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The Industrial Accelerator Act – Faster Permits, Directed Industry

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Summary

- The EU Regulatory Observatory's expert panel is broadly sceptical that the Industrial Accelerator Act will deliver the deregulatory impact its title implies. Scores cluster around 4.7 on a 0–10 scale from full regulation to full deregulation, placing it clearly on the regulatory side, and well below comparable simplification measures such as the 28th Regime, which scored 7.5.

- Experts distinguish between two elements. The procedural gains – tacit approval, single digital permitting, area-wide permits – are real and welcomed. But the directional elements dominate: a 20% manufacturing output target, named priority sectors, procurement conditions tied to 'made in EU' and low-carbon criteria, and foreign investment requirements on local content, ownership, and technology transfer.

- The central concern is that the Act does not reduce regulation but redirects it. Administrative discretion is reallocated toward politically chosen industries, preserving formal private ownership while steering investment and permitting by policy – the institutional structure of an organised economy rather than an open one.

- Some panellists acknowledge the permitting reforms as a meaningful step, but view the liberal gains as conditional and limited in reach.

- The European Commission's Regulatory Scrutiny Board required resubmission of the impact assessment and, even after clearing it, flagged remaining weaknesses - an unusual signal that the underlying case for the measure remains thin.

- Overall, the panel finds that acceleration conditional on political conformity risks displacing the market signals that drive genuine long-term competitiveness.

Table of contents

About the authors

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Introduction

The Industrial Accelerator Act (COM(2026)100, 4 March 2026; European Commission 2026b) is the European Commission's response to a real and widely shared diagnosis: Industrial investment in the EU is too slow, permitting is fragmented, energy is expensive, and strategic dependencies have become a security concern. Few classical liberals would dispute the diagnosis. Permits for energy and industrial projects being delayed by several years have become a genuine obstacle to growth, and administrative responsiveness is a legitimate concern for any market order.

The question is not whether Europe has a competitiveness problem, but whether this instrument addresses it through the channel that actually generates competitiveness – open, rule-bound, decentralised competition – or through a parallel channel of political prioritisation and conditional support.

This brief argues that the Act uses both, but that the second strategy crowds out the first. It is most useful to read the Act not as deregulation or a return to central planning, but as a step along a third path: the politically coordinated organisation of a nominally private economy. This category – which Walter Eucken's typology (Eucken 1952) would place between the market economy (*Verkehrswirtschaft*) and the centrally administered economy (*Zentralverwaltungswirtschaft*), and which may be termed an organised economy (*Organisationswirtschaft*) – has its own institutional logic. Once recognised, this perspective explains the Act's design more economically than either 'reform' or 'planning' does.

What the Act actually does

The proposal combines four mechanisms with very different liberal features, all set out in the proposal itself (European Commission 2026b).

The first is procedural acceleration a single digital permitting procedure ('one project, one submission'), single access points via the European Business Wallet, and – within designated Industrial Acceleration Areas – area-wide permits and tacit approval (a project is deemed authorised if authorities do not respond within a set period). Considered in isolation, this is the most defensible part of the Act and the aspect that brings it closest to a framework improvement.

The second is a political output target. The Act is explicitly oriented towards raising manufacturing from 14.3% of the EU GDP in 2024 to 20% by 2035 and towards preserving or creating around 150,000 jobs in key industrial sectors (European Commission 2026a). This quantified sectoral target is not a framework parameter, but an industrial policy objective; it presupposes that the desirable structure of the economy is known in advance.

The third mechanism is demand steered by procurement. The Act mandates that public procurement and public incentive schemes should set 'made in the EU' and low-carbon conditions to boost demand for European clean-technology products in the named priority sectors – steel, cement, aluminium, automotive components, and net-zero technologies. This shifts demand towards politically designated outputs, rather than leaving it to the preferences of decentralised buyers.

The fourth is conditional access for foreign investment. Investments exceeding €100 million in batteries, electric vehicles, solar photovoltaics, and critical raw materials are subject to specific conditions: local content, ownership requirements, knowledge and technology transfer, research and development, and a minimum 50% share of EU workers. Market access becomes contingent on meeting these policy requirements.

The latter three are not ‘acceleration’, in any neutral sense. They are *direction*. The Act’s title foregrounds speed, but its substance is selection.

