NHO Næringslivets Hovedorganisasjon
Confederation of Norwegian Enterprise

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Dato: 08.05.2026
Vår referanse: CS

Høringssvar – Forslag til ny industrilov i EU, Industrial Accelerator Act

Næringslivets Hovedorganisasjon (NHO) viser til Nærings- og fiskeridepartementets høring, og viser til at NHO har fått forlenget høringsfrist til 8. mai 2026.

Tidlig påvirkning er avgjørende for å bidra i lovgivningsprosessen i EU. NHO håper at vårt bidrag kan være nyttig for den norske regjeringen i denne forbindelse. For å legge til rette for dette arbeidet har vi derfor skrevet vårt bidrag på engelsk.

Beste hilsen,

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Confederation of Norwegian Enterprise (NHO) input on the Industrial Accelerator Act

Key messages:

- The proposals for more streamlined permitting procedures are positive, including increased digitalisation and one-stop-shops. Overriding public interest (OPI) principles may help speed up processes, contingent on thorough environmental assessments prior to granting the permit
- The idea of Industrial Manufacturing Acceleration Areas (IMAA) is welcome. However, this should not be at the expense of other important industrial projects
- The provisions on IMAAs should include access to, and capacity of both clean and low-carbon infrastructure and solutions such as Co2 transport and storage and hydrogen, within their scope
- Public procurement rules are built on fundamental principles such as equal treatment, non-discrimination, transparency and proportionality. Any 'Union origin' or 'European preference' criteria must therefore be clearly defined, objectively justified, and designed in a way that does not restrict competition or distort the Single Market, including the EEA EFTA states
- The definition of low-carbon products should be based on already existing methodologies, and the harmonisation of these, such as the CBAM, the Ecodesign for Sustainable Products Regulation (ESPR), the EU Construction Products Regulation (CPR) and the Digital Products Passport (DPP)
- A broader geographical approach to 'European Preference' and 'Union Origin' is crucial to maintain costs at an acceptable level and limit distortions to competition, supply chains and innovation potential. It is important that the whole European supply chain within the Single Market, including the EEA EFTA states, is safeguarded by such criteria.
- The potential use of delegated acts should be limited and the boundaries for their use more clearly defined. The proposed framework risks reducing the predictability of the regulation and lead to investment uncertainty for businesses as concerns thresholds and the sectors and countries covered
- The proposals on low-carbon and EU origin criteria for steel, aluminium and cement risk being distortive vis-à-vis other materials. We urge the Commission and co-legislators to ensure that other low-carbon materials, such as bio-based materials are not disfavoured, and ensure a higher degree of material-neutrality
- Auctions should remain focused on delivering clean energy capacity at speed and scale while keeping costs low. Auction modifications that could lead to undersubscription, project delays, or unnecessary cost escalation must be avoided. Therefore, the development of new criteria needs to be proportionate, and ensure that new requirements

such as local content do not outpace the actual maturity and availability of European manufacturing capacity
- It is uncertain whether it is possible for Norway to incorporate the IAA without the chapters on FDI. This needs to be further investigated by the Norwegian authorities
- There is a need for Norwegian alignment with the EU's toolbox on economic security and foreign direct investments (FDI). It is therefore urgent that the Norwegian authorities establish how or if Norway can align itself with the EU's commercial and economic security policies
- It is crucial that the IAA is incorporated swiftly into the EEA Agreement following its adoption in the EU. This is necessary to ensure simultaneous entry into force in the whole EEA, and avoid uncertainties linked to Norwegian businesses' status regarding 'Union Origin', as well as to prevent possible exclusion through delegated acts
- As the IAA builds on and revises key parts of the NZIA, Norway needs to accelerate the incorporation of the NZIA into the EEA Agreement

Summary:
The Confederation of Norwegian Enterprise (NHO) welcomes the opportunity to provide input to the national consultation on the European Commission's proposal for an *Industrial Accelerator Act (IAA)*. Early engagement is essential to contribute to the legislative process in the EU, and we hope our contribution could be useful for the Norwegian government in this regard. To facilitate this work, our input is therefore provided in English. We have also attached more in-depth input and recommendations in the annex below, including a section specifically covering potential challenges for Norway and the EEA Agreement.

