November 13 2025

To:

President of the European Commission Ursula von der Leyen
Executive Vice-President for Prosperity and Industrial Strategy Stéphane Séjourné
Executive Vice-President for Clean Transition Teresa Ribera

Strengthening European battery value chains with EU local content requirements

This letter represents the views of a coalition of signatories, companies and business associations shaping a European battery value chain, from raw materials to packs and all steps in between, of how to enshrine local content requirements (LCRs) for batteries into EU law, specifically the forthcoming Battery Booster and Industrial Accelerator Act (IAA).

The battery sector is a cornerstone of the EU's industrial strategy and security. Beyond enabling the electrification of transport, it underpins Europe's economic resilience and security by reducing dependence on imported fossil fuels and critical technologies from third countries. Developing a strong, circular and locally anchored battery value chain strengthens Europe's strategic autonomy, safeguards industrial jobs, and ensures the EU can compete globally while maintaining control over essential supply chains for the net-zero economy and its security.

Together with measures to stimulate demand for EVs and batteries, defining and deploying LCRs is urgent in order to hit production and resilience targets as defined in the Net Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA) for 2030: 40% of domestic manufacturing, 15% of world production, 40% materials processing, 10% for material extraction, 25% for materials recycling. The battery sector is not on track for hitting any of them, let alone higher targets for the post-2030 period.

Signatories call on the European Commission to provide a significant boost to European battery value chains by defining and mandating the use of EU local content requirements for batteries in the Industrial Accelerator Act.

LCRs are necessary to provide investment certainty for all relevant parts of the European battery supply chain, so that NZIA and CRMA targets for 2030 and beyond come within reach.

Use Rules of Origin framework as a basis

Defining local content is not new. Rules of Origin (RoO) are a staple of preferential trade agreements such as the EU-UK Trade and Cooperation Agreement (TCA). For complex composite products like batteries with many parts and suppliers from all over the world, RoO allow three ways to recognise a product as local: the value added criterion, change in tariff classification, and specific processing operations.

Below the coalition describes how to best use these methods to define ‘local’ and ‘content’ more precisely.

Defining ‘local’: the more downstream the narrower

As for defining ‘local’ in ‘local content’, the signatories propose that for each part of the value chain the optimal balance between ‘homeshoring’ and ‘friendshoring’ should be sought.

The general principle should be to cast a wide ‘friendshoring’ net upstream, but a narrower homeshoring ‘EU/EFTA only’ net the further downstream the value chain a processing step comes.

For instance, raw minerals could be ‘friendshored’ e.g., come from the European Free Trade Association (EFTA), UK, Free Trade Agreement (FTA), and mineral partnership countries and still qualify as ‘local’, but cell, module, pack and battery management systems (BMS) have to be strictly ‘homeshored’ i.e., their manufacturing should take place in the EU/EFTA.

Beneficial ownership criteria should be added in order to incentivize operations controlled directly or indirectly by companies domiciled in Europe and its global partners.

Defining ‘content’: number of components and value add, including recycling

As for defining ‘content’ in ‘local content’, the challenge is to adopt a definition that is both effective and workable: the most ‘lift’ for the least ‘drag’. In other words: an approach that incentivises localising the full supply chain, without loopholes, but also avoiding unnecessary paperwork and enforcement efforts.

The coalition proposes a staggered approach that:

1. Starts with a minimum number of critical components to be made locally. The critical components can be taken from the NZIA delegated regulation C(2025)2901 and implementing regulation C(2025)9033;

2. Is supplemented with a value-based (e.g., BoM, MaxNOM) threshold *per component.*

This approach avoids unnecessary paperwork for components for which no local content qualification is sought.
Tariff shifting should be minimised and only be allowed if it applies to low-risk, low-value, non-critical parts of the value chain.

Both the minimum number of local components and the local value-add thresholds should be increased over time as the European battery value chain develops. Progressivity is key to making local content requirements an efficient industrial policy tool. Differentiation can be applied by chemistry (e.g. NMC, LFP, etc) to reflect the varying maturity of supply chains.

It is also crucial to leverage local content rules to incentivise circularity: local *scrapping* of EVs and local *recycling* of battery materials, to avoid the current 'leakage' of end-of-life EVs and battery materials, especially black mass, out of the EU. Existing definitions of recycled content should be adapted to ensure only materials from local operations qualify.

Therefore, the coalition recommends including materials from EU end-of-life vehicles, production scrap from EU-based cell manufacturing facilities, as well as battery materials from EU-based recycling facilities, to qualify as local content. LCR thresholds should take availability of these sources into account in order to ensure that they can't just be met by using battery production scrap or end-of-life batteries.

Scope: what policies and tools to use LCRs in?

The local content requirements introduced by the IAA should be used more widely than just in public procurement.

For instance, tenders for battery storage systems and EV procurement, national EV incentives, national state aid and EU-level support schemes, vehicle CO2 standards, the upcoming fleet legislation, battery and vehicle passports and labels and preferential trade agreements all lend themselves for inclusion of LCRs.

LCR policies should be set at EU level, without national variations, and not introduce uncertainty over total market volume.

The state of the European battery value chain requires urgent action. The coalition believes that LCRs done well are one of the most impactful actions the EU can take.

The signatories remain available to the Commission to further develop and implement local content requirements. The EU battery sector's success will be Europe's success.


acc
AUTOMOTIVE CELLS Co


umicore


VERKOR
BATTERIES. NOW. FOR THE FUTURE.


VULCAN
ENERGY


talga


cylib


Vianode


Cleantech
for Europe


Albemarle


SYENSQO


skeleton+


eraMET
COMMITTED TO SUSTAINABLE METALS


orano


Mecaware


IMERYS


T&E


VIRIDIAN
LITHIUM
Powering electric mobility in Europe


EUROBAT
ASSOCIATION OF EUROPEAN AUTOMOTIVE
AND INDUSTRIAL BATTERY MANUFACTURERS


WAI
Environmental
Solutions