

## **Input to Sweden's position ahead of upcoming EU negotiations – announced proposal for an Industrial Decarbonisation Accelerator Act (IDAA)**

The contribution of the Implementation Council to the Swedish position is presented in full in section 8. The Council's proposals in summary are:

### **On more efficient permitting procedures**

- The government should ensure that Swedish administration is adapted to a development where more EU regulations impose requirements on deadlines and prioritization in national permitting cases.
- The government should push to ensure alignment between IDAA (Industrial Decarbonisation and Acceleration Act), CRMA (Critical Raw Materials Act) and NZIA (Net-Zero Industry Act) regarding permitting procedures, but also work for partial alignment of the substantive content in the IED (Industrial Emissions Directive) and WFD (Waste Framework Directive).

### **On public procurement**

- The Council wishes to particularly highlight the Commission's intention to introduce additional criteria for public procurement in strategic sectors. This could hinder the government's ambition to promote a simplified procurement framework focused primarily on procedural rules.
- The Council considers that "Made in EU" criteria could be particularly harmful to competition and to the EU's competitiveness.
- The government should seek clarifications regarding the Commission's intentions to regulate contractual terms in private procurements.

***The Council's proposals in summary (continued)*****On a possible new labelling scheme for carbon intensity**

- The Council questions both the need for and the appropriateness of a new labelling scheme based on CBAM. The work already underway under ESPR, including for iron and steel, should be prioritized over the development of an entirely new labelling scheme.

**On prioritized projects and clusters**

- The government should advocate for a cautious approach to this type of support for targeted projects. They risk promoting an application-driven economy that is not primarily focused on innovation.
- The government should emphasize the importance of ensuring that any initiatives also include projects such as CCU (Carbon Capture and Utilization), CCS (Carbon Capture and Storage), and the contributions of bio economies as energy sources and raw materials.

**The Council's overall message**

The government should work to ensure that EU legislation is future proofed by defining frameworks and avoiding micromanagement. Otherwise, there is a risk of being locked into outdated technological solutions.

## 1. Role of the Swedish Implementation Council

The task of the Implementation Council is to assist the Government in its efforts to strengthen the competitiveness of Swedish businesses by avoiding implementation above the minimum level, counteracting unjustified regulatory burdens and reducing administrative and other compliance costs when implementing EU regulations in Swedish law. The work of the Implementation Council shall be based on a business perspective.

The Implementation Council is to provide the Government with information and recommendations, partly as a contribution to Swedish positions in negotiations, and partly on how EU legal acts can be implemented in Swedish law in a way that is not more far-reaching from a business perspective than the legal acts require.

The work of the Implementation Council is based on descriptions of problems communicated to the Council, primarily from industry

organisations and their member companies. During the work on the documents, contacts are also made with others who are familiar with the respective subject area, such as authorities. In the light of the information and knowledge obtained, the Council makes a balanced and independent assessment of how the business perspective can be appropriately addressed in each individual case.

In preparing this opinion, the Council has primarily used information received in contacts with, among others, the Confederation of Swedish Enterprise, The Board of Swedish Industry and Commerce for Better Regulation (NNR), The Swedish Agency for Economic and Regional Growth, Drivkraft Sverige, the Federation of Swedish Farmers, Jernkontoret and the Technology Industries of Sweden.

## 2. EU legislative proposal concerned

Upcoming proposal for a regulation on the accelerated phase-out of fossil fuels/emissions in industry (Industrial Decarbonisation Accelerator Act, IDAA).

## 3. Aims and objectives of the proposal

To increase sustainable and resilient industrial production in energy-intensive industries in the EU by supporting investments that reduce fossil emissions. This will be achieved through:

- More efficient permitting procedures for the expansion of projects related to power grids, energy storage, and renewable energy, including measures taken by the energy-intensive industry itself. These measures will be based on experiences from, among others, the Critical Raw Materials Act (CRMA)<sup>1</sup> and the Net-Zero Industry Act (NZIA)<sup>2</sup>.
- Stimulating demand for fossil-free products by creating pioneer markets for European clean technology and clean products from the EU. This will be done by allowing requirements for sustainability, resilience, and minimum EU content ("Made in EU") to be applied in public and certain private procurement in strategic areas.

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<sup>1</sup> Regulation (EU) 2024/1252

<sup>2</sup> Regulation (EU) 2024/1735

- A new voluntary labelling of the carbon intensity of industrial products, based on simple methods using data from the ETS and the same methodologies as the CBAM.
- Protecting the European pioneer markets through measures to enhance the benefits of the single market in terms of investments (foreign direct investments) in innovative technology, and, if necessary, complementing existing trade policy instruments.

