

Umicore Position Paper on the Industrial Accelerator Act

**Strengthening Europe's battery
value chain through robust
Made-in-EU requirements**



Introduction

Europe is undergoing its most significant industrial transformation in decades. Electrification, net-zero technologies, and a resilient supply chain for electric mobility are essential to Europe's strategic autonomy and economic security.

Umicore delivers the advanced materials and recycling technologies necessary for electric mobility. As the first company in Europe with a fully integrated, circular, and sustainable battery materials value chain, we combine innovation with responsible sourcing and recycling. Our high-performance cathode active materials (CAM) enhance battery safety, durability and range, while battery recycling solutions recover critical metals like cobalt, nickel, copper and lithium. For Umicore, the Industrial Accelerator Act (IAA) represents a decisive opportunity to protect Europe from becoming completely dependent on external markets for batteries and clean mobility technologies.

The IAA Commission proposal of 4th of March 2026¹ has the right ambition: accelerate industrial capacity in strategic sectors. But without strong, enforceable Made-in-EU requirements, the EU risks repeating the experience of solar panels and other clean-tech sectors where manufacturing has increasingly shifted to a few non-EU countries. The current proposal does not sufficiently ensure that key battery production steps, especially high-value processes such as CAM production and recycling, which is essential to keeping battery raw materials in the loop, will take place in Europe. Our proposed amendments address this.



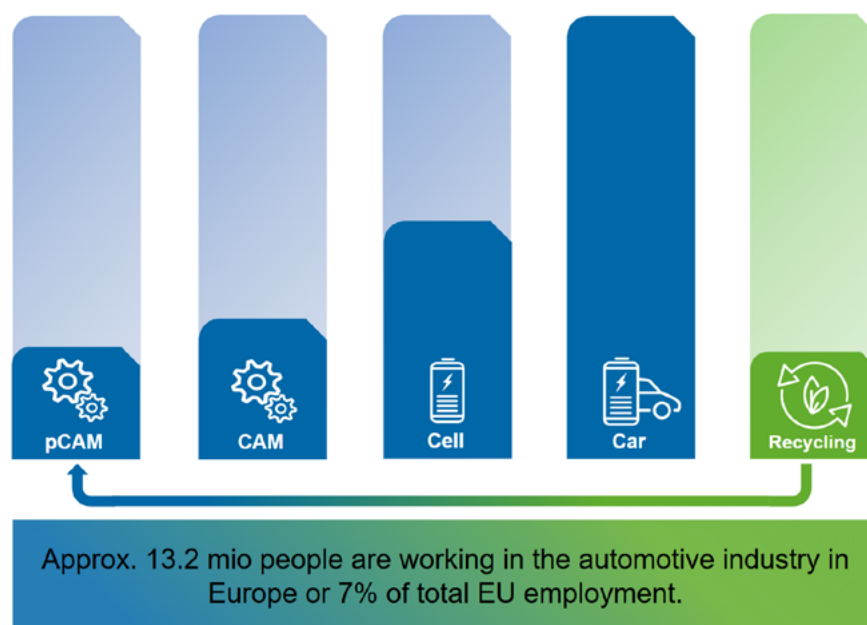
Umicore's closed-loop model combines recycling, refining, pCAM and CAM into one integrated battery materials value chain.

¹ [Industrial Accelerator Act - Internal Market, Industry, Entrepreneurship and SMEs](#)

Made-in-EU: key proposals to improve the chapter on strengthening the Union's strategic industrial value chain (Chapter III)

Europe's ambition to build a competitive, resilient, and strategically autonomous battery value chain has taken on renewed urgency in a markedly altered geopolitical context. Today, securing the entire battery ecosystem—from raw materials and active components to recycling—is more critical than ever to safeguarding Europe's industrial base and its leadership in clean technologies. In this context, European precursor cathode active material (pCAM) production and battery recycling remain severely underdeveloped when measured against the scale of Europe's automotive manufacturing base and its projected battery demand (see figure below).

