (CAM) and cell-manufacturing projects at risk.

A firm framework, with practical implementation support

The TCA progressively tightens RoO for electric vehicles (EVs), battery cells and packs. From 1 January 2027, Phase III requires key components, including cathode active materials (CAM), to meet the relevant EU or UK origin requirements. In 2023, the EU and UK extended Phase I requirements through 2026 because supply-chain capacity was not ready, while establishing that Phase III would apply from 2027 and that the framework would not change before 2032. Investors, material producers, cell manufacturers and customers have since made decisions in reliance on that timetable.

RECHARGE recognises that building up a domestic battery supply chain remains challenging. Developing and qualifying European battery-material capacity involves complex industrial processes, technical validation, customer qualification and coordinated supply-chain planning. Capacity may be announced or installed before it can deliver the right material, at the required specification and volume, to each customer. These constraints merit attention but need not entail reopening or weakening the agreed TCA framework.

OEM concerns about the timely availability of qualifying materials should be acknowledged. At the same time, predictable rules and credible demand signals are essential for enabling European CAM and cell producers to scale up capacity and ensure that investments in domestic supply chains deliver results. Both perspectives reflect legitimate challenges within the same value chain.

Ultimately, all actors share the same objective: a competitive European automotive industry underpinned by a resilient, locally anchored battery value chain. To achieve this, RECHARGE encourages the Commission to explore solutions that address OEMs' practical challenges without weakening the agreed framework or diminishing the competitiveness of the sector. In particular, the Commission should consider how to recognise and support OEMs, cell and battery manufacturers that have already invested in, or made concrete commitments to, European suppliers, ensuring that their early efforts continue to be valued. Any approach should preserve predictable demand signals, safeguard projects already under development and avoid creating incentives to delay European sourcing. The priority should be to find a workable solution that supports both automotive

manufacturers and European material producers, while maintaining the agreed implementation timeline.

Explore bridging mechanisms within the TCA framework

RECHARGE invites the Commission to assess whether practical mechanisms can support implementation within the existing TCA framework. Any measure should be legally sound, targeted, transparent and time-limited. It must facilitate compliance without weakening origin requirements or encouraging companies to defer European sourcing. Options for assessment include:

- **Tariff neutralisation or equivalent transitional treatment**. Assess whether a narrowly scoped measure could prevent temporary origin-related tariff exposure from disrupting vehicle production where a short-term supply or qualification gap is demonstrable. The legal basis and feasibility would need careful examination, and the measure must preserve the incentive to buy qualifying EU- or UK-origin materials.
- **Investment-linked origin derogations, where legally available**. Consider exceptional derogations for cases where qualifying material is temporarily unavailable despite reasonable procurement and qualification efforts. Eligibility should be based on objective evidence, e.g. final investment decisions, signed supply agreements, and documented permitting or approval delays and with strict safeguards and monitoring; derogations must not become a general alternative to compliance or reward the deliberate deferral of European sourcing, while recognising demonstrable delays in committed localisation projects or supply agreements.
- **Advance origin guidance or certification**. Consider advance assessment or conditional guidance on the origin status of CAM, cells and packs where specified sourcing and production commitments are met. This could reduce uncertainty without changing the TCA rules; any assurance must remain conditional on actual compliance and subject to verification.

These are options for assessment, not assumptions that the mechanisms are already available under the TCA. The Commission should establish their legal, operational and trade-policy parameters, coordinating with the UK where necessary. The options above should be developed and tested in close cooperation with industry, including customs and compliance experts, to clarify their legal basis, practical operation and implementability before any approach is agreed.

Given the approaching 1 January 2027 implementation date, the Commission should treat this work as an urgent priority and aim to agree on an approach before December 2026, allowing companies sufficient time to prepare.

Why predictability and demand signals matter

The 2023 extension was intended to give industry time to build resilient supply chains. Since then, companies have made investment and commercial decisions based on the agreed Phase III timeline. Any further postponement would weaken demand signals at the very moment European suppliers need credible customer commitments to ramp up. It would erode confidence in the policy framework, put ongoing CAM and cell-manufacturing projects at risk, and disadvantage companies that acted early by investing, qualifying materials or entering supply agreements.

At the same time, addressing specific implementation bottlenecks can help the rules function as intended. A practical, well-safeguarded approach can support OEMs facing genuine short-term constraints while preserving the predictability required by European material, cell and battery producers to scale capacity and secure customers. Implementation certainty and workable implementation are not competing objectives; both are essential. The goal should be to resolve practical obstacles without diluting the demand signal created by the agreed 2027 date.

RECHARGE recommendations and safeguards

RECHARGE calls on the European Commission to:

1. **Confirm the 2027 implementation date.** Reaffirm that Phase III TCA Rules of Origin apply from 1 January 2027.
2. **Assess practical bridging mechanisms.** Examine legally sound options within the TCA, including transitional tariff treatment, investment-linked origin derogations where legally available, and advance origin guidance or certification.
3. **Apply strict safeguards.** Any measure must be targeted, evidence-based and transparent; preserve contractual obligations and demand for European materials; and offer appropriate flexibility for companies that have already invested, qualified products or entered supply agreements in reliance on the 2027 timeline, where demonstrable short-term constraints exist.
4. **Provide clarity on origin requirements**. Swiftly finalise and publish the TAXUD Guidance Document on CAM origin requirements applicable from that date.
5. **Maintain structured dialogue with industry.** Test proposed solutions against operational realities to ensure that implementation challenges are addressed while preserving predictable demand and incentives for investment in European battery-material capacity.

Conclusion

The transition to the 2027 Rules of Origin requirements marks a critical milestone in building a competitive and resilient European battery industry. RECHARGE supports the implementation of the agreed 2027 TCA RoO alongside a practical response to genuine supply and qualification challenges. **With significant investments under way and capacity becoming available across the European battery value chain, there is no justification for further postponement**.

The Commission should clarify the rules and assess carefully safeguarded bridging mechanisms -not postpone requirements or dilute obligations. A stable timeline and workable implementation are both essential to sustain investment and build a resilient European battery value chain.

At a time of intensifying global competition, Europe cannot afford to lose momentum.



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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