



NEW ZEALAND
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Manatū Aorere

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Procurement changes and opportunities under the EU's proposed Industrial Accelerator Act

MARKET INTELLIGENCE REPORT

Summary

- The European Union (EU) has been steadily developing a ‘Made in Europe’ industrial policy framework which aims to strategically leverage the size of the EU’s public procurement market. This will strengthen the bloc’s resilience, competitiveness, economic security, and strategic autonomy.
- The European Commission’s recent Industrial Accelerator Act (IAA) proposal is the latest example of the EU making public funding availability dependent on **where** publicly procured goods come from (i.e. in the EU or in partner countries), and **how** they are made (i.e. with defined sustainability-related attributes).
- The measures contained within the IAA proposal are intended to support the growth of the EU’s manufacturing industry to 20% of GDP by 2035 (up from 14.3% in 2024).
- New Zealand is well placed to maintain access to EU public procurement under a finalised IAA, given its commitments under the WTO Government Procurement Agreement and the New Zealand–EU Free Trade Agreement, which align with the EU’s reciprocity-based approach. However final access will depend on Commission assessments as the policy is implemented.
- The EU’s growing emphasis on low-carbon and sustainable public procurement could create new commercial opportunities for New Zealand firms, particularly those producing low-emissions goods, by leveraging the sustainable trade provisions and procurement access secured under the New Zealand–EU Free Trade Agreement.
- As such, interested New Zealand businesses should stay abreast of developments in the IAA and the broader ‘Made in EU’ agenda.

Report

EU Government Procurement

The value of Government procurement within the EU and its Member States for goods and services is estimated to be worth around **€2.5 trillion** (around **NZD \$5 trillion**). In recent years, the EU is increasingly conditioning access to public funding to support the competitiveness of strategic sectors such as energy, transport, and clean technology.

Policy initiatives such as the [Clean Industrial Deal](#), the Industrial Action Plan for the automotive sector, and Green Industrial Plan – including its Net-Zero Industry Act – have all been implemented under the umbrella of ‘Made in Europe.’ The EU has also set a 50% minimum green public procurement target under its [Eco-design for Sustainable Products Regulation](#).

The Industrial Accelerator Act (IAA)

First proposed on 4 March 2026, the IAA is one of the latest of the ‘Made in Europe’ initiatives. It takes a targeted sectoral approach to using public procurement and incentives to boost demand for EU-produced clean/net-zero technologies, and goods such as steel, cement, aluminium, and automotive components.

The IAA is inspired by comparable initiatives in the United States and Canada, but the EU plans to take a different approach by opening some procurement markets only to countries that give EU companies similar access in return via multi-layered reciprocity provisions.

Key elements of the IAA proposal

Made in EU” versus “Made with EU”

- The IAA introduces ‘EU origin’ requirements for public procurement and public support schemes used for:
 - Battery energy storage systems.
 - Solar photovoltaic technologies.
 - Heat pumps.
 - Onshore and offshore wind technologies.
 - Electrolysers.
 - Nuclear fission energy technologies.

- These requirements are designed to ensure that a certain share of goods and their main components originate from inside the EU. Relevant goods can still be considered ‘EU origin’ if they originate from a country that meet either of the following criteria (both of which apply to New Zealand):
 - a) has concluded a Free Trade Agreement or Customs Union Agreement with the EU; and/or,
 - b) has signed the World Trade Organisation (WTO) Agreement on Government Procurement.
- Additionally, when determining the extent to which goods can be considered ‘EU origin’ the European Commission will consider the extent to which the non-EU country of origin offers comparable access to its procurement market.

Low-Carbon Product Requirements

- The IAA also establishes low-carbon public procurement requirements for steel, cement, and aluminium used in buildings, infrastructure, and the automotive sector.
- Public procurement procedures would require that at least 25% of the steel used in buildings, infrastructure and motor vehicles be low carbon.
- A parallel requirement applies to aluminium, though in addition to being low carbon at least 25% of the total volume of aluminium used for procurement in those sectors should also be EU origin.
- At least 5% of the total volume of concrete and mortar used in buildings and infrastructure for civil purposes should also be low carbon and EU origin.
- The methodologies for calculating greenhouse gas intensity would rely on established emissions-accounting frameworks, though data verified under the Carbon Border Adjustment Mechanism could be used for imported products.

Foreign Direct Investment Conditions

- Where foreign direct investment exceeds €100 million (NZD \$199.5 million) in emerging strategic sectors, the IAA would require approval from EU Member State investment authorities.
- The emerging strategic sectors covered include battery technologies, electric vehicles, solar photovoltaic technologies, and extraction, processing, and recycling of critical raw materials. However, EU Member State approval would only be needed where more than 40% of global manufacturing capacity in strategic sectors is held by the non-EU country of which the foreign investor is a national.
- Investment Authorities will only approve foreign direct investments that fulfil at least four of six specified conditions, including that:
 - foreign investors do not acquire more than 49% of the share capital or voting rights;
 - investments are undertaken through a joint venture with one or more EU entities;
 - investors have entered agreements providing for the licensing of their intellectual property rights and know-how for the benefit of the EU target or asset; and,
 - at least 50% of the workforce employed in in the context of the foreign direct investment be EU workers.

Streamlined Permitting

- The IAA would require Member States to set up a national-level single access point for permitting applications for industrial manufacturing projects.
- Single access points would provide all necessary procedural information to applicants, as well as interoperable data exchange between competent authorities through use of European Business Wallets. Applicants would be entitled to submit a single application covering all permits required for a project.
- Energy-intensive industry decarbonisation projects would be classified as strategic, and benefit from streamlined permitting provisions including accelerated environmental assessment procedures and faster approval of intermediate steps.

Implications for New Zealand

New Zealand's access to the EU's public procurement market is supported both by WTO Government Procurement Agreement, and our later New Zealand – EU Free Trade Agreement which further expanded access. Given access to New Zealand government procurement processes is generally open to European applicants, New Zealand companies should in turn stand to benefit from the reciprocity-focused approach taken by the IAA. That said, even if the IAA proposal is approved in its current form, it would be for the European Commission to assess the extent to which it is open to New Zealand procurement applications.

For New Zealand companies producing low-carbon and sustainable goods, the general trend in the EU's approach to green public procurement may also generate opportunities – particularly in leveraging the procurement access and sustainable trade focus of the New Zealand – EU Free Trade Agreement.

Next steps

The IAA is at the first proposal stage and is expected to undergo change throughout the EU legislative process expected to take over a year from now. As such, interested businesses should stay abreast of developments in the IAA and the broader 'Made in EU' agenda.

Useful resources:

- [Industrial Accelerator Act](#)
 - [European Commission Proposes Industrial Accelerator Act: Key Takeaways](#)
 - [What will “Made in Europe” mean in practice?](#)
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