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Regulatory Update

The EU Industrial Accelerator Act: What Businesses Need to Know

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The proposed European Union Industrial Accelerator Act (the IAA or Act) marks a further step in the EU's shift toward an integrated industrial and infrastructure strategy, moving away from the bloc's free-trade philosophy that has directed decades of policy.¹ The European Commission is expected to unveil regulations that would subject foreign investments of more than €100 million in key sectors relating to industrial manufacturing activities to stringent requirements on technology transfers, local workforce recruitment and joint ventures with European partners. This reflects a shift toward a more protectionist era driven by international pressures, with the move designed to maintain the EU's competitiveness with major global players such as China and the U.S.²

While framed as an industrial policy measure, the IAA is expected to have significant implications for EU infrastructure M&A, investment and development, with the Act covering sectors such as energy intensive industries, net-zero technologies manufacturing and the automotive industry.³ The IAA reflects the broader EU response to global developments in industrial and infrastructure investment, particularly in jurisdictions offering faster approvals and clearer investment incentives. Infrastructure investors and businesses involved in developing or financing EU infrastructure assets should therefore consider how the IAA may affect project timelines, regulatory risk and the nature of investments.

Scope and Key Features

Scope

While the final scope of the IAA remains under development until its final publication, it is understood that it covers measures designed to accelerate project delivery, stimulate demand for EU-made low-carbon industrial products and support the modernisation of energy-intensive and strategic sectors. The Act is designed to complement existing initiatives such as the Net-Zero Industry Act⁴ by reducing regulatory bottlenecks, encouraging investment in clean and advanced manufacturing activities and helping to create gold standard sustainable industrial markets within the EU.

Permitting Acceleration and Project Coordination⁵

For infrastructure investors and developers, the most significant aspect of the IAA is likely to be the streamlining of approval processes for modernisation and decarbonisation efforts. This includes the introduction of statutory time limits for approval decisions, in addition to enhanced coordination across environmental, planning and sectoral regulators, all of which could materially reduce development timelines and regulatory uncertainty for complex infrastructure projects.

However, current European Commission messaging emphasises those faster decisions while still preserving environmental safeguards and health protections. In practice, this means that such speed should be achieved by compressing and coordinating, and not removing, core environmental and stakeholder processes, including EIA⁶ workstreams and public participation rights.⁷ Investors, developers and financiers should therefore treat ESG as a critical timetable enabler as front-loading baseline studies, stakeholder engagement, biodiversity and community mitigation planning, and credible climate-risk assessment evidence will be essential to reduce iterative information requests and limit post-consent challenge risk within shortened permitting windows.

Localisation and Strategic Resilience

The Act is expected to introduce “Made in the EU” requirements for some specific net-zero technology components and local content considerations aimed at strengthening domestic supply chains and supporting European manufacturing capacity. Such provisions would prioritise EU-produced goods and components in certain strategic sectors, particularly for public procurement and large industrial projects, while encouraging companies to source, manufacture or assemble products within the single market. The measures are intended to boost resilience, reduce strategic dependencies and ensure that public and private investment more directly supports jobs, skills and industrial activity in the EU.

For EU infrastructure companies and projects, the effect of the IAA is likely to influence procurement strategies, supplier selection, as well as the way projects interact with existing “local content” expectations under EU and national funding regimes, with potential implications for cost, timing and contractual structuring.

Transactional and ESG Implications for Infrastructure Clients

Corporate Transactions

For buyers, sellers and investors, the IAA may influence how certain European infrastructure M&A transactions are priced, structured and executed. Accelerated approval processes or the “strategic project” status may enhance asset readiness, reduce development risk and positively affect valuation and deal timing.

Parties may also place increased emphasis on the allocation of regulatory and approval risk through conditions precedent, long-stop dates and termination rights, in addition to focusing on ongoing and future material compliance and sustainability obligations at the due diligence phase of a deal. Transactions involving assets that benefit from accelerated approval procedures may also carry additional compliance, monitoring and potential clawback exposure, which will need to be carefully addressed through targeted contractual protections and clearly defined post-completion obligations.