Without scaling up these activities in Europe, upstream investments in raw materials and downstream investments in cell manufacturing risk remaining technologically and strategically dependent on third countries, undermining both Europe's industrial resilience and its leadership in next-generation battery technologies.



Why “made in EU” requirements are needed for batteries Battery supply chain in transition in Europe - ACEA, The 2024-2025 Automotive Pocket Guide

To meet today's challenges, the EU must look beyond the current set of policy instruments and adopt more effective, future-proof measures that support the entire value chain.

Why strong Made-in-EU rules are essential

- **Batteries represent up to 40% of an EV's value.** Without key production steps such as pCAM, CAM and recycling happening in the EU, Europe will assemble cars but rely on non-EU countries for their most valuable component.
- Europe faces **strong competition from Asian countries** throughout the battery value chain, while still lacking equivalent recycling capacities. Granting "EU content" status to FTA partners risks incentivising the relocation of key battery value-chain activities outside Europe and should only be possible subject to a resilience-based assessment confirming a continued contribution to Europe's battery-value-chain resilience.
- **Non-preferential Rules of Origin (Union Customs Code)** to define "made in EU" are insufficient: simple mixing or minor transformations of battery materials would confer "EU origin" without meaningful EU value added.
- Existing definitions of cathode active materials (CAM) under the Net-Zero Industry Act (NZIA) and recycled content in the **EU Batteries Regulation** need to be consolidated.

Key principles proposed by Umicore for amending the IAA proposal:

1. Use a component-based approach instead of flexible rules of origin

For CAM and other NZIA components, define key manufacturing steps that must occur in the EU to ensure real value creation happens in Europe (see also 4.):

1. CAM calcination and active material formation
2. pCAM co-precipitation process of battery-grade transition-metal-compounds
3. EU recycled content using the recycled content definition of the EU Batteries Regulation, but making it mandatory that the recycling takes place in the EU.



Battery cathode materials sample at Umicore Corporate R&D center in Olen, Belgium.

2. Require 100% EU-made CAM from the start for public procurement & public support schemes incl. corporate fleets

CAM capacity in Europe is ramping up rapidly, with sufficient volume expected from 2026–2027 onward. Delays or exemptions in EU content requirements for CAM risk slowing industrial momentum.

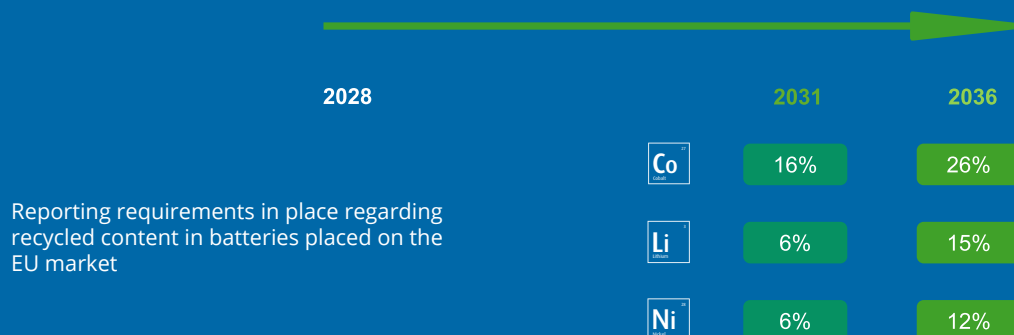
pCAM is a key step in the production of a battery defining battery safety, energy density, and lifespan. As pCAM capacity in Europe is rapidly increasing, pCAM should be part of the other NZIA specific components to be chosen from, three years after the entry into force of the IAA, (see also 4. NZIA amendments).

