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Industrial Accelerator Act (IAA)

Position of the European Man-made Fibres Industry

FACTS & FIGURES

The European man-made fibres (MMF) industry has an annual output of 4.4 million tonnes and is valued at over €12 billion, making the EU the third largest producing region in the world. It is a supplier of essential raw materials to the textile and clothing industry and many other downstream sectors, e.g. infrastructure, construction, wind energy, e-mobility battery/storage, grid technologies and many more. Closely linked to the MMF industry are products which have undergone further processing such as certain types of fabric, and some finished products for industrial uses. The MMF industry is an indispensable actor when it comes to recycling textiles in Europe and has been actively involved in circularity for many years.

MMF is an energy-intensive industry that has achieved significant improvements in terms of energy efficiency, but, despite those efforts, it is currently exposed to an existential threat. High gas and electricity costs but also raw material/intermediate costs need to be urgently addressed in the light of rising subsidies in competing countries. Moreover, the MMF industry has been damaged by unfair competition, e.g. in the form of dumped and subsidized imports, for many years. Both the above phenomena have recently led to massive company closures in the EU.

Indeed, over the past four years, the EU has lost a substantial share of its MMF capacity, with entire fibre types - such as acrylic or elastane fibres - having disappeared or being at imminent risk. At the same time, China's far-reaching overcapacities and fierce competition from Asia continue to intensify, further distorting global markets. As a result, the EU is reaching an alarming level of dependency on MMF imports. CIRFS therefore calls for strong and decisive measures to preserve the remaining capacities in the EU, which are global frontrunners in innovation and sustainability.

GENERAL COMMENTS ON THE IAA

CIRFS welcomes the Commission's objective to strengthen the EU's industrial policy through the proposed Industrial Accelerator Act and the explicit inclusion of our sector

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under the definitions of "chemical industry" NACE 20 and "energy intensive industries". The current **scope** of the proposal **remains too narrow and insufficiently ambitious**. To be truly effective, EU industrial policy must adopt a **comprehensive value chain approach** and include significantly **stronger market pull measures** that create tangible demand for European-produced materials and technologies. This is particularly important for upstream industries, which require clear and sustained demand signals to justify long-term investments. **Without such measures, the current proposal risks falling short of its objectives**.

The European MMF industry, represented by CIRFS, has relentlessly **supported the sustainability of MMF production processes and products** from cradle to cradle, including use and end-of-life in order for the impact on the environment to be reduced to a minimum. As a matter of fact, the European MMF industry has been a **pioneer in recycling and circularity** for many years. MMF are therefore an essential component of the European Green Deal and can play a key role in achieving the EU's sustainability and carbon neutrality objectives by 2050. In addition, our products **directly contribute to the deployment of key technologies**, for instance:

- ✓ Mooring ropes made of high tenacity yarns of polyester or para-aramid yarns are used to anchor floating offshore energy platforms (e.g. wind) in deep water.
- ✓ Man-made cellulose and acrylic fibres are the basis for carbon fibres for different applications in mobility (automotive, airplanes) wind turbines, and high temperature insulation (energy savings).
- ✓ Para-aramid yarns are further used in deep water submarine power cables.
- ✓ Aramid fibres are a key component of pipes for hydrogen transportation and optical fibre cables, deepwater submarine power cables or anti-ballistic application and safety apparel.
- ✓ Cellulosic fibres are the basis for electrical separators in applications such as Lithium-ion batteries, supercapacitors and electrolytic condensers, particularly in the new generation of electric vehicles and other energy storage devices.
- ✓ Battery solutions in the e-mobility require separators made of polypropylene fibres (PP).
- ✓ High tenacity yarns made of cellulosic, polyamide, polyester and para-aramid filaments are used in a variety of applications in electric vehicles, for instance tyres and hoses.
- ✓ Heat- and flame-resistant fibres are incorporated in garments used by professionals operating in high-risk environments.