A market economy in form, an organised economy in function

Judged fairly, the Act is neither simple deregulation nor open planning; its liberal merits are real but narrow, and its directional features steadily outweigh them. The following sections take each in turn.

The liberal merit, stated fairly

The concept of tacit approval deserves credit. It inverts the default mechanism for administrative permission: Silence becomes consent rather than obstruction. Where applied broadly and without attached conditions, it is exactly the kind of institutional responsiveness a market order needs, as it disciplines administrative discretion rather than expanding it. If the Act consisted only of this mechanism, applied horizontally to all investments, experts would consider it broadly liberal.

It does not. The acceleration is confined to designated areas and prioritised sectors, and it coexists with output targets, procurement conditions, and access requirements. The speed is selective, and selection is the problem.

From framework to direction

In a liberal market order – Eucken’s (1952) *Verkehrswirtschaft* – the state sets general rules within which decentralised actors compete and adapt; it does not define the outcomes. The Act repeatedly specifies outcomes: a sectoral GDP share, named sectors, ‘made in the EU’ content, and EU employment quotas. Each nomination allows authorities to decide which sectors are strategic, which projects qualify for the fast track, and which investors meet the conditions. Discretion expands precisely where the Act claims to be simplifying.

The result is not central planning. Ownership remains private; firms still trade and invest – but the coordinating signal shifts. Investment increasingly responds to political priorities – outcome designation, procurement preferences, and conditional approvals – rather than to prices and entrepreneurial judgement. This is the defining feature of an organised economy: The market’s outer form is retained, but its inner coordinating function is progressively organised from above.

This form of organisation is historically well documented (Prollius 2003). The present interest is that the Act reproduces its institutional logic in a contemporary idiom of ‘decarbonisation and resilience’. It inhabits, in Holcombe’s (2018) terms, the institutional terrain of political capitalism, where economic outcomes are shaped through the interaction of political and economic elites, rather than through open competition.

The knowledge problem

Setting a ‘20% by 2035’ manufacturing target assumes that the welfare-maximising structure of the European economy is knowable in advance. It is not.

No authority commands enough dispersed knowledge to identify which technologies, business models, and investment paths will succeed (Hayek 1945). The case for markets is epistemic. Competition is a discovery procedure that generates such knowledge through experimentation and failure (Hayek 1978). A pre-set sectoral share replaces discovery with a target and tends to lock in politically favoured paths even as conditions change. The danger is not merely misallocation of resources, but the substitution of administered direction for the process that produces the relevant information in the first place.

Competitive neutrality and insider advantage

Conditional access and designation systems structurally favour those who can navigate them. Large, well-resourced, politically connected firms can more readily meet mandates of local content and technology transfer, secure designations, and access acceleration areas; small and medium-sized enterprises, new entrants, and decentralised innovators often cannot.

As success comes to depend on institutional positioning rather than market performance, competitive neutrality erodes, even though formal market structures remain intact (Olson 1982). The €100 million threshold of the conditional regime concentrates those large-scale investments exactly where insider navigation is most feasible.