3. Introduce recycled content processed in the EU for batteries

Circularity must be strengthened by mandating that a significant portion of battery materials be recycled in the EU. While the EU Battery Regulation sets recycled content targets, it does not require recycling and refining to battery-grade materials to occur in the EU. The IAA should align “recycled in EU” content targets with the Battery Regulation timeline (see example below)

EU Battery Regulation 2023/1542

Recycled content



EU content requirements in Industrial Accelerator Act (IAA)

Made in EU

- The demand for EU ReCo is depending on the CAM demand for new EV vehicles
- At the same time, in this period, Production Scrap and EoL batteries containing these elements are available for recycling in Europe

Linking the available local recycling volume to meet recycling content target
Example:

In 2031, 1000t of Co is needed to meet EU CAM demand

- 16% Co ReCo = 160t
- EU Recycling feedstock contains 100t of Co
→ CAM producers should source 100t from EU and 60t from RoW



Source: Battery Pass Consortium

4. Make Digital Product Passports (DPPs) instrumental for origin verification

Although batteries incl. EV batteries will be associated with Digital Product Passports (DPPs) as of February 2027, current provisions do not serve a clear upstream traceability purpose. DPPs should therefore include verified provenance information (e.g., Certificates of Origin) for strategic components (EU-origin CAM) and secondary battery materials (EU-origin recycled cobalt, nickel, and lithium). These requirements should be defined in delegated acts to guide conformity assessment bodies.

DPPs could also interface with customs IT systems to enable **automated declarations, providing structured and verified data on key transformation steps and supporting enforcement.** Different assurance levels (e.g., self-declaration, second or third-party audits) could be applied for DPP data, providing a robust and trusted method for origin verification. This is administratively manageable, as only a limited number of EU facilities would require such checks.

5. Make sure the definition for low-carbon products valorises corporate Power Purchase agreements (PPA's)

The current definition of “low-carbon products” in the IAA leaves significant elements to be clarified in future delegated acts. As the Commission currently engages with industry on removing barriers to Power Purchase Agreements (PPAs) and completing the single energy market, it is essential that verifiable market-based instruments—such as renewable PPAs—are fully recognised within electricity-modelling methodologies. Allowing manufacturers to account for renewable electricity procured through PPAs is crucial to accurately reflect and further reduce the carbon footprint of products.

The long-awaited delegated act under the EU Batteries Regulation is overdue, but its relevance extends far beyond batteries, particularly to all products falling under the Ecodesign for Sustainable Products Regulation (ESPR).



Stock image inside a EV battery pack

Concrete amendments to Chapter III

- **Article 7 — Union origin:** Clearly define the key manufacturing steps for battery components under Regulation 2024/1735 (NZIA), and use the battery passport as the tool to help enforcement tied to the actual location of key transformation processes.
- **Article 8-9 — Content equivalent to Union origin:** 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.
- **Article 10 — Low-carbon products:** Ensure EU GHG accounting methodologies explicitly recognise renewable electricity procured through verifiable PPAs, allowing manufacturers to use PPA-based emission factors instead of grid averages—removing regulatory barriers to PPA uptake and enabling accurate reflection of decarbonisation efforts.
- **Article 11-12 — Public procurement and other forms of public intervention:** Remove the 25% or 30% cost-increase exemption & require 100% of the spent member states' budget to be aligned with origin requirements, which would otherwise create structural loopholes and undermine EU capacity building.
- **Articles 13-14 — Corporate vehicles and CO2 emission performance standards credits:** Clarify that Union origin cannot be met through FTA partners or other trading partners, but is strictly limited to EU-only assembly and components.
- **Annex III — Union origin requirements for vehicles:** Require CAM and recycled content to originate in the Union. Apply rules equally across all vehicle segments. Focus on made-in-EU requirements related to the battery, not to non-battery components.



Umicore's pilot battery recycling smelter in Hoboken, Belgium.