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- ✓ Cellulosic fibres are used for reinforcement in composites of construction materials and can be used for biodegradable packaging materials.

CIRFS RECOMMENDATIONS FOR THE IAA

Article 2: CIRFS fully welcomes the objective that, by 2035, the Union's manufacturing industry shall account for at least 20% of the Union's GDP. However, CIRFS recommends the introduction of a sector-specific monitoring mechanism for capacities and production levels. Such a mechanism should trigger appropriate support measures, including market-pull instruments, where a decline is observed in comparison to a defined reference year.

Articles 4–6: CIRFS welcomes the inclusion of the MMF sector within the scope of coordinated permitting procedures aimed at shortening approval timelines for strategic industrial and decarbonisation projects. CIRFS recommends introducing a reporting obligation for Member States to assess the performance of individual applications, including sectoral or product specific distribution. Furthermore, CIRFS recommends establishing more incentives such as clear preferential access to Union and national funding instruments (e.g. the European Competitiveness Fund) for energy-intensive industries.

Chapter III: CIRFS welcomes the introduction of local content and low-carbon requirements to strengthen the Union's strategic industrial value chains. However, CIRFS recommends extending the scope of these measures to explicitly include the Man-Made fibres sector (NACE 20.60) or the broader chemical sector. In addition, further end-markets within public procurement should be clearly defined and expanded to include, inter alia, medical, hygiene, defence, and aerospace sectors. Finally, CIRFS strongly calls on the institutions to strengthen these provisions by ensuring their applicability to all products placed on the market within the relevant end-markets, and not limiting their application solely to public procurement. Without such an extension, it is unlikely that the objective set out in Article 2 will be achieved.

Annex II (Part I): CIRFS proposes that the following minimum wording be included: "Man-made fibres (NACE 20.60), and any product where such fibres are a structural component, intended for use in buildings, infrastructure, and motor vehicles for civil

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purposes: at least 25% of the total volume of man-made fibres used shall be low-carbon and of Union origin."

Annex II (Part II): CIRFS proposes that the following minimum wording be included: "Man-made fibres (NACE 20.60), any product where such fibres are a structural component: at least 25% of the total volume of man-made fibres used shall be low-carbon and of Union origin."

Annex III: CIRFS recommends that suppliers of components shall, in addition to complying with the origin requirements set out in Article 7, also comply with the requirements laid down in Annex II for the relevant goods where such goods are used in the manufacture of components. This would ensure a value-chain approach that supports upstream producers.

Articles 8–9: CIRFS considers that the geographical scope for determining "Union origin or equivalent" is excessively broad. CIRFS therefore proposes a three-step approach:

1. Only products manufactured within the Union and of Union origin should qualify;
2. Where sufficient volumes are not available, suppliers from GPA parties (e.g. Switzerland) and customs union countries (e.g. Türkiye) may be considered;
3. Where supply remains insufficient, suppliers from Union FTA partner countries with dedicated public procurement chapters may be deemed eligible.

In addition, clear provisions should be established regarding evidence, supervision, verification, and enforcement of origin requirements. Where producers in third countries are deemed eligible, they should be required to accept verification by Union authorities, including on-site inspections.

Article 25: CIRFS welcomes the initiative to designate industrial manufacturing acceleration areas. However, it considers that the requirements for designation are excessively burdensome and administratively complex for both Member States and economic operators. CIRFS therefore recommends reducing the requirements set out in paragraphs 2, 3, and 4 by at least 50%, and deleting paragraph 5 in its entirety.

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CIRFS is the association for Europe's € 12 billion man-made fibres industry, representing the industry to the European authorities and providing the industry with a wide range of services. Its members cover about 75% of European man-made fibres output. It provides for around 20,000 jobs in ca. 250 plants. The European man-made fibres industry, with a total production in 2023 of ca. 4.4 million tonnes, is the world's second largest in terms of output and one of the global leaders in terms of innovation and quality.

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