NHO supports the IAA's objectives of improving the conditions for European industry, increasing demand for clean tech and low-carbon products, facilitating and accelerating the clean transition, and creating more resilient supply chains. Broadly speaking, NHO also shares the Commission's assessment that key parts of European industry are currently facing significant challenges and need policies that enhance their global competitiveness. The green and digital transitions entail higher costs, while at the same time offering opportunities to strengthen competitiveness and take a leading role in a new, clean economy through innovation and clean products. In an increasingly intense geopolitical environment, it is crucial that the EU and national authorities create stable and favourable long-term conditions for business, through amongst other a more resilient and integrated Single Market.

While supporting the overall ambitions of the IAA, NHO believes there is a risk that parts of the current proposal may be counterproductive to its purpose, leading to increased financial and administrative costs and restricting trade. This includes the potential of increased costs for both the public sector and industry, due to the introduction of a European preference in public procurement and public support schemes, as well as the additional administrative burden this entails. Moreover, the current provisions on foreign direct investments may introduce new barriers to investment in a

time where increased investment attractiveness in Europe is needed. Finally, the proposal contains a high degree of uncertainty regarding both legal definitions and scope. This includes how the scope, thresholds as well as the countries and sectors covered by 'Union Origin' may be amended through delegated acts, as well as how certain provisions such as a definition of low-carbon products are yet to be defined. Moreover, there is a need to ensure that the low-carbon and EU origin criteria do not distort competition vis-à-vis other low-carbon materials, such as bio-based materials, and ensure a higher degree of material-neutrality.

The IAA is complex and contains significant new and detailed rules, including specifics on products and materials. Given its complexity, interlinkage with existing and upcoming legislation and expected amount of secondary legislation, there is a clear risk that the IAA will be counterproductive towards the ambitions of the EU's simplification agenda, NHO being a strong supporter of the latter. It is therefore essential that special attention is paid to the predictability, proportionality and unambiguousness of the IAA by the co-legislators. At the same time, the increase in the administrative burden on businesses and public authorities must be kept to a minimum. In the targeting of measures, emphasis must be placed on risk-based approaches, i.e. the measures must be aimed at reducing the EU's critical dependencies and eliminating the key weaknesses in industrial production structures.

From a Norwegian perspective it is key that Norway and the EEA EFTA[1] countries are covered by any European Preference or 'Union Origin' criteria. Norway is an integral part of the European Single Market. Therefore, if Norway were to be placed on the outside of the 'Union Origin' criteria or enjoy an inferior status or rights, this would lead to weakened competitiveness for our businesses and an uneven playing field in our home market. Moreover, it would be harmful for closely integrated European value chains, in a time where the EU is building resilience and strategic autonomy.

Shared economic security challenges related to value chain vulnerability, overdependency on imports from third countries and weaponisation of trade through unfair practices constitute important issues for the whole European Economic Area[2]. The new geopolitical landscape and increasing external threats underline the need for a strong and competitive Europe, for which a well-functioning internal market is key.

Goods originating in the EEA EFTA states, which are traded in the Single Market play a crucial role in European value chains and do not cause unfair competition to EU industries. Rather, they contribute positively towards European resilience and competitiveness. Consistent inclusion of the EEA EFTA countries is therefore of paramount importance to secure the integrity of the European Single Market, as well as to achieve European strategic autonomy and economic security. Any

[1] The EEA EFTA states being Norway, Iceland and Liechtenstein. These 3 countries together with the 27 EU Members States constitute the European Economic Area (EEA)
[2] The European Economic Area consisting of the EU and the 3 EEA EFTA states

exclusion of the EEA EFTA states risks fundamentally altering the Single Market and put its well-functioning at peril.