#### 4. Where in the process is the proposal?

The proposal has been announced in the Communication on the Clean Industrial Deal COM(2025) 85 and the Communication on a European Action Plan for Steel and Metals COM(2025) 125. The Commission has launched a public consultation that runs until 8 July 2025. A formal proposal from the Commission is planned for Q4 2025, likely in December.

No written proposal from the Commission is available yet. The available information is presented in the Commission's consultation document.

Despite the relatively limited material available at this early stage, the Implementation Council considers it important to submit an opinion, particularly in light of the announced proposals for new labelling schemes and criteria for 'Made in EU' content in public procurement. The opinion may serve as a basis for bilateral contacts with the Commission, input to the ongoing consultation process, or other early-stage advocacy efforts.

#### 5. Responsible ministry

The Ministry of Climate and Enterprise (KN)

#### 6. Problem description from a Swedish business perspective

The Implementation Council agrees with and views positively the Commission's overall ambition with the IDAA. At the same time, the Council considers it important that the legislative act is designed in a way that best supports the transition of the energy-intensive industry by leveraging the private sector's capacity for innovation and avoiding inappropriate detailed regulations that increase administrative burdens and affect competitiveness.

Below is an outline of the main challenges identified by the Implementation Council that are important for the government to consider ahead of and during the negotiations on the upcoming IDAA.

**Risk that the 'fast-track' permitting procedure negatively affects other companies – and that the bottlenecks lie in other substantive EU regulations.**

More efficient permitting procedures for the expansion of projects related to power grids, energy storage, and renewable energy—including the industry's own production processes—is of great importance to the companies concerned. However, there is a risk that proposals for fast-tracking the permitting process for certain activities may come at the expense of other companies. Any fast-track mechanisms must also be designed to be accessible to small businesses and to align with relevant elements of the CRMA and NZIA. So far, there is limited experience with how the fast-track mechanisms have functioned under the CRMA and NZIA. Moreover, the CRMA and NZIA are not fully coordinated with each other.

Moreover, substantive rules in other EU legal acts form the basis for the permitting processes, such as the Industrial Emissions Directive (IED) and the Water Framework Directive (WFD). To achieve a genuine streamlining of permitting procedures, these fundamental environmental legislations would need to be partially revised in line with the ambitions set out in the Clean Industrial Deal Communication, including on more efficient permitting processes.

**New requirements in public and certain private procurement risk reducing competition and hindering innovation**

*More criteria and detailed requirements in public procurement increase administrative burdens for companies.*

Introducing additional criteria and detailed requirements in public procurement burdens the procurement processes and imposes administrative burdens on companies, particularly small businesses. This runs counter to the government's ambition to promote less detailed regulation in the upcoming review of EU public procurement rules. The proposals announced in the IDAA risk raising the barriers for companies to participate in public procurement, potentially resulting in reduced competition, higher prices, and a more limited range of offerings.

The proposal to introduce 'Made in EU' criteria in public procurement could, in addition to reducing competition and increasing prices, make it more difficult to offer products that consumers need and demand.

Introducing EU content criteria for certain industries and specific business areas also risks leading to sub-optimizations that are not beneficial from a system-wide perspective.

*Clear problems with regulating business-to-business procurement.*

There are clear problems if the Commission's intention is to regulate contractual terms in purely business-to-business procurements. It is therefore important to closely monitor the Commission's proposal in this area to ensure that it does not involve the regulation of mandatory contractual terms.

However, if the Commission's intention is instead to regulate contractual terms linked to various EU programs funded by the EU budget, this may be more acceptable and less harmful.

**A completely new labelling scheme for carbon intensity could become costly, administratively burdensome, and the added value is uncertain.**

A completely new labelling scheme as proposed by the Commission does not appear to be appropriate or aligned with the needs of parts of the business sector.

The Commission states that the labelling scheme should be based on simple data collection methods, including CBAM. However, the Council does not share the view that CBAM is a suitable basis. CBAM is both so complex that the regulation is being simplified—but only for importers bringing in less than 50 tons of CBAM goods per year—and it is designed for a different purpose: greenhouse gas emissions. It is based on ETS system boundaries for emissions per installation, not per product. Such a new labelling scheme risks becoming costly and administratively burdensome for affected companies, with limited and uncertain added value.

There is already substantial work underway through the Commission's Joint Research Centre (JRC), in collaboration with relevant industries, to implement the EU Regulation on Eco Design for Sustainable Products (ESPR). As part of this, supporting material is being developed for delegated

acts covering many different product types/materials, including iron and steel. It is considered important that this work be allowed to continue rather than rushing forward with new labelling schemes. Product requirements and lifecycle data developed through this process are also likely to be better suited as a basis for criteria in public procurement.

