Plastics Europe Position on the Industrial Accelerator Act (IAA)

Plastics Europe calls for market-pull measures for low-carbon products and products from sustainable carbon sources under the Industrial Accelerator Act (IAA) to support European plastics value chains, including the introduction of Union origin requirements. These measures should strengthen Europe's industrial base and accelerate the transition to a low carbon and circular economy.

Such market-pull measures, including those related to Union origin, shall be carefully assessed prior to introduction, regularly reviewed, and designed to complement - rather than replace - efforts to restore European competitiveness.

In the case of Union-origin requirements, these should incentivise the uptake of European-produced plastics in finished products.

Plastics Europe supports free and fair trade and global competition on a level playing field. However, the European plastics value chain faces today structurally higher production costs - notably due to elevated energy prices, carbon compliance costs and regulatory fragmentation - undermining its ability to compete globally and to invest in low carbon and circular solutions.

Europe's share of global plastic production continues to decline, not due to weaker global demand but as investment shifts to more competitive regions. As import dependence grows, Europe faces increased exposure to supply disruptions and geopolitical risks.

While we recognize the essential role that exports and imports play for the plastics industry - for instance securing supply of materials not produced in sufficient quantities in Europe - ensuring fair and consistently enforced trade rules, protection against global overcapacity and dumping, and greater market transparency is equally essential.

In this context, Plastics Europe urgently calls for clear and selective market-pull and support measures under the Industrial Accelerator Act (IAA) as well as targeted improvements to the current text to complement efforts to restore the competitiveness of Europe's plastics industry. These measures should strengthen Europe's industrial base and provide a robust framework to enable and accelerate investment and innovation for the transition to a low carbon and circular economy across the plastics value chain.

1. **Market-pull measures under the IAA to strengthen demand for low-carbon plastic products[1] and plastic products from sustainable carbon sources[2]**

Plastics producers stand ready to support downstream partners in meeting the 70% Union origin requirements for electric vehicles, which contain plastics as a key component. However, broader **support for lead markets[3] for plastics will be needed to stimulate investments in low-carbon products and products from sustainable carbon sources contributing to a resilient Europe.** These market measures should be carefully assessed prior to introduction and regularly reviewed thereafter. Crucially, they must complement efforts to restore European competitiveness.

- **Timely delivery of the policy ambition** (Article 16): Delegated acts under Article 16, covering demand-side measures (16.1b) - including the use of plastics from sustainable carbon sources in products - as well as low-carbon and Union origin requirements for lead markets (16.2), should be developed in a timely and predictable manner following the entry into force of the IAA. These delegated acts should be based on a structured workplan, developed in consultation with relevant stakeholders, including industry.
- **Clear criteria to guide lead markets and supportive policy measures**: The identification of lead markets and choice of supportive policy measures, whether Union origin requirements or alternatives, should be guided by clear criteria, including environmental performance, economic viability, social impacts, as well as technical and economic feasibility and enforceability. These criteria should be developed with the support of industry and in consultation with Member States and relevant stakeholders, including the Critical Chemicals Alliance.
- **Cost impacts to be further assessed, Article 11:** While some cost increases along the value chain may be unavoidable, measures should ensure they remain proportionate and do not undermine the competitiveness of downstream industries or impose undue burdens on consumers.
- Additionally, it is essential to **ensure coherence with existing or announced market-pull measures in EU legislation** - such as targets for recycled or bio-based feedstocks in packaging and automotive - which apply at finished product level. Therefore, market pull measures such as those for low carbon and sustainable carbon products under the IAA should follow the same approach and be **designed at finished product level**. Setting requirements at the level of substances and mixtures risks creating an uneven playing field, as they cannot be effectively enforced on imported finished products, thereby undermining measures through added burden and regulatory uncertainty. Plastics Europe remains committed to identifying practical implementation mechanisms for this approach, particularly for low-carbon products across the value chains that plastics support.

[1] Plastics Europe defines "low-carbon plastic products" as those that demonstrate lower greenhouse-gas (GHG) emissions than its conventional reference product. These emissions must be third party verified.
[2] Plastics Europe defines "plastics products from sustainable carbon sources" are those made from circular feedstocks including bio-based, recycled and carbon-captured-based feedstocks.
[3] A lead market is a policy-constructed market environment where multiple demand-side instruments work together to create predictable, scalable demand for specific product categories or strategic sectors, enabling investment or industrial scale-up. Lead markets typically combine several market-pull measures, are sector specific and time limited. JRC publication - Lead Markets for Clean-tech November 2025.

2. **Union origin rules - achieving EU objectives through balanced third-country contributions (Article 8 and related provisions)**
    - **Union-origin requirements to incentivise the uptake of European-produced plastics in finished products:** To truly support plastics value chains, Union origin thresholds should be focused on composition of the finished product, meaning origin of the plastics, with a maximum % of non-originating materials[4]. At the same time, EU origin thresholds should be carefully designed to avoid undermining companies' ability to secure reliable supply.
    - To maintain relationships with strategic trade partners, content originating from third countries with immediate geographical proximity and highly interconnected value chains such as **the United Kingdom and EFTA countries[5], should be treated as equivalent to Union content** where it clearly contributes to the Union's competitiveness, resilience and economic security objectives. In addition, **other third countries could be considered on the same basis, if this is demonstrated through clearly defined criteria** e.g. under free trade agreements, and supported by robust, verifiable evidence of such contribution.

3. **Strategic sectors relying on plastics as a critical input material**

Plastics are a critical input material to strategic sectors supporting Europe's security across economy, energy, health and defence, strengthening its strategic autonomy and enabling global competitiveness in low-carbon value chains, clean and net zero technologies. Therefore, the list of strategic sectors under Annex I should be extended and remain flexible to allow for future integration of additional strategic sectors.

- **Construction and recycling technologies to be included in Annex I, therefore benefiting from the advantages of the Industrial manufacturing acceleration areas (IMAA)[6]:** Although the recognition of plastics and plastic products as a strategic sector under the IAA is a positive step for Europe, to fully achieve the objectives of the IAA, the scope of the list should be broadened to include other industries critical to the Union's economic security, such as construction and recycling technologies. These sectors play a key role in strengthening Europe's strategic autonomy and in rebuilding a competitive, investment-friendly environment for the plastics ecosystem, an essential precondition to get the circularity and low-carbon transition back on track.
- **Accelerating recycling via permitting and IMAAs.** To ensure that the IAA sets the right framework for a competitive, resilient and circular European plastics industry, the permitting framework set out in Article 5 of the IAA - single application, single procedure, digital portal - should be extended to include recycling technologies[7] so that these can benefit from the same or similar permitting procedures under the IAA.

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[4] Materials that do not qualify as originating in the European Union under the applicable rules of origin (typically non-EU inputs), with any recognition of originating status subject to clearly defined criteria and supported by robust, verifiable evidence of a clear contribution to the Union's competitiveness, resilience and economic security objectives.

[5] Iceland, Liechtenstein, Norway, and Switzerland.

[6] An Industrial Manufacturing Acceleration Area is a clearly identified zone to be designated by Members States, which includes a) an aggregated baseline permit authorising industrial activities located in the area excluding only installation specific permits, and b) facilitated access to infrastructure, financing, supply chain needs, low carbon energy, skills, and R&D.

[7] For the purposes of this framework, recycling technologies shall not include incineration activities.

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