From an EEA perspective it is worth noting that the IAA marks a significant shift as regards the Single Market, the cornerstone of the EEA Agreement. In the current proposal the IAA proposes a new framework to support and strengthen European industry within the Single Market, by using the market to boost industrial production and resilience. In other words, the Single Market is no longer a goal in itself, but becomes an instrument for political objectives like increased industrial production capacity, achieving climate targets, economic security, strategic autonomy and the pursuit of high-quality jobs. Moreover, access to the Single Market increasingly becomes a leverage tool and bargaining chip, making access to the market conditional.

In the annex below, you will find more detailed input and recommendations on the following aspects of the IAA:

1. Industrial Production Target
2. Permitting
3. Industrial Manufacturing Accelerations Areas (IMAA)
4. Union Origin and low-carbon requirements in public procurement, support schemes and auctions
5. Amendments to the auction design in the Net-Zero Industry Act (NZIA)
6. Scope, legal uncertainty, delegated acts and administrative burdens
7. Foreign Direct Investment (FDI)
8. Specifics on Norway, the European Economic Area (EEA) and the IAA

1. Industrial Production Target

We note that the Commission proposes a target whereby, by 2035, the Union's manufacturing industry should account for at least 20 per cent of the EU's gross domestic product. While we support the ambition to increase industrial capacity and production, NHO cautions against using this kind of target as it does not necessarily imply increased competitiveness or a stronger economy. From a macroeconomic perspective, a declining share of manufacturing in GDP is a well-documented and, in many cases, welfare-enhancing outcome of structural transformation in advanced economies. Overall, a strong industrial base is important, however a high or increasing share of manufacturing in GDP should not necessarily be an objective in its own right.

As an example, the EU has maintained roughly its current level of manufacturing as a share of GDP since around 2008. Reaching a level of 20 per cent of GDP by 2035 would correspond to a reversal of structural development by approximately 30–35 years, for which there is no historical precedent among comparable advanced economies. By comparison, manufacturing has accounted for a steadily declining share of GDP in the United States, falling from around 16 per cent in the 1990s to approximately 10 per cent today.

We believe that competitiveness should rather be assessed in terms of productivity, value creation and innovation, rather than by reference to a specific sectoral share of GDP and the EU should not aim for a strict industrial production target.

Recommendations:

- The IAA should set not set a defined industrial production target, but rather focus on measures to increase industrial capacity, production and productivity

2. Permitting

NHO supports the Commission's efforts to streamline and speed up the permitting of industrial projects. The IAA introduces requirements for a coordinated and fully digitalised handling of the permitting process. This mirrors requirements already set out in the NZIA and the CRMA, however, in those cases the obligations apply to specific sectors and involve preferential treatment for strategic projects. Under the IAA, these requirements would apply to projects across the entire manufacturing industry. In addition, projects aimed at the decarbonisation of energy intensive industry would now be granted the same level of priority as net-zero technology projects, notably shorter permitting deadlines and a presumption that such projects are of overriding public interest. NHO considers this a positive development.

We particularly welcome the broadened scope proposed and the emphasis on one-stop-shops, procedural deadlines, as well as electronic tools and channels to facilitate the flow of information between authorities and companies, including utilising the European Business Wallet. The digitalisation of permitting procedures, including the possibility to reuse data, is welcome, provided

that data protection and confidentiality are fully ensured. Furthermore, the establishment of a single point of contact to coordinate the permitting process and guide applicants throughout the procedure is a particularly positive and much needed measure.

Moreover, NHO believes that the presumption of overriding public interest (OPI) may play a role in permitting-related legislation, being contingent on thorough environmental assessments prior to granting the permit. This includes establishing a more consistent approach to OPI designation to avoid conflicting interpretations and unequal treatment, as week as to ensure that projects do not get delayed or cancelled further down the line. Although the procedural part of permitting procedures is a national competence, aligning key definitions and ensuring coherent linkages with other instruments, may contribute to reducing inconsistencies and legal uncertainty.

Recommendations:

- The proposal to streamline, digitalise and speed up the permitting of industrial projects, and mirror the requirements in the NZIA and CRMA is positive
- The presumption of overriding public interest (OPI) priniciples, contingent on thorough environmental assessments may speed up processes and help avoid conflicting interpretations and unequal treatment

3. Industrial Manufacturing Acceleration Areas (IMAA)

NHO welcomes the idea of Industrial Manufacturing Acceleration Areas. Ideally, these should be viewed in connection with other acceleration areas, such as renewable acceleration areas and a more holistic approach to the use of greyfield and brownfield areas. However, at this stage it is difficult to assess the clear benefits of these in Norway.