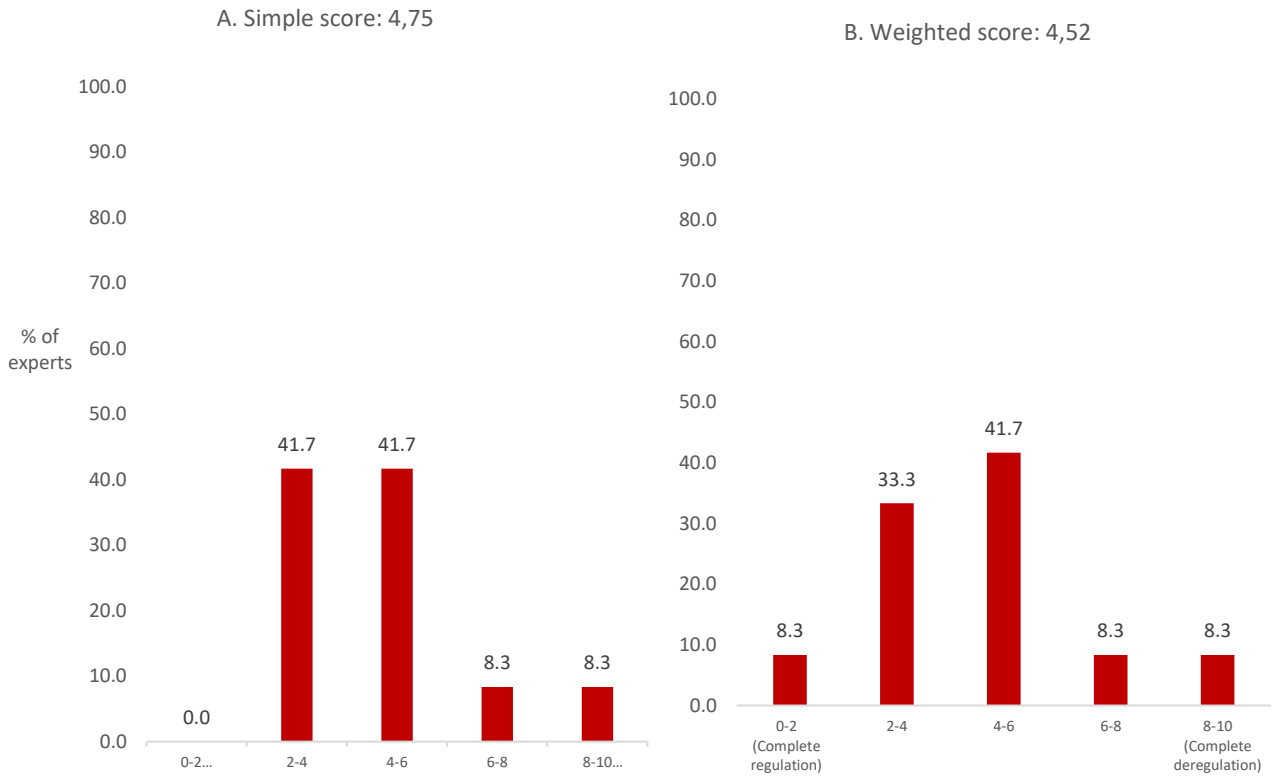
The ratchet

Industrial Acceleration Areas, 'made in the EU' procurement quotas, and conditional-access regimes are introduced under the pressure of crises – along the axes of energy, security, climate, and global competition. Crisis-era coordination mechanisms rarely dissolve when the crisis passes; they harden into permanent structures (Higgs 1987). The plausible long-term outcome is not a one-off accelerator but a standing system of mission-oriented administrative coordination – the ratchet that leads to the accumulation of the organised economy.

What the panel found

Twelve experts assessed the Act on a 0–10 scale from complete regulation (0, anti-liberal) to complete deregulation (10, pro-liberal). The average score was 4.75, and the confidence-weighted average was 4.52 (author's calculation), placing the Act firmly on the regulatory side of the scale. The two figures are similar, indicating that the assessment was not influenced by a few outliers but reflects a broad consensus across the panel.

Figure 1. Frequency distribution of scores and average scores in the EU Regulatory Observatory's assessment of the Industrial Accelerator Act



The experts' comments converge on the diagnosis reached above – that the Act mixes genuine liberalising elements with a dominant interventionist logic. Several panellists isolated the same mechanisms criticised in this briefing.

One noted that the Act mandates a quantitative target for the manufacturing sector, attempting to 'freeze structural change driven by technological progress'. Another described the 'made in the EU' requirement and manufacturing target as 'classical protectionism dressed in modern lingo'. A third objected that picking 'winners and losers… sounds like a lot of central planning', while a fourth held simply that centrally planning how resources are to be used 'is not liberal'. A summarising assessment placed it 'around 5/10' on the scale, because the Act pursues competitiveness 'through a fairly interventionist framework'.

Notably, the panel's reservations are echoed by the Commission's own processes. The proposal's own impact assessment was initially rejected by the Commission's Regulatory Scrutiny Board and cleared only on resubmission, with reservations about the core impact analysis – an unusual internal signal that the case for the measure is not well established. A minority of the experts surveyed weighted the permitting and simplification gains more strongly, which accounts for the upper end of the range.

This author's own assessment (3/10) sits below the panel average, among the more critical third – a placement consistent with the order-based analysis developed here.
In comparison, the Observatory's assessment of the 28th Regime – a measure consisting of broadly horizontal, opt-in procedural simplification – scored it at 7.5 (confidence-weighted 7.07) on the same scale, its strongest deregulation rating to date (Ganev and Ďurana 2025).