**Prioritized projects and clusters may lead to inefficient government control and a grant application economy.**

The proposals regarding prioritized projects and clusters risk leading to increased government control, which is fundamentally problematic and inefficient, and to a grant application economy, which may negatively affect innovation capacity. Smaller companies that are unable to lead large projects risk not receiving the same benefits as larger companies that have the capacity to apply for and participate in such projects. Furthermore, it is unclear what is considered a cluster—whether it should be geographically defined or refer to multiple actors within a value chain. If smaller companies participating in a value chain can benefit from support otherwise reserved for larger projects, there may be advantages.

It is also important that any projects or clusters do not focus solely on electricity as an energy source. Technologies for carbon capture should also be included (Carbon Capture and Utilization and Carbon Capture and Storage).

Moreover, the proposal is unclear on the extent to which the contribution of bio economies to fossil-free energy production is considered. It is important that the bioeconomy can be included and seen as a potential energy source and raw material—such as biogas and biochar—to reduce fossil fuel use and contribute to a diversified, secure, and resilient energy system.

## 7. Implementation Council's Analysis

### **Affected sectors and companies**

- Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- Manufacture of paper and paper products
- Manufacture of coke and refined petroleum products

- Manufacture of chemicals and chemical products
- Manufacture of rubber and plastic products
- Manufacture of other non-metallic mineral products
- Manufacture of steel and basic metals

In addition, EIIs are closely linked to several downstream sectors as well as energy suppliers and the waste and recycling industries due to their reliance on secondary raw materials."

### **Implications for Swedish companies**

*Increased administrative costs and other compliance costs*

#### **More efficient permitting procedures**

The Council notes that the IDAA represents yet another directly applicable EU regulation that is likely to establish detailed rules on procedures and deadlines in Swedish administrative matters. The Council wishes to draw the government's attention to the importance of ensuring that national adaptations to the CRMA, NZIA, the upcoming IDAA, and, for example, the implementation of provisions in the Renewable Energy Directive concerning permitting procedures for renewable energy, are carried out in a coherent manner and from the perspective of the businesses concerned.

The Council would like to highlight the reform taking place in Finland as an example to learn from, as they have already reviewed and implemented changes to their national permitting system

#### **New labelling scheme**

Introducing new labeling schemes for carbon intensity may be both costly and administratively burdensome for companies. It can be difficult and resource-intensive for a business operator to track and monitor the carbon content of a product throughout the entire value chain, and there is a risk that requirements for, for example, content reporting are pushed down the supply chain. Labeling schemes need to be fit for purpose, and CBAM is not considered a suitable basis.

There is already a process under ESPR to establish requirements for eco-design. Under ESPR, the Commission also has the possibility to develop an

ESPR label, similar to the existing energy labeling scheme. To avoid duplicative labeling schemes with partially overlapping purposes, already established and ongoing processes should be used.

### **Additional procurement criteria**

The Implementation Council particularly notes the Commission's intention to introduce additional criteria (sustainability, resilience, and EU content) for use in public procurement in strategic sectors. The intention appears to go further than the already adopted Net-Zero Industry Regulation.

Requirements for 'Made in EU' in public procurement will lead to increased administrative burdens, as companies must be able to calculate and report the amount of EU content in their products. This is particularly burdensome for small businesses and for products with many input materials and long supply chains.

Minimum EU content requirements may also reduce companies' ability to source necessary inputs and affect sales opportunities and costs for companies that purchase components from outside the EU.

### *Impact on the competitiveness of Swedish industry*

Swedish companies are at the forefront of phasing out fossil fuels and emissions. There is a risk that Swedish companies that have already transitioned may lose competitiveness compared to European companies that are later in the transition and are now receiving support. If a new, hastily developed carbon intensity label is introduced, there is a risk that it will be negotiated with requirements that are too low relative to the current position of Swedish companies. This could lead to reduced competitiveness for companies already far along in the transition. Allowing labeling and measurement work to proceed through already established processes, such as under ESPR and based on thorough impact assessments, could instead contribute to greater clarity for businesses.

EU content criteria in public procurement are expected to hinder flexible manufacturing, as it becomes more difficult to switch suppliers if shortages arise within the EU. It may also negatively impact innovation if producers feel compelled to choose inputs from the EU even when more suitable and innovative products are available from third countries. There is a potential risk that 'Made in EU' criteria may hamper international trade, especially if other regions introduce similar requirements or countermeasures.

Prioritized projects and clusters risk leading to increased government control, which is fundamentally problematic and inefficient, and to a grant application economy, which may negatively affect innovation capacity. Smaller companies that are unable to participate in large EU projects risk not receiving the same benefits as larger companies that have the capacity to apply and participate.