Although the decisions to invest in launching new or expanding existing industrial sites are primarily guided by market factors, the support measures offered through the IMAAs may affect the outcome in individual cases. For example, an area-wide baseline permit may facilitate industrial projects, when companies need to seek only additional permits not covered by the baseline permit.

The timely production and delivery of low-carbon and Union origin products, depend on clean and low-emission energy infrastructure and services, such as CO2 transport and storage, hydrogen and electricity, which are essential parts of large-scale industrial decarbonisation projects. Therefore, the provisions on IMAAs should include access to, and capacity of, infrastructure providing low-carbon solutions such as Co2 transport and storage and hydrogen, within their scope.

Improving access to finance, promoting RDI investments, meeting energy needs, strengthening supply chains and the supply of raw materials, and providing access to skilled labour are all measures to be supported in themselves. However, these should be ensured on a national and European scale, not only within pre-defined IMAAs.

Recommendations:

- NHO welcomes the idea of IMAAs and facilitated permitting processes. However, measures such as improving access to finance, RDI and access to energy should also be supported beyond these areas
- The proposed IMAAs should be viewed in connection with other acceleration areas, and a more holistic approach to the use of greyfield and brownfield areas
- The provisions on IMAAs should include access to, and capacity of, infrastructure providing low-carbon solutions such as Co2 transport and storage and hydrogen, within their scope.

4. Union Origin and low-carbon requirements in public procurement, support schemes and auctions

Union origin:

NHO understands the need to increase demand, capacity and benefits for low-carbon products and clean technologies in Europe, especially for those facing unfair global competition or that are of key importance for strategic and security reasons. At the same time, we are concerned about the European Preference approach gaining an increasingly stronger foothold in EU policy and discussions, including the IAA. The advent of such policies mark a protectionist turn, that limits open free trade and risks leading to higher prices and costs along value chains, slower deployment of clean technologies and industrial manufacturing due to limiting our supply chains as well as weakened innovation potential through less competition. In the short term, this may lead to weaker European competitiveness and increased administrative burdens. When targeting the relevant sectors, measures and thresholds, the emphasis must be on a risk-based approach, i.e. the measures must be aimed at reducing Europe's critical dependencies and eliminating the key weaknesses in industrial production structures. As regards the scope and sectors to be covered, this should be decided in dialogue with the relevant sectors and industries, and not be left to arbitrary decisions by the co-legislators or by the Commission through future delegated acts.

While we understand that such criteria may be necessary to boost demand and capacity for key strategic products and sectors, and that unsustainable dependencies on individual third countries may justify policy intervention, their use should be limited. Moreover, such policies should rather be based on diversifying of supply chains, rather than a strong focus on local content, such as in the NZIA which aims to reduce excessive and unilateral dependencies on specific third countries where such dependencies may be considered harmful, while recognising diversification of supply as a fully viable alternative to domestic production.

Another worry is the lack of coherency between the third countries covered by the public procurement and auction frameworks. This is due to the public procurement criteria in the current proposal encompassing signatories to the Agreement on Government Procurement (GPA), whereas the auction criteria do not. This may lead to unnecessary complications and distortions for

supply chains, where companies would have to adapt the supply of a given material or technology depending on the type of public support mechanism.

It seems that when the IAA becomes applicable, it treats various sectors and companies very differently. The legislation must support Europe's strategic competitiveness and resilience in a way that facilitates businesses to grow and does not disproportionately interfere with the functioning of the markets or become an obstacle to investments. The direct and indirect impacts of the proposal on the operating environment of Norwegian companies must be carefully assessed by the Norwegian authorities, and more broadly European companies must be carefully assessed by the co-legislators.