Foreign Investment Contribution

(Chapter IV)

Foreign investment is essential to scaling Europe's industrial base, but only when it reinforces EU value creation, technological leadership, and supply-chain resilience. FDI screening is crucial for developing Europe's clean-tech manufacturing capacity, including battery materials, refining, recycling, and EV components. Given the high global concentration of these sectors, FDI must be shaped to support EU strategic autonomy rather than dilute it.

Umicore fully supports the objectives of the FDI chapter and proposes only few targeted amendments to ensure that foreign investment genuinely enhances EU industrial capacity, skills, IP protection, and supply-chain resilience and encourages strategic partnerships that ensure meaningful local value creation.

As long as the IAA is not yet final, we also strongly **encourage all Member States to already apply** the principles below within their national FDI-screening policies.

Key principles proposed by Umicore for amending the IAA proposal:

- The FDI chapter should not be about restricting investment from specific countries but about shaping investment so that it strengthens Europe's industrial base. Screening criteria must **target sector-specific strategic risk**, not investor nationality or FTA status.
- Ensure that local sourcing criteria are defined **consistently** with the Union-origin requirements set out in the IAA (and NZIA) annexes.

Concrete amendments to Chapter IV

- **Article 17 — Scope of FDI screening:** Remove the condition that screening only applies if the investor's home country controls >40% of global capacity, explicitly include battery recycling as a covered strategic sector and remove automatic exemptions for investors from free trade agreement (FTA) countries.
- **Article 18 — Value added criteria for approving FDI:** Strengthen joint venture requirements guaranteeing mandatory EU participation in management, technology transfer and capacity building, align the definition of local sourcing with the origin requirements specified in the Annexes of the IAA and NZIA.



Umicore operators at battery cathode materials in Nysa, Poland.

NZIA Amendments (Article 34)

The Net-Zero Industry Act (NZIA), adopted in June 2024, has already strengthened several key instruments to ensure that auctions and support schemes for strategic clean-tech sectors—such as batteries—better account for supply chain resilience. As the EU moves into a new phase with the Industrial Act for Europe (IAA), where a reinforced European preference for selected strategic products is required, strong alignment between the IAA and the NZIA becomes essential. Such alignment is necessary to avoid contradictory incentives and to secure stable, predictable demand for EU-produced cathode active materials (CAM), precursors (pCAM) and recycling.

The IAA proposed amendments to the NZIA provide a valuable framework for supporting manufacturing of net-zero technologies, however several gaps remain:

- **Local content requirements should not be restricted to Battery energy storage systems (BESS) under the NZIA.**

The scope of the IAA-driven amendments to the NZIA should not be limited to a new subcategory of BESS, but should reflect the full strategic importance of all battery technologies across the value chain.

- **Cost- or availability-based exemptions risk undermining the development of a resilient EU battery manufacturing base.**

Allowing broad derogations could unintentionally favour imports from highly concentrated third-country suppliers, counteracting the resilience and autonomy objectives of both the NZIA and the IAA.

- **Union-origin requirements must reflect the key manufacturing steps of battery production** instead of relying on flexible Customs Code classifications.

Only rules that genuinely reflect the strategic manufacturing stages—such as CAM production and recycling—can ensure that EU value creation is recognised and rewarded. In the list of specific components considered to be primarily used for the production of net-zero technology, also **precursor cathode active material** (pCAM) needs to be added. Although an intermediate material, pCAM is the transformation of battery grade critical minerals (typically nickel, cobalt, and manganese) of which the quality directly affects battery safety, energy density, and lifespan, and thus a key manufacturing step in the battery. pCAM is a also product intended exclusively for batteries.



Umicore battery cathode materials plant in Nysa, Poland.

Key principles proposed by Umicore for amending the IAA proposal:

1. **Clarify definitions** for all battery technologies and ensure alignment with EV battery definitions.
2. **Apply CAM and recycled content requirements consistently** across NZIA, IAA, and Battery Regulation (Art. 28C, 28d, Annex II).
3. **Remove broad exemptions** for “unavailability” or “disproportionate cost” (25% cost increase threshold), which risk stopping EU manufacturing, especially in emerging, infant industries such as batteries from scaling.
4. **Facilitate DPP-based verification** for NZIA technologies, mirroring IAA Article 7.
5. **Add pCAM to the list of key specific components** of battery technologies.



