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Helsinki-Uusimaa Region's feedback on the Industrial Accelerator Act

Helsinki-Uusimaa Region welcomes the opportunity to contribute to the public consultation on the Industrial Accelerator Act (IAA). Helsinki-Uusimaa Region underlines that the objectives of the Regulation and strengthening Europe's industrial base in strategic sectors is essential for the Union's long-term competitiveness, strategic autonomy and economic security. To ensure that these objectives – increasing the share of manufacturing to 20% of EU GDP by 2035 and creating 150,000 new jobs – can be achieved realistically the proposal requires however some further refinement.

Helsinki-Uusimaa Region is home to approximately one-third of Finland's population. The region generates 39% of Finland's GDP and half of Finland's R&D expenditure. In addition, the region generates one-third of the value added of Finland's industrial sector and nearly half of the value added of Finland's chemical industry.

The strengths of Helsinki-Uusimaa Region are based on a highly skilled industrial workforce, strong innovation ecosystems and close cooperation between businesses, research organizations, educational institutions and the public sector. At the same time, Russia's war of aggression against Ukraine, slower economic growth in Europe and weakening global trade have had a significant impact on the region's export-oriented economy and employment. Nevertheless, Helsinki-Uusimaa offers considerable potential to support Europe's industrial transformation and strengthen industrial value creation.

At the same time, significant territorial disparities exist within the region. For example, areas just outside the capital metropolitan area possess substantial industrial land reserves, port infrastructure and development potential that are not reflected in regional averages.

1. Scope of the Regulation and implementation timeline

The scope of the Regulation covers energy-intensive industries, net-zero technologies and the manufacture of automotive components, and may subsequently be extended to other sectors, such as shipbuilding. The Regulation is intended to enter into force at the beginning of 2027.

Helsinki-Uusimaa Region considers the proposed timeline to be too ambitious. There is a significant risk that European industry and related value chains will not be able to fully comply with the proposed requirements within the given timeframe. On the contrary, the proposed low-carbon and Union-of-origin requirements are likely to increase costs for European industry during the transition period. Moreover, when defining strategic sectors, enabling technologies

such as semiconductors should also be taken into account. Without them, efforts to strengthen European industrial autonomy will remain incomplete.

Because one of the proposal's objectives is to simultaneously increase investments and European industrial capacity, regulation must be predictable, efficient, and not overly burdensome so that it does not undermine the attractiveness of investments in strategically important areas. In the proposal, the Commission grants itself notably broad powers, e.g. to designate new strategic sectors to which rules on foreign investments would apply. Such extensive powers are likely to reduce regulatory predictability.

2. Public procurement, low-carbon criteria and Union-of-origin requirements

The proposal introduces new low-carbon and Union-of-origin requirements in public procurement. Approximately 45% of public procurement expenditure in the European Union falls under the responsibility of local and regional authorities.

Consequently, any new procurement obligations will have a direct impact on the operational capacity and administrative resources of regional and local authorities. Helsinki-Uusimaa Region does not support the proposal that contracting authorities should be required to accept prices that are up to 25% higher for products meeting Union-of-origin requirements. Such an approach could lead to substantial additional costs for public authorities at a time of considerable fiscal pressure.

In addition, although the proposed low-carbon and Union-of-origin requirements are understandable and supportable in principle, they may increase the administrative burden, particularly for regional and local contracting authorities. First, local and regional authorities require therefore clear transition periods, practical and easily applicable criteria, and sufficient flexibility to ensure that procurement obligations can be implemented effectively in practice. Second, the requirement that contracting authorities ensure that no more than 50% of the value of a final product originates from a single third country cannot rely solely on the due diligence of individual contracting authorities. Helsinki-Uusimaa Region underlines that the verification of the original products and their supply chains is problematic without a reliable and straightforward EU-level verification system.

3. Foreign direct investment

The proposal introduces additional requirements for foreign investments exceeding EUR 100 million in strategic sectors.

Helsinki-Uusimaa Region underlines the importance of striking the right balance between safeguarding economic security and maintaining an attractive investment environment. A predictable and efficient framework for strategic investments is essential. Regions and local

authorities must remain able not only to attract but also to actively facilitate large-scale industrial investments, including through proactive investment promotion and ecosystem development. Excessively restrictive requirements could undermine the European Union's ability to attract foreign direct investment, which remains crucial for industrial transformation, innovation and decarbonization. Moreover, it remains unclear whether European countries outside the EU would be considered foreign countries for the purposes of this Regulation.

4. Industrial Manufacturing Acceleration Areas (IMA-areas)

Under the proposal, Member States would be required to designate at least one Industrial Manufacturing Acceleration Area (IMAA) within their territory. Helsinki-Uusimaa Region questions whether the mandatory requirement is the most appropriate approach to accelerate European industrial value added and EU's strategic autonomy. These areas would altogether create a risk that geographically selective measures linked to them would distort competition between regions. It would create unnecessary disparities between companies located inside and outside the designated area and undermine the efficient allocation of capital within the European Single Market. Moreover, linking areas with IMAA status to funding should not create any geographical or cohesion-based eligibility criteria to the future Competitiveness Fund.

Should such areas be established, Helsinki-Uusimaa Region underlines that all regions across the European Union should have equal opportunities to participate in national selection procedures. IMAA status should be designated only if sufficient grid and energy capacity, an education and skills pipeline, logistical accessibility, including maritime transport connections and port infrastructure where possible, and land-use readiness coordinated with municipalities can be demonstrated. Priority should be given to regions with existing industrial sites, infrastructure, energy connections and industrial ecosystems that can rapidly scale up industrial capacity and net-zero technologies and create added value for the competitiveness of the EU. Particular attention could also be given to regions that strengthen the European Union's security of supply, energy security, maritime logistics and military mobility. In the current geopolitical environment, industrial infrastructure, ports, energy networks and transport corridors contribute not only to industrial competitiveness but also to Europe's overall resilience and security. Particular value should be attached to regions that can combine industrial investments with vocational and/or higher education, reskilling and upskilling opportunities, thereby strengthening long-term industrial competitiveness. Special attention could also be given to those developed regions experiencing negative GDP growth. To maximize European added value, resources should be concentrated on projects and locations with the greatest potential impact rather than dispersed across numerous small-scale initiatives.

The proposal requires Member States to prepare a baseline permit for IMAAs covering a range of permits and approvals required for industrial activities within the designated area. Helsinki-Uusimaa Region recognizes the possibilities of baseline permitting for accelerating strategic

investments but also views this proposal with caution, especially at EU level. Such simplification must fully respect Member States' competences and spatial planning systems, as well as the principles of local and regional self-government. At the same time, accelerated permitting procedures should not reduce opportunities for local communities, residents and businesses to participate in planning processes and influence decision-making at an early stage.

5. Role of regional and local authorities

Regional and local authorities should play a central role in both the development and implementation of the Industrial Accelerator Act. The direct and indirect impacts of the Act on the operating environment should be carefully assessed during further preparation. Regional and local authorities and development companies are essential partners in facilitating industrial investments. They build industrial ecosystems and develop project pipelines and have a crucial role in regional development, land-use planning, industrial investment promotion as well as public procurement. Therefore, they provide essential knowledge regarding the territorial impacts of industrial investments on regional competitiveness, economic vitality, employment, environmental sustainability and citizens' well-being for the implementation of the Act. Furthermore, their involvement is crucial for achieving climate mitigation and adaptation objectives in line with regional and local climate and environmental plans.

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