

PROPOSED REPLACEMENT EU ACT INITIAL ASSESSMENT OF IMPACT

Reference: COM(2026)100

Date: 15th May 2026

Department: Department for the Economy

Proposed Replacement EU Act

[Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a framework of measures for the acceleration of industrial capacity and decarbonisation in strategic sectors and amending Regulations \(EU\) 2018/1724, \(EU\) 2024/1735 and \(EU\) 2024/3110](#)

This Regulation will replace Regulation (EU) No 305/2011 – Construction Products Regulation (link: <https://eur-lex.europa.eu/eli/reg/2011/305/oj>); which is linked to Protocol Annex 2, heading on Construction products / Goods – general provisions.

Summary of the Act

The Windsor Framework Taskforce has advised that nothing in the assessment carried out so far stands out as an element that would obviously fall under an Article 13(4) application. They note that there have been no discussions under the Windsor Framework about applying the IAA beyond the Construction Products Regulation elements.

This proposal establishes a new EU framework, known as the Industrial Accelerator Act, to accelerate industrial capacity and support decarbonisation in strategic sectors. The Regulation brings together demand side measures, investment conditions and permitting reforms to strengthen EU industrial resilience, reduce strategic dependencies and support the transition to a low carbon economy. Strategic sectors covered include energy intensive industries such as steel, cement and aluminium, net zero and clean technologies, the automotive value chain and critical raw materials.

The Act introduces preferences for EU origin and low carbon performance in public procurement and certain public support schemes, with the aim of creating lead markets for European manufactured clean industrial products. It also streamlines permitting and supports industrial clustering to speed up the deployment of manufacturing projects within the EU. In addition, it establishes a new framework applying conditions to certain large foreign investments in

strategic sectors to ensure they contribute to value creation, employment and decarbonisation objectives within the Union.

Amendments to the Construction Products Regulation are the principal relevance for Northern Ireland at this stage. The proposal amends Regulation (EU) 2024/3110 to align construction products placed on the EU market with the new low carbon and EU origin objectives under the Industrial Accelerator Act. This enables construction products covered by the CPR to be subject to additional sustainability, performance and information requirements where they are relevant to public procurement or public support measures under the Act. No wider product scope changes are introduced to the CPR at this stage beyond enabling this alignment.

How this differs from the existing framework:

- It goes beyond product safety and conformity rules by introducing an economy wide industrial policy framework focused on industrial capacity and decarbonisation.
- It integrates low carbon performance and origin based criteria into procurement and support schemes, rather than relying solely on technical product standards.
- It introduces a new, non security based framework for large foreign investments in strategic manufacturing sectors.
- It amends the Construction Products Regulation to support low carbon and industrial policy objectives, rather than altering the core conformity assessment system.

Department(s) Responsible

Lead UK Department is the Department for Business and Trade (DBT)

This is a reserved matter with no lead NI department. DfE have engaged to support the DSC due to our interest in Net Zero Business Opportunities & Advanced Manufacturing.

Initial Assessment of Impact

At this stage, it does not appear likely that the application of the proposed replacement act would have a direct or immediately perceptible impact on the everyday life of communities in Northern Ireland. The proposed Regulation is primarily concerned with EU-level industrial policy measures, including public procurement preferences, permitting processes and conditions attached to large investments in strategic manufacturing sectors. Any effects in Northern Ireland are expected to be indirect and mediated through public authorities, industrial

operators or supply chains rather than through changes experienced directly by households or communities.

The principal element of relevance for Northern Ireland relates to amendments enabling alignment with the Construction Products Regulation. These provisions concern regulatory frameworks, sustainability information and procurement-related requirements for construction products, rather than matters affecting the day-to-day use of buildings or consumer behaviour.

If the proposed replacement act were not applied in Northern Ireland, it is unlikely that this would result in a significant or immediate impact on the everyday life of communities. However, over time, non-application could give rise to regulatory divergence in relation to construction products and related public procurement frameworks, which could affect market access or supply chains that support construction and infrastructure activity.

Given Northern Ireland's continued application of EU rules on construction products under the Windsor Framework, non-application of amendments linked to the Construction Products Regulation could also introduce additional complexity or administrative burden for economic operators.

Other matters the Department wishes to draw to the Committee's attention

- Regulation of construction products is a reserved matter. The proposal engages the democratic scrutiny mechanism due to its direct application in Northern Ireland under the Windsor Framework, rather than because of devolved legislative competence.
- Amendments to the Construction Products Regulation are the principal area of relevance for Northern Ireland at this stage.
- A final UK Government Explanatory Memorandum for COM(2026)100 was received on 8th May 2026.

UK Government Explanatory Memorandum

The proposal introduces new procurement, subsidy, and investment rules, and focuses on three strategic areas:

- Energy-intensive industries, including steel, cement, chemicals and aluminium.
- Net-zero technologies, including batteries, solar PV, wind, heat pumps, and nuclear fission.
- Automotive supply chains, focussing on hybrids and electric vehicles (EVs) and digital components

In the proposal, most UK content is considered equivalent to “Union origin” by default through the UK-EU Trade and Cooperation Agreement and the WTO Agreement on Government Procurement (GPA). This means that products or components originating in the UK are deemed equivalent to those that originate in the EU and therefore are treated as if they were made within the EU. Traders must submit a self-declaration or equivalent document to certify their products meet origin requirements, which are determined in line with the Union Customs Code (Regulation (EU) No 952/2013)

However, the Commission is empowered to adopt delegated acts to exclude a third country (including the UK) from this status where reciprocity or security of supply concerns arise. The picture is more uncertain for the automotive sector as the Commission has proposed strict EU-only requirements for hybrids and electric vehicles, including EU-based assembly and high EU content thresholds.