NHO believes that the decisions on the European preference approach, should not automatically constitute a basis for future action, as it is difficult to find a one-size-fits-all for all sectors. Their necessity and implementation methods should therefore be assessed separately for each future initiative, such as for the Cloud and AI Development Act (CAIDA) which is also expected to include provisions on European Preference or 'Union Origin'. For instance, the toolkit of the IAA must not alone guide the revision of the requirements of public procurement in general or shape the selection of the best means to reduce technological dependencies. As a general point, it should be underlined that public procurement rules are built on fundamental principles such as equal treatment, non-discrimination, transparency and proportionality. Therefore any 'Union origin' or 'European preference' criteria must therefore be clearly defined, objectively justified, and designed in a way that does not unduly restrict competition or distort the Single Market, including the EEA EFTA states.

In the context of the IAA, NHO also believes that beyond the European Economic Area (EEA) and the Single Market, the regulation should aim for a broader approach to 'Union Origin', in terms of its geographic scope. Moreover, as companies need long-term and stable framework conditions it is important that the conditions for exclusion through delegated acts are clearly defined and as limited as possible.

Low carbon products:
It is unfortunate that the Commission does not propose a clear definition for low-carbon products in its proposal. The lack of such a definition risks creating investment uncertainty until a definition is adopted through a delegated act at a later stage. Moreover, adding new methodologies and criteria when there already exist methodologies and frameworks for such products risks adding additional regulatory and administrative burdens for companies. NHO believes that a way around this could be to base the definition of low-carbon products in the IAA on already existing methodologies, and the harmonisation of these, such as the CBAM, the EU Construction Products Regulation and the Digital Products Passport. Prior to developing new methodologies, the EU should aim to simplify and harmonise existing legislation. We therefore welcome that the proposal for low-carbon products refers to the ESPR processes and the Construction Products

Regulation. It is crucial that the delegated acts are set out in connection with the already existing ESPR process and Construction Products Regulation respectively.

Additionally, we fear that the proposed low-carbon and EU origin criteria for steel, aluminium and cement risk being distortive vis-à-vis other low-carbon materials. We therefore urge the Commission and co-legislators to introduce provisions that ensure that other low-carbon materials, such as bio-based materials are not disfavoured, and thereby ensure a higher degree of material-neutrality.

In general, NHO believes that low-carbon or sustainability requirements constitute a less discriminatory instrument than local content or 'Union Origin' provisions, which could be welcome if appropriately designed.

Recommendations:

- Although Europe needs to become less dependent on third countries, an overly protectionist turn should be avoided, as European and Norwegian companies depend on open free trade for their supply chains. Therefore, the priority should be on diversification of supply, rather than an extensive focus on local content in order to avoid higher costs and weakened global competitiveness
- Public procurement rules are built on fundamental principles such as equal treatment, non-discrimination, transparency and proportionality. Any 'Union origin' or 'European preference' criteria must therefore be clearly defined, objectively justified, and designed in a way that does not restrict competition, fragment or create new barriers within the Single Market. In this regard, there is a need to ensure that the integrity of the Single Market and the EEA is preserved across all initiatives covering European Preference or 'Union Origin'
- A broader geographical approach to 'Union Origin' that extends beyond the Single Market, including key partners is preferred to a narrower approach
- A one-size-fits-all solution should be avoided. As different industries have different needs, the IAA toolkit should not be the sole template for all future regulations such as the CAIDA
- There is a need to ensure that low-carbon and EU origin criteria do not distort competition vis-à-vis other low-carbon materials, such as bio-based materials, and ensure a higher degree of material-neutrality.
- The current lack of a clear definition for low-carbon products in the IAA risks creating investment uncertainty. Moreover, to avoid new, overlapping methodologies, the IAA should focus on harmonising and basing itself on the definitions of existing standards and methodologies
- Green procurement or sustainability criteria may provide a less disruptive policy tool than local content criteria, as these are less discriminatory and less likely to distort the market than 'Union Origin' criteria

- There needs to be increased coherency between the third countries covered by public procurement and auction, to not distort supply chains

5. Amendments to the auction design in the Net-Zero Industry Act (NZIA)

NHO supports the objective to strengthen Europe's clean-tech manufacturing base and to reduce strategic dependencies through enhanced supply-chain diversification, which was a key part of NZIA, and which the Commission now attempts to develop further. A competitive and diversified supplier landscape is a prerequisite for innovation, continued cost reductions and the resilient, large-scale deployment of clean technologies.

