

The Industrial Accelerator Act (IAA)

TEPPFA's Position

The European plastic pipes sector, generating €12 billion in revenue and employing 40,000 people, is essential for delivering Europe's critical water, gas, electricity and building infrastructure. TEPPFA supports the Industrial Accelerator Act (IAA)'s goal of strengthening the EU's industrial base and creating lead markets for clean, low carbon and sustainable construction products and strategically important industrial products. However, if poorly designed, the Act risks creating market distortions that would penalise European sectors delivering essential products already contributing to the green transition.

Above all, TEPPFA stresses that the competitiveness of European pipe producers requires a "level playing field" with producers from other regions. **Reducing energy costs is critically important.** The IAA's demand-side ambitions cannot succeed unless they are paired with urgent action on energy in the entire value chain.

TEPPFA calls on policymakers to adopt the following key asks:

1. **Reduce Energy Costs as the First Priority:** Competitive energy prices are the single most important measure to restore and protect the competitiveness of European plastics converters and their upstream suppliers. This must be addressed in parallel with the IAA through both short-term relief and long-term structural reform.
2. **Ensure Material Neutrality in Procurement:** Any public procurement preference must be strictly material and technology neutral. Next to product price and performance, procurement must be based on robust science (Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs)), so that competing materials cannot gain an unintended advantage.
3. **Separate "Union-made" from "Low-carbon":** TEPPFA supports an acceleration of decarbonisation. However, a Union-origin preference can be applied now; any low-carbon requirement should apply only once it is clearly and commonly defined, and only after a product-level impact assessment.
4. **Maintain the "last substantial transformation" principle for "Rules of Origin":** Origin should be determined by significant converting in the EU, with the freedom to source raw materials globally. TEPPFA firmly opposes any restrictive "double transformation" rule or mandated European sourcing of raw or recycled materials.

1. Energy Costs Come First

The European plastics value chain is operating in a very difficult environment. Energy inputs account for a significant part of the production value. In EU gas and electricity prices for energy intensive industries, are currently approximately twice as high as in other regions of the world. Next to excessively high carbon and compliance costs achieving competitive energy prices is the most urgent competitiveness challenge facing the plastics value chain.

While the IAA seeks to stimulate market demand, it lacks direct mechanisms to lower energy costs. Mandating “Union-origin” quotas in public procurement is of limited value if European manufacturers are rendered uncompetitive by energy prices. TEPPFA therefore urges that the IAA run in parallel with immediate short-term relief, such as measures to contain electricity prices, alongside accelerated long-term structural reforms such as Industrial Power Purchase Agreements (PPAs) and Contracts for Difference (CfDs). Meaningful investment in lowering the cost of EU-based production, and the avoidance of additional cost burdens, is essential.

TEPPFA strongly supports the recognition of the “manufacture of rubber and plastic products” (as classified under NACE Code C22) as a strategic energy-intensive industry in Annex I of the Act. This classification integrates the converting sector into the IAA’s broader industrial support and de-risking mechanisms, which is where the true value of the Act lies for our sector.

2. Material Neutrality in Public Procurement

Because the IAA introduces procurement requirements there is a risk that contracting authorities prioritise compliance with these targets over broader sustainability considerations at product level. This could inadvertently lead to suboptimal choices from a lifecycle perspective. Therefore, any preference should be applied on a product specific and, material-neutral basis, supported by a proper impact assessment at the level of the final product.

TEPPFA’s ask: Public procurement criteria must be strictly material and technology-neutral, based on robust, auditable science, specifically LCAs and EPDs. This ensures all materials compete fairly on actual sustainability, safety, price and performance, and prevents the IAA from arbitrarily picking winners at the expense of sustainable plastics.

3. Separate “Union-made” from “Low-carbon”

TEPPFA supports decarbonisation. However, TEPPFA urges that the “Union origin” and “low-carbon” criteria be treated separately, with the former applied independently of the latter. A Union-origin preference can be implemented now, while the low-carbon criterion is investigated. The low-carbon criterion is currently too complex and uncertain to apply: calculation methodologies and system boundaries are not settled and will be defined later through delegated acts and harmonised standards, and it is not yet clear whether EU products are genuinely lower-carbon than imports from Free Trade Agreement (FTA) or customs-union partners. Imposing an undefined criterion now would create uncertainty over feedstock availability, technical feasibility, and safety, and could penalise EU industry rather than help it.

TEPPFA’s ask: Apply any “Union-made” preference independently and without delay. Introduce a “low-carbon” requirement only once its scope is clearly and commonly defined at product-standard level and supported by a product-level impact assessment establishing that it would genuinely promote the procurement of EU material. Public procurement mandates must respect strict product hygienic and safety standards (for example, for drinking water) and reflect the actual market availability of low-carbon feedstocks.

The definition of Union-origin should be WTO compliant, but centred in EU-27. TEPPFA considers that “Union” as specified in the current IAA is too broad since some of these countries have lower production costs as a result of lower energy, carbon and compliance costs. This gives them a clear advantage over EU based pipe manufacturers and would undermine the credibility of “made in EU”.

According to TEPPFA Union-origin should be understood as the EU-27 plus the European Economic Area (Norway, Liechtenstein, Iceland), the United Kingdom (Trade and Cooperation agreement) and Switzerland (FTA and bi-lateral agreements)

4. “Rules of Origin” based on the last substantial transformation principle

The IAA determines product origin using the Union’s non-preferential rules of origin under the Union Customs Code, which assign origin based on the “last substantial transformation”. This is the most practical approach for our sector.

TEPPFA’s ask: Maintain the “last substantial transformation” principle. TEPPFA firmly opposes any restrictive “double transformation” rule and any attempt to mandate European production of raw or recycled materials. European plastic pipe converters must retain the freedom to source polymer resins globally at competitive prices, convert them into pipes in Europe, and legitimately meet the “EU origin” criterion for public procurement. This flexibility is essential to remain competitive and to manage supply-chain risk. However,

Europe should reassure that polymer resins can be further produced in Europe for global markets through the reduction of energy, carbon and compliance costs, creating a level playing field with polymer resins produced outside of Europe.

TEPPFA stands ready to work with the European Commission and other stakeholders on a simple, verifiable framework that delivers a genuine European preference while avoiding unnecessary complexity and cost for downstream converters and SMEs.

About TEPPFA

TEPPFA is the European Plastic Pipes and Fittings Association founded in 1991 with headquarters in Brussels. TEPPFA's 14 multinational company members and 13 national associations across Europe represent 350 companies that manufacture plastic pipes and fittings. TEPPFA members' final products represent an annual production volume of 4 million tonnes, are directly employing 40,000 people with €12 billion combined annual sales. TEPPFA positions itself as polymer neutral. TEPPFA members' final products are subdivided into two application groups: above ground systems for hot and cold water, surface heating and cooling, wastewater discharge and rainwater drainage, and below ground systems for sewers, stormwater and drainage, drinking water and gas supply, and cable ducts.

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