Within the EU, the proposal mandates streamlined, digitalised permit-granting procedures for all industrial manufacturing projects. It would require EU member states to designate at least one area to cluster strategic industrial activities, benefitting from aggregated baseline permits to speed up deployment.

The proposal also introduces mandatory criteria for public procurement and support schemes, including low-carbon requirements which are applied to steel, cement and aluminium used in buildings, infrastructure and transport. It also promotes Made in EU requirements for certain net-zero components, e.g., battery cells, solar PV cells, wind turbine parts, and vehicles. It is expected that UK bidders would not require a derogation from the "Union origin" and low-carbon requirements in public procurement as a result of UK content being considered equivalent to Union origin.

The proposal also sets harmonised conditions for Foreign Direct Investment (FDI) exceeding EUR 100 million in emerging strategic sectors (batteries, EVs, solar PV, and critical raw materials) if the investor’s home country hold over 40% global manufacturing capacity. For such investments to be approved they must fulfil the following criteria:

- Foreign ownership must be capped at 49%
- Joint-ventures with EU entities
- Commitment to R&D spending in the EU
- Workforce comprising of at least 50% EU workers

The proposal amends Regulation (EU) 2024/3110 laying down harmonised rules for the marketing of construction products (‘the Construction Products Regulation’), to allow for new product labelling in regard to environmental sustainability on construction products. Details of such requirements will come through in future delegated acts. Such an amendment to the Construction

Products Regulation, which applies in Northern Ireland under the Windsor Framework, is likely to be subject to Article 13(3) of the Windsor Framework. There are also amendments made to EU procurement rules in respect of construction products.

The Proposal also amends Regulation (EU) 2018/1724 (Single Digital Gateway) and Regulation (EU) 2024/1735 (Net Zero Industry Act), which are not applicable under the Windsor Framework and as such there are no legal implications.

The regulation for placing or making available on the market of construction products is a reserved matter and the EU Construction Products Regulation (CPR 2024/3110) applies in Northern Ireland for the subset of products it covers, under the Windsor Framework.

The EU Construction Products Regulation (CPR 2024/3110) applies in Northern Ireland for the subset of products it covers, and amendments to this Regulation made through the IAA would likely apply under Article 13(3) of the Windsor Framework and be subject to domestic scrutiny arrangements.

The Windsor Framework includes mechanisms for the Government to engage with the EU in respect of new EU regulations that may apply in Northern Ireland under the Windsor Framework. The Government will do so in this case to ensure the potential impacts on the UK internal market are fully understood.

The Government, as set out in its White Paper on Construction Products reform, intends to retain consistency UK-wide with the EU construction products regime to support safety, growth and supply chains. The impacts of these future delegated acts on labelling are not yet known and will depend on their future content. The Government will engage with industry and assess these as they come forward, however the overall approach is an intention to retain consistency for domestic market and trade purposes, as well as to uphold the Government's commitment to safeguard the UK internal market.

We do not anticipate Northern Ireland specific financial implications, as the amendments made to the EU CPR 2024/3110 introduce enabling measures, so nothing directly changes because of them.

Analysis by the European Commission on its Impact Assessment

The European Commission published a full impact assessment to accompany the proposal for the Industrial Accelerator Act (SWD(2026)71), together with an executive summary (SWD(2026)72). The assessment examines the need for EU-level action to address declining industrial competitiveness, persistent supply chain dependencies in strategic sectors, and the scale of investment required to support industrial decarbonisation. It concludes that coordinated EU intervention is necessary to create lead markets for low-carbon industrial products, improve

investment conditions, accelerate permitting processes, and strengthen economic security in strategic manufacturing value chains.

The impact assessment evaluates several policy options against a baseline scenario of no additional EU action. It finds that a combined approach, bringing together demand-side measures, targeted conditions on large foreign investments and permitting reforms, would deliver the greatest net benefits. The Commission assesses impacts across economic, environmental and social dimensions, noting potential positive effects on industrial investment, innovation, emissions reductions and resilience of supply chains, while also considering administrative and compliance costs for public authorities and economic operators.

Stakeholder input was gathered through public consultations, targeted consultations with industry, public authorities and civil society, and engagement with Member States. Feedback highlighted broad support for EU action to strengthen industrial competitiveness and decarbonisation, alongside concerns about administrative burden, permitting constraints and the need for proportionality. The impact assessment records these views and reflects them in the choice of a targeted framework, with measures focused on specific strategic sectors rather than an economy-wide regime.

The impact assessment does not identify Northern Ireland-specific stakeholder input as a distinct category. However, the analysis takes account of the situation of regions and market operators operating under EU internal market rules, including those subject to EU product regulation frameworks. The Commission's proposal reflects this by focusing amendments to existing regulatory instruments, including the Construction Products Regulation, in order to enable alignment with low-carbon and industrial policy objectives while retaining the core technical conformity framework.

Departmental Engagement

As this is a reserved matter officials in DfE have engaged with the UKG lead in DBT to understand the EM and provide briefing to the committee.