Auctions are currently one of the primary delivery mechanisms for clean technologies such as wind, solar and battery capacity in many European markets, and continue to provide the main source of revenue certainty for project developers. Any modification to auction design should therefore be assessed against its impact on auction timing, project bankability and system-level costs.

Elements of the proposed amendments introduced by the IAA risk introducing local content obligations into auctions at a level of ambition that is not yet aligned with the maturity of European manufacturing capacity, component availability or existing auction frameworks. It is particularly important to avoid a de facto policy shift from diversification-based criteria to prescriptive local content requirements without robust, technology specific feasibility assessments. Moreover, local-content targets inherently entail trade-offs in terms of sourcing flexibility, costs and availability, which may directly affect auction outcomes, clearing prices and the level of public support required under Contracts for Difference (CfD)-based schemes.

A phased and proportionate implementation is therefore essential. Renewable energy auctions should remain focused on cost-effective delivery at scale and speed. Auction frameworks in general should remain simple, predictable and operationally deliverable, reflecting their central role in delivering needed clean energy capacity

Moreover, we believe that waivers should be operationally simple and time-bound. The waivers on cost and delay are important safeguards against the criteria causing delay of the auctions, undersubscription or cost escalation. It is important that they do not create additional administrate uncertainty for authorities. They should be supported by guidance to ensure that the assessments to be conducted by authorities will not slow down the auctions themselves or create new documentation burdens on developers.

Recommendations:

- Auctions should remain focused on delivering clean energy capacity at speed and scale while keeping costs low. The co-legislators should therefore avoid any auction

modifications that could lead to undersubscription, project delays, or unnecessary cost escalation

- Implementation of new criteria needs to be and proportionate, ensuring that new requirements such as local content do not outpace the actual maturity and availability of European manufacturing capacity
- Auction frameworks must be predictable and easy to navigate for project developers. The co-legislators should avoid adding administrative burdens or complex documentation requirements that could slow down the auction process. The focus should be on simple and predictable frameworks

6. Scope, legal uncertainty, delegated acts and administrative burdens

At this stage there are certain difficulties associated with tracing and documenting the material content of products that are subject to public procurement or receive public support will be particularly significant. According to Annex II, public procurement and other forms of public intervention would require that 5 per cent of the volume of all concrete and mortar used in buildings and infrastructure, as well as 25 per cent of the volume of aluminium used in buildings, infrastructure and vehicles, comply with the requirement of Union origin.

The scope of the requirement covers not only the procurement of the raw materials themselves – concrete, mortar and aluminium – but also "*any product the performance of which depends mainly on concrete and mortar/aluminium*". This constitutes a highly challenging assessment. It is unclear how public authorities are expected to determine where the threshold lies for when a product's performance is considered to depend mainly on a particular raw material.

In addition, this would impose cumbersome and difficult-to-manage requirements on all involved actors to document the material content of all products that to any extent contain concrete, mortar or aluminium throughout the entire value chain, from raw materials – potentially across multiple stages – to the final product.

Furthermore, it is unclear where the boundary lies between the procurement of a product and the procurement of a service that includes products containing these materials. Construction and civil engineering contracts are typically classified as the provision of services and normally include the delivery of goods as an integral part of the service.

Another issue which causes uncertainty, and that should be addressed is the current inclusion of retroactive provisions, that may affect investments or contracts concluded prior to the IAA's entry into force. An example of this can be found in Annex III where it is proposed that *"public procurement procedures [that] concern public service contracts referred to in subparagraph 2, vehicles already registered in the Union shall be deemed to comply with the requirements set out in this Annex until 31 December 2035*". Although scheduled well beyond the IAA's expected entry into force, such provisions with future retroactive effects risk unnecessarily harming already made

investment decisions or previously established contractual periods. To allow for improved predictability for both companies and public procurers, new requirements should therefore respect decisions and obligations established prior to the IAA's entry into force.