Researcher preparing a cell assembly process at Umicore Corporate R&D center in Olen, Belgium

Concrete amendments to NZIA

- **Art. 28c —Union origin requirements for Member State support to construction and manufacturing of net-zero technologies:** remove the disproportionate cost-based exemption in point (b) and the delay-based exemption in point (c), ensuring that origin requirements cannot be waived on the basis of cost increases or project delays, which would otherwise create structural loopholes and undermine EU capacity building in the still emerging European battery value chain.
- **Art. 28d—Union origin:** Insert in the Annex of the NZIA a definition of key manufacturing step for products and main specific components for batteries and use the battery passport as the tool to facilitate strict enforcement tied to the actual location of key transformation processes.
- **Art. 28g —Content equivalent to Union origin in other forms of public intervention:** 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
- **Annex II — Union origin requirements for net-zero technologies:** clarify that the scope of the NZIA is not limited to battery energy storage systems (BESS) but applies to all battery and energy storage technologies. Make sure that besides the cathode active materials, also the “recycled in the EU” dimension is incorporated, drawing on the existing definition of recycled content, which is already available under the EU Batteries Regulation
- **NEW: Annex I — components that are primarily used in batteries:** Add precursor cathode active material (pCAM) to the list of key specific battery components and specify in an additional column the key manufacturing step for each of all these components.

Conclusion

The Industrial Accelerator Act can become a cornerstone of Europe's industrial strategy—**but only if its Made-in-EU rules are strong, enforceable, and grounded in industrial reality.** For the battery value chain, this means:

- Recognising CAM and battery recycling as essential strategic steps.
- Ensuring these steps occur in Europe through clear, component-based origin requirements based on a key production step definition rather than vague non-preferential rules of origin.
- Avoiding loopholes that dilute “made in EU”, such as automatic FTA equivalence or broad cost-based exemptions, which risk the development of the battery industry.
- Apply the same criteria for all types of eligible electric vehicles, from corporate fleets, public procurement and super-credits for small electric vehicles.
- Aligning IAA, NZIA, and the EU Batteries Regulation into one consistent framework.
- Making Digital Product Passports instrumental for EU origin verification.

For Umicore, a robust IAA is essential to accelerate investments, strengthen resilience, and ensure that Europe's EV and battery industries remain firmly rooted on European soil. This legislation will determine whether Europe stays in the global race for clean mobility—or slips into the position of a mere assembly hub reliant on non-EU suppliers.

The moment to act is now.



Umicore pilot battery recycling plant in Hoboken, Belgium.

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Umicore pCAM refining plant in Kokkola, Finland.

About Umicore

Umicore is a global advanced materials and recycling Group. Leveraging decades of expertise in materials science, metallurgy, chemistry, and metals management, Umicore transforms precious and critical metals into functional technologies that enable everyday applications. Its unique circular business model ensures that these critical elements are continuously refined and recycled, to be reintegrated in new applications.

Umicore's four Business Groups – Battery Materials Solutions, Catalysis, Recycling and Specialty Materials – offer materials and solutions addressing resource scarcity and the growing need for functional materials for clean technologies, clean mobility and a connected world. Through tailored and cutting-edge products and processes they drive innovation and sustainability.

Umicore generates the majority of its revenues from, and focuses most of its R&D efforts on, clean mobility and recycling. Its overriding goal of sustainable value creation is rooted in developing, producing and recycling materials for a better life.

Umicore's industrial, commercial and R&D activities, with more than 11,000 employees, are located across the world to best serve its global customer base. Group revenues (excluding metal) reached € 3.6 billion (turnover of € 19.4 billion) in 2025.



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