## 8. The Implementation Council's input to Sweden's position in advocacy and upcoming EU negotiations on IDAA

### **The Council's recommendations on more efficient permitting procedures**

*Swedish administration needs to prepare for developments within the EU*  
The government should ensure that Swedish administration is adapted to developments at the EU level, where more directly applicable regulations impose deadlines in permitting cases and designate priority projects for fast-tracking. Important work has already been done in Finland. Digitalization must be ensured throughout the permitting process.

*Ensure consistency with related EU legal acts and advocate for a review of substantive law.*

The government should push to ensure consistency between simplification ambitions in the permitting area and existing substantive regulations that form the basis for permitting assessments, primarily the Industrial Emissions Directive (IED) and the Water Framework Directive (WFD).

The government should emphasize to the Commission the importance of the impact assessment for IDAA describing how the regulation interacts with other relevant and related regulations such as CRMA, NZIA, IED, and WFD.

To achieve genuine streamlining of permitting processes, the government should advocate for partial revisions of the IED and WFD based on the ambitions in the Clean Industrial Deal Communication, including on more efficient permitting processes.

### **The Council's recommendations on procurement**

The Implementation Council particularly highlights the Commission's intention to introduce additional criteria (sustainability, resilience, and EU content) for use in public procurement in strategic sectors. This may hinder the government's ambition to, in the upcoming review of public procurement rules, work towards reducing the scope and level of detail of new procurement rules, increasing flexibility, and including only procedural rules.

The Council considers that the intention to introduce procurement criteria for minimum EU content may be particularly harmful to competition and to the EU's competitiveness.

The Council proposes that the government contribute to the Commission's impact assessment by outlining the anticipated consequences of minimum EU content requirements in public procurement.

The government could advocate that the Commission instead, through guidance, demonstrate how the public sector can demand climate-smart products and services, thereby helping to strengthen the competitiveness of companies developing new fossil-free solutions and green technologies. This could be achieved through long-term contracts, well-designed contractual terms, and the use of standardized voluntary sustainability criteria.

The government should also seek clarification regarding the Commission's intentions to regulate contractual terms in private procurements (to the extent that the government has not already received further information) and convey that requirements for contractual terms in purely business-to-business relationships are not desirable from a Swedish perspective.

### **The Council's recommendations regarding a possible new labelling scheme for carbon intensity**

Sweden should point out to the Commission that the proposal for a new labelling scheme should be subject to a thorough needs analysis. The Council questions the necessity of such a scheme.

If a new labelling scheme for carbon intensity is considered, the following aspects should be taken into account:

- Ongoing work under ESPR (Eco Design for Sustainable Products Regulation) should be considered, for example regarding methodology and any definition of "green steel."
- The labelling scheme must be compatible with global definitions and standards, as many energy-intensive industries operate globally.

- The Council does not consider CBAM (Carbon Border Adjustment Mechanism) to be a suitable basis for such a labelling scheme. CBAM is designed for a different purpose—to manage greenhouse gas emissions—and ETS (Emissions Trading System) handles emissions at the facility level, while the proposed labelling scheme is intended to apply at the product level.
- If there is a need for an additional labelling scheme, it should be based on international standards and established international or European labelling or certification schemes with similar purposes.

### **The Council's recommendations on priority projects and clusters**

The Council believes that the government should convey to the Commission a cautious stance on this type of support for targeted projects, as it risks promoting an application-driven economy that is not primarily focused on innovation.

The government should also request clarifications on whether these projects/clusters will be voluntary or mandatory.

The government should emphasize the importance of including other projects not related to electricity as an energy source, such as Carbon Capture and Utilization (CCU), Carbon Capture and Storage (CCS), and the contributions of bio economies as energy sources and raw materials.

The government should work to ensure that any prioritized projects and clusters also include companies that are already advanced in the transition, by enabling these companies to apply for and receive funding. This is to drive development and innovation in the field.

### **The Council's overall messages**

- Work to define frameworks and avoid micromanagement. There are worrying trends that EU legislation—such as CRMA (Critical Raw Materials Act), NZIA (Net-Zero Industry Act), IED (Industrial Emissions Directive), the Renewable Energy Directive (RED), and the Energy Efficiency Directive (EED)—is becoming overly detailed. This can lead to locked-in technological solutions and insufficient future-proofing of regulations
- Government incentives should be preceded by a needs analysis to achieve the desired effects. Support schemes, government incentives, and interventions should primarily be based on an identified need.

- Involve and consult the business sector continuously in the negotiations of the IDAA.

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