Delegated acts:
In the current proposal, the Commission proposes to don itself considerable powers, e.g., to amend the requirements for low-carbon and Union origin content in public procurement and auctions, as well as to designate new strategic sectors to which the rules on foreign investments should apply. Such extensive competences are likely to reduce the predictability of the regulation and lead to investment uncertainty. Although the use of delegated acts may facilitate quicker response to changes in the operating environment, the boundaries should be defined more precisely than in the current proposal.

The Commission's ability to revise the proposal through delegated acts creates an excessive level of uncertainty as to how core elements of the proposal will be applied in practice. Delegated acts should therefore be used solely to further specify technical and detailed aspects, such as lists of products covered, rather than more substantial and decisive elements of the scope of the rules. This includes, for example, determining which countries' products are to be considered equivalent to Union origin, or expanding the scope of the rules to cover additional raw materials or new technologies. Such significant changes should only be introduced through a revision of the regulation itself, only following an appropriate and thorough evaluation.

Administrative burdens:
The proposed framework also entails an increase of administrative burdens for both companies and public entities. Companies would be required to declare that products or content meet the requirements for Union origin, while contracting authorities and granting authorities would be expected to verify compliance. This significantly expands the number of companies subject to origin declarations, far beyond those currently required to make such assessments under customs rules, tariffs or quotas.

At the same time, the amount of authorities required to assess origin would expand considerably. Contracting and granting authorities would be required to determine product origin, interpret customs legislation and assess complex concepts such as "*last substantial transformation*". This would slow down procedures, increase administrative complexity, create legal uncertainty and raise the risk of legal disputes.

Particular concerns arise from the extensive use of delegated acts to define key elements of the concept of Union origin and European preference, including both product scope and origin requirements. Defining substantive aspects of the preference framework through secondary legislation entails significant risks. It may result in definitions that become fragmented across different instruments, lack transparency, and are difficult for both authorities and companies to anticipate and apply in practice.

At a time when significant efforts are being made, both at EU level and by the Member States, to reduce regulatory burdens and complexity, it is surprising and regrettable that the Commission proposes the opposite. A stronger focus should therefore be placed on making these processes as efficient as possible.

Recommendations:

- Clarify the boundary between product procurement and service contracts (such as construction), as goods delivered within services seems to currently be in a grey area
- The Commission's extensive proposals to make amendments through delegated acts may create a more volatile investment environment. The use of delegated acts should be limited to more technical details, while substantial changes—such as adding new raw materials, technologies, or changing "Union Origin" country lists should require a formal revision of the Regulation and a thorough evaluation
- As the current proposal risks contradicting the EU's simplification agenda, there is a need to ensure that the IAA aligns more widely with the EU's ambition to cut red tape and administrative burdens
- The provisions in the IAA should not include retroactive provisions, which may affect investment decisions or contracts concluded prior to the IAA's entry into force

7. Foreign Direct Investment (FDI)

NHO supports the Commission's ambition to respond to unfair global competition. However, the EU also needs to attract more foreign direct investment which is an important contributor to European growth and competitiveness. To that end, the investment framework needs to be constructive and predictable. We would underline that there is a need for certain clarifications.

This includes ensuring alignment with new foreign investment screening rules such as the recently adopted revision of the FDI Regulation to achieve clear conditions for foreign investors. To ensure a simple framework for businesses, there should only be a single point of contact for foreign investors when engaging with the competent national authorities.

Finally, from a Norwegian and EEA perspective, it is worth noting that the provisions on FDI are covered by TFEU 207, which covers the EU's commercial policy, and is not part of the EEA Agreement. The challenges this may cause are further expanded on below.

8. Norway, the European Economic Area (EEA) and the IAA

It is crucial for Norwegian businesses and industry that Norway is included in the definition of 'Union Origin'. In the current proposal, Norwegian products are covered by the proposed articles 8 and 9, and considered equivalent to products of 'Union Origin', the same way as for third countries with a free trade agreement or customs union. This means that as long as the IAA is not incorporated in

the EEA agreement, there is a risk that the Commission could exclude Norway or specific Norwegian products through delegated acts. This uncertainty would be avoided by swift incorporation of the IAA into the EEA Agreement, to ensure entry into force at the same time as in the EU, to ensure that Norwegian and EEA EFTA products are to be considered as 'Union Origin' per article 7.