On a shared scale, the contrast is clear. The 28th Regime's score falls on the liberalising side of the scale, whereas the Industrial Accelerator Act is well towards the regulatory end. The panel favours neutral simplification and is sceptical of selective acceleration.

Why the goals are missed

The deeper objection is not that direction is slower than the framework alternative, but that direction is unlikely to advance the Act's objectives – namely, competitiveness, a 20% manufacturing share of GDP, and resilience – and the cost of pursuing them in this way is far larger than the visible budget suggests.

Three reasons converge.

The first is the knowledge problem already discussed: A central authority cannot identify in advance which technologies and investment paths will succeed, so a sectoral target substitutes a guess for a discovery process.

Second, and decisively, directed systems lack a correction mechanism. Markets are disciplined continuously by prices, profit, and loss; administrative coordination is largely feedback-free, slow to adapt, and not self-correcting (Mises 1944). A framework that cannot detect and reverse its own errors cannot reliably modify its stated targets; it tends instead to entrench them past the point of usefulness.

Third, the true cost is mostly unseen. Beyond the visible subsidies and procedures lie the opportunity costs in the wider sense: the investments not made in non-designated sectors, the firms not founded, and the innovations that never appear because capital and administrative attention are channelled towards politically prioritised paths. The more thoroughly this model is perfected, the more numerous these foregone alternatives become, so that a sufficiently complete version would not raise the level of competition but lower it – and with it, the standard of living it is meant to defend.

This is not a charge of incompetence against any official. It is a critique of the instrument. Bureaucratic organisation is built to administer clearly bounded, surveyable tasks; it is ill-suited to the complex, dynamic, interdependent processes that constitute a modern economy (Mises 1944). The Act applies an administrative coordination logic to precisely the domain where that logic performs worst.

Although the model appears to have succeeded abroad – China's directed industrial expansion is an obvious example – visible mobilisation is not the same as durable, welfare-raising competitiveness; and it does not resolve the knowledge and feedback problems that make the outcomes unreliable.

Conclusion and policy recommendations

The Act's permitting reforms are commendable. Tacit approval and a single digital procedure are real improvements, and a competitive Europe needs administrative responsiveness of exactly this kind. But these gains are bundled with output targets, procurement conditions, and conditional market access, which move European governance away from a rule-bound framework and towards the directed organisation of a formally private economy.

Three recommendations follow.

First, decouple the acceleration from the direction. Extend tacit approval and the single digital procedure horizontally – to all investments, not just in designated sectors and areas. The procedural reform is valuable precisely to the extent that it is neutral; making it conditional upon political priorities converts a framework improvement into a selection mechanism.

Second, drop the output target and the content conditions. The 20% manufacturing share, 'made in the EU' procurement quotas, and local-content and minimum EU workforce requirements substitute political judgement for market discovery and invite insider capture. Competitiveness is better served by stable rules, open procurement, and legal predictability than by quantified industrial ambitions.

Third, the author recommends that the emergency architecture should see a sunset. Industrial Acceleration Areas and conditional regimes should carry genuine expiry and review clauses, with the burden of proof on continuation. Without this, temporary crisis mobilisation measures will become entrenched as permanent administrative coordination.

Europe's competitiveness will be decided less by how fast it can push selected projects and more by whether it supports decentralised discovery and an open, neutral market order. A faster administration is welcome. However, a directed industry is not merely on a slower path; measured against the Act's own goals, it is a road that does not reach the destination.

Methodological note

The results of the EU Regulatory Observatory's assessment are presented both as a simple and as a weighted average in order to (a) calibrate the different perceptions and biases of the experts on the regulation–deregulation scale, (b) take into account the experts' confidence in their area of expertise, and (c) take in to account the extent to which the rating is informed by the expert's knowledge of the sector.

This process involved three key steps:

1. Harmonising perceptions and reducing biases: The experts were asked to rate 40 hypothetical scenarios (vignettes) in each policy area (King et al. 2004; Pemstein et al. 2020) to evaluate whether the policy is moving towards more regulation (anti-liberal) or more deregulation (pro-liberal). To ensure comparability across respondents, we used a standardised scale of 0–10 where:

    - 0 = complete regulation (anti-liberal stance)
    - 5 = no change/status quo
    - 10 = complete deregulation (pro-liberal stance)

    To improve interpretive accuracy, vignettes were designed separately for eight distinct policy areas in which liberalisation may take different forms:

    1. Digital platforms
    2. Environment and emissions
    3. Trade policy
    4. Common fisheries policy
    5. Common commercial policy
    6. Agricultural policy
    7. Energy markets
    8. Consumer protection

    Each vignette set consisted of five imaginary policy scenarios ranging from strongly regulatory to strongly liberalising[1]. These served as scale anchors, allowing for the standardisation of experts' ratings across and within areas.