ESG Considerations

The IAA reinforces the EU’s emphasis on ESG integration across infrastructure development, including environmental performance and lifecycle emissions, social and community impact, and transparency and reporting obligations. Robust ESG governance will increasingly be a prerequisite for accessing accelerated treatment or public support.

The Act is also likely to embed ESG considerations on the demand side by linking market access and incentives to verifiable sustainability credentials, particularly through (i) non-price procurement criteria (including sustainability/resilience and EU content requirements) and (ii) a voluntary low-carbon product label anchored in carbon-intensity methodologies for industrial goods⁸. For infrastructure sponsors and investors, this increases the need for defensible ESG proof points across the asset lifecycle and supply chain, aligned with the EU’s broader sustainable finance and reporting architecture (including DNSH⁹ and “minimum safeguards” concepts under the EU Taxonomy Regulation and, where applicable, corporate sustainability reporting expectations under the Corporate Sustainability Reporting Directive¹⁰, the European Sustainability Reporting Standards and investor disclosure expectations under the SFDR¹¹). Robust ESG governance, data quality, audit/assurance readiness, and contractually enforceable monitoring and compliance mechanisms will therefore be

increasingly relevant not only for regulatory defensibility, but also to protect procurement eligibility, financing terms and value.

Final Thoughts and Next Steps

The Act remains under development, with the timing of its publication still up in the air¹², but much will depend on both the scope of secondary legislation and Member State implementation. Infrastructure clients should expect further EU guidance clarifying eligibility, procedural timelines and interaction with existing sector-specific regimes.

For infrastructure sponsors, developers and investors, the IAA has the potential to meaningfully reshape certain infrastructure transaction timelines and risk profiles. While it promises faster delivery and improved coordination, its success will depend on consistent implementation and careful integration with existing planning, environmental and financing frameworks. Early engagement will be critical to capturing upside while managing new regulatory uncertainty.



If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

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¹ European Commission, *Regulation of the European Parliament and of the Council on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors and amending Regulation (EU) 2018/1724, Regulation (EU) 2024/1735 and Regulation (EU) 2024/3110 (the Industrial Accelerator Act)* (Brussels, 2026, Leaked Draft).

² European Commission, *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: A Competitiveness Compass for the EU, COM (2025) 30 final* (29 January 2025). [EUR-Lex - 52025DC0030 - EN - EUR-Lex](#)

³ European Commission, *Regulation of the European Parliament and of the Council on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors and amending Regulation (EU) 2018/1724, Regulation (EU) 2024/1735 and Regulation (EU) 2024/3110 (the Industrial Accelerator Act)* (Brussels, 2026, Leaked Draft).

⁴ Regulation (EU) 2024/1735.

⁵ European Parliament, *Industrial Accelerator Act*. Legislative Train Schedule report. European Parliament, 2026. [01 2026 | A new plan for Europe's sustainable prosperity and competitiveness | Industrial Accelerator Act](#)

⁶ Environmental Impact Assessment (EIA) Directive (2011/92/EU as amended by 2014/52/EU).

⁷ European Commission, *Commission proposal COM (2025) 984 on speeding-up environmental assessments*. [EUR-Lex - 52025PC0984 - EN - EUR-Lex](#)

⁸ European Commission, *Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions, "The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation"*. [EUR-Lex - 52025DC0085 - EN - EUR-Lex](#)

⁹ "Do no significant harm" principle under the EU Taxonomy Regulation (Regulation (EU) 2020/852).

¹⁰ Directive 2022/2464.

¹¹ Sustainable Finance Disclosure Regulation, Regulation (EU) 2019/2088. Further information on sustainable finance and reporting, together with the proposed Omnibus initiatives package, is available at ["The EU Omnibus I — But Where Has It Stopped?"](#), [The EU Omnibus I — But Where Has It Stopped? | Paul Hastings LLP](#)

¹² Ursula von der Leyen promised the publication of the Act to be released in advance of the next European Council meeting on 18 March 2026.

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