As the IAA proposal is marked as EEA relevant, Norway and the other EEA countries will be included in the definition of 'Union origin' per article 7 when or if the IAA is incorporated into the EEA Agreement, in accordance with Protocol 1 to the EEA Agreement. However, as long as the IAA is not incorporated into the EEA, Norway will still be considered as part of 'Union Origin', yet with the aforementioned risk that the Commission could exclude Norway if it is considered that Norway discriminates against the EU ("fail to provide national treatment related to Union products or entities"), if it threatens the EU's security of supply or if it can otherwise be justified under current free trade agreements (e.g. clauses on safeguard measures, safety, etc.). The uncertainty that this would entail for industry in Norway must be avoided by incorporating the IAA into the EEA Agreement at the same time as it is introduced in the EU.

NHO is aware that such an incorporation poses certain challenges for Norway. The IAA is closely linked to the Net-Zero Industry Act (NZIA), which has yet to be incorporated into the EEA Agreement. Meanwhile significant changes to the NZIA are proposed in the IAA proposal. It is therefore difficult to envisage that the IAA can be incorporated into the EEA without the NZIA being incorporated first. This dilemma should constitute a further argument for incorporating the NZIA into the EEA Agreement, as NHO has supported for a long time.

Moreover, it should be underlined that the IAA is important not only because of the concrete measures proposed, but also because it is intended to be a template or model for other EU policies and regulations under development. The changes proposed for the NZIA in the IAA provide a preview of what can be expected with future EU legislation. If the IAA is not incorporated in the EEA Agreement, it may be challenging to incorporate future EU regulations that will partly be based on or otherwise relate to the IAA.

Another important issue is the chapter on foreign direct investments, covered in section 7 of this paper. FDI is covered by the EU's commercial policy and article 207 TFEU, which is not part of the EEA Agreement. This chapter proposes a number of new and important requirements for foreign direct investments, which raises certain questions regarding future incorporation of the IAA into the EEA agreement including that should be addressed by the Norwegian authorities and the EEA EFTA countries:

- Whether it is possible to incorporate solely the provisions covered by TFEU 114 in the EEA EFTA states, whereby 27[3] out of 30 members in the Single Market and EEA will be bound by stricter restrictions on FDI, and economic security at large?
- What would this entail further down the line if third country companies with production above the thresholds and a presence in Norway or another EEA EFTA country is to place this product in an EU country?

The political and legal consequences of certain parts of the proposal being outside of the scope of the EEA agreement are currently unclear and require further investigation. However, to ensure predictability and uphold a well-functioning Single Market, NHO is positive to including this chapter when the IAA is incorporated in the EEA Agreement, as a concrete step towards strengthening trade policy cooperation with the EU. As a pre-requisite to this process, there is an urgent need to establish how or if Norway can align itself with the EU's commercial and economic security policy.

Recommendations:

- It is crucial that the IAA is incorporated swiftly into the EEA Agreement following its adoption in the EU. This is necessary to ensure simultaneous entry into force in the whole EEA, and avoid uncertainties linked to Norwegian businesses or status regarding 'Union Origin', as well as to prevent possible exclusion through delegated acts
- As the IAA builds on and revises key parts of the NZIA, Norway needs to accelerate the incorporation of the NZIA into the EEA Agreement
- Despite the IAA's chapters on FDI not being covered by the EEA Agreement, there is an alignment with both these and the broader EU Economic Security legislation needs to pursued, in order to ensure a more harmonised Single Market and avoid potential obstacles for Norwegian actors in the future
- There is an urgent need to establish how or if Norway can align itself with the EU's commercial and economic security policies
- The direct and indirect impacts of the proposal on the operating environment of Norwegian companies must be carefully assessed by the Norwegian authorities.

[3] Read: The 27 EU Member States