2. Experts' rating: The experts evaluated the EU regulations using the same scale.

3. Experts' confidence level: For each regulation, the experts reported their confidence regarding their topic-specific expertise and the extent to their rating was informed by their expertise (both on the 0–10 scale).

[1] While the assignment of ideal scores is necessarily subjective to some extent, we aim to operate within the boundaries of mainstream policy consensus to ensure broad acceptability and analytical clarity. Ratings that deviate substantially from common interpretations are reviewed and revised accordingly, based on expert feedback.

The final weighted average score is computed as follows.

Rescaling procedure

Let X_i denote the raw rating given by expert i to the vignette set, and let Y denote the pre-specified 'true' rating of the vignettes. For each expert, we estimated a simple linear regression model:

$$Y = a_i + b_i \bullet X_i$$

The resulting coefficients a_i (intercept) and b_i (slope) capture the expert's idiosyncratic use of the response scale.

Subsequently, all real directive ratings provided by expert i were adjusted as follows:

$$Y_{ij} = a_i + b_i \bullet X_{ij}$$

where Y_{ij} is the standardized liberalisation score assigned by expert i to directive j, and X_{ij} is the original raw score for that directive.

Confidence and expertise weighting

To incorporate experts' self-assessments of their confidence, we applied a calibrated confidence-weighted adjustment to each expert's rating, ensuring that the evaluations are not excessively distorted. Traditional linear weighting methods tend to disproportionately suppress scores with moderate confidence, pulling down the mean rating significantly. We followed this weighting method to preserve the core evaluative signal of the base rating – especially for moderately confident assessments – while still rewarding higher confidence and down-weighting uncertain responses in a controlled and proportional manner.

Let the base score provided by expert i be defined as

$$S_i = \text{Intercept}_i + \text{Slope}_i \bullet \text{Expertise}_i$$

where Intercept and Slope are derived from the vignette results of each participant to harmonise the regulation–deregulation scale, while Expertise is the self-rated domain knowledge on a scale of 0–10. The adjusted (final) score is then computed as

$$\hat{S}_i = S_i \bullet 1 + \alpha \bullet \frac{C_i - \bar{C}}{C_{\max}}$$

where $C_i = C_i^{\text{policy}} + C_i^{\text{content}}$ is the sum of the expert's two confidence ratings (each on a 0–10 scale). $\bar{C}$ = 10 is the neutral midpoint of the total confidence score (used as the baseline), $C_{\max}$ = 20 is the maximum possible combined confidence, and α is a gain parameter controlling the sensitivity of the adjustment to confidence (e.g., α = 0.25).

This adjustment ensures that if C_i = 10, then $\hat{S}_i = S_i$ (no change); if C_i > 10, then $\hat{S}_i > S_i$ (slight upward adjustment), and if C_i < 10, then $\hat{S}_i < S_i$ (mild discounting).

The choice of α determines the extent to which confidence modifies the score. In our case, we set α = 0.25, such that a fully confident response (C_i = 20) is scaled up by 12.5%, while a minimally confident one (C_i = 0) is scaled down by 12.5%. This creates a bounded influence window, avoiding extremes while maintaining relative differences.

This method draws on soft-threshold weighting methods described in the expert assessment literature (e.g., Belton and Stewart 2002; Cooke 1991) and achieves the goal of respecting expertise without allowing a few confident respondents to disproportionately skew the aggregate outcomes.

Our panel of experts

The EU Regulatory Observatory panel comprises 34 experts, representing more than 25% of the current EU member countries. Most of them (62%) hold a PhD in their area of expertise. The majority (66.7%) work as researchers or policy advisors in think tanks, government bodies, or non-governmental organisations, while one out of five (20.8%) hold tenure track or tenured academic positions, as lecturers, associate professors, or professors; the rest of the experts (12.5%) are researchers in academic institutions (including PhD candidates and postdoctoral fellows). Two-thirds of the panel (66%) have more than eight years of professional experience.

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