

To: Ministry of Economy, Digitalization, Entrepreneurship and Tourism
Att of: Mr. Ambrozie Irineu DARĂU, Minister
Ms. Gianina LAZANU, Secretary of State
Mr. Adrian POP, Secretary of State

Page | 1

Ref: AmCham Romania position on “Made with Europe” for electricity-critical supply chains and industrial competitiveness

Esteemed Officials,

On behalf of the American Chamber of Commerce in Romania (“AmCham Romania”), through its Energy Committee, we respectfully submit this position paper to the Ministry of Economy, Digitalization, Entrepreneurship and Tourism (MEDAT), with the purpose of supporting Romania’s engagement in ongoing EU-level policy discussions. The document brings forward a set of consolidated industry views and recommendations aimed at strengthening the effectiveness, coherence and competitiveness of the European energy and industrial framework.

Drawing on the collective expertise of companies active across the energy value chain, this document reflects a shared concern that the pursuit of strategic autonomy must be carefully balanced with the need to preserve open, secure and diversified supply chains. In this context, the Committee advocates for a pragmatic “Made in Europe, with Europe” approach, ensuring that industrial policy supports both the development of domestic capacity and the continuity of investments critical to achieving the Union’s climate objectives.

Europe’s energy transition is accelerating, while in parallel supply chains for essential equipment — inverters, cables, transformers, storage systems and power electronics — are under intense and ever-increasing pressure. The discussion on introducing rapid “Made in EU” requirements in procurement is motivated by a legitimate objective: strengthening strategic autonomy. Global competition has intensified and supply chains have become more fragile. Protectionism is on the rise while free trade is being challenged. The new geopolitical situation requires a different approach. More than ever, innovation, value chain resilience and economic growth must be top priorities.

However, market evidence suggests that if location rules advance faster than industrial capacity, the short-term result will not be more intensive European production, as planned, but will instead cause more problems: a narrower product offer, higher project costs and implementation delays in deployment.

According to the International Energy Agency, new factories require years to plan, finance and build. Meanwhile, lead times for high-voltage cables and large transformers have nearly doubled since the start of the decade, with price increases of up to 75%. In such a context, abruptly restricting the pool of eligible suppliers risks amplifying scarcity and transmitting additional costs directly into consumer tariffs and industrial competitiveness. Europe's exposure stems primarily from **excessive concentration**, not from cooperation with diversified partners. Across solar and battery value chains, more than 80% of global capacity is located in a small number of markets. Resilience therefore requires broadening reliable sources of supply while Europe scales its own industry.

Setting European content thresholds for battery cells and components in electric vehicles, as well as mandating minimum levels of European-made steel, components, and batteries in corporate fleets under the upcoming Green Corporate Fleets proposal needs to be handled carefully. These measures aim to support low-carbon products and strengthen domestic industrial capabilities. The introduction of Local Content Requirements (LCRs) needs to avoid negative impacts on competitiveness, supply chain efficiency, and market dynamics. The lack of clarity around the scope, definitions, and timelines of these requirements makes it difficult to assess their full impact.

Considering the current global economic and political context as well as the analysis presented below, AmCham Romania supports a **"Made with Europe"** approach. This model aims to achieve ambitions in a realistic way so as to allow the Union to expand domestic production where it is competitive, while maintaining access to reliable partners during the transition, so that grid modernization, deployment of renewable energy sources and electrification are not slowed down.

A balanced framework would: diversify risk and enhance security of supply, prevent sudden inflationary shocks, maintain competition and innovation, give investors predictable, phased signals, reward tangible European value creation, including employment, R&D, and compliance with EU standards. Localisation should follow capacity — not precede it. When thresholds outrun industrial reality, shortages increase, projects are postponed, financing costs rise and public support weakens. By contrast, predictable and gradual measures attract investment and allow manufacturing ecosystems to grow in parallel with market demand. That is why most critical priorities of the initiative should be: ensuring legislative coherence and realism; gradual, case-by-case implementation; focus on incentives over mandates; compliance with trade rules and preservation of international partnerships.

A practical implementation of the *Made with Europe* approach should also reflect the operational realities of project delivery. Engineering, Procurement and Construction (EPC) contractors—who translate industrial policy into concrete infrastructure projects—underline the importance of governance mechanisms that combine industrial ambition with procurement flexibility. This includes moving beyond binary origin rules toward a contribution-based scorecard, introducing segment-specific thresholds aligned with verified EU manufacturing capacity, and ensuring transitional safeguards such as automatic waivers or grandfathering provisions where supply constraints risk delaying projects. Such instruments would allow Europe to

strengthen domestic value creation while preserving the pace of deployment required for electrification and grid modernization.

Strategic autonomy must reinforce Europe’s ability to deliver affordable, reliable energy. A “Made with Europe” pathway keeps the transition moving now while building stronger capabilities for the future.

I. State of play

The acceleration of the energy transition and the electrification of the European economy are putting pressure on supply chains for critical equipment: photovoltaic (PV) inverters, high-voltage cables, transformers, storage systems and electronic components. In recent months there has been increasing debate about introducing “Made in EU” criteria for public procurement. This debate stems from a legitimate desire to strengthen strategic autonomy but risks creating bottlenecks and price spikes if implemented rigidly.

AmCham Romania’s Energy Committee supports a “**Made with Europe**” approach—aligned with AmCham EU’s recommendations and consistent with Bruegel’s core warning that overly rigid local-content mandates can provoke **cost inflation, reduced competition, slower deployment, and friction with like-minded partners**.

Europe’s reliance on global supply chains leaves its energy transition vulnerable. The continent continues to import significant volumes of static converters – a broad category that encompasses photovoltaic inverters, power electronics for electric vehicles, and industrial converters – amounting to around US\$ 15.37 billion in 2024¹. Such figures illustrate how deeply electrification equipment is tied to global price and availability cycles. Even as battery assembly expands within Europe, the bloc still depends heavily on imported parts: components for electric accumulators (classified under HS 850790) cost around US\$ 1.22 billion, while protective circuitry apparatus (HS 853630) added roughly US\$ 370 million to the import bill².

Globally, production remains highly concentrated. Wood Mackenzie’s analysis shows that in 2024, manufacturers shipped 589 GWac of PV inverters, and total manufacturing capacity surpassed 1 terawatt per year as 2025 began. Yet two companies alone – Huawei and Sungrow - hold over 55 percent of this market, and much of the supply chain is centred in China³.

The International Energy Agency (IEA) estimates that over 80% of global manufacturing capacity for solar-panel components – polysilicon, ingots, wafers, cells and modules – is located in China⁴. Battery supply chains are similarly skewed. According to the U.S. Energy Information Administration, Chinese producers accounted for 85% of the world’s anodes, 82% of electrolytes, 74% of separators, and 70% of cathodes in 2022. China also held about 85% of global battery cell production capacity in 2025. For graphite, an essential

¹<https://wits.worldbank.org/trade/comtrade/en/country/EUN/year/2024/tradeflow/imports/partner/ALL/product/850440>

² Idem

³ <https://www.woodmac.com/press-releases/global-pv-inverter-shipments-grew-by-10-in-2024-to-589-gwac>

⁴ <https://www.iea.org/reports/solar-pv-global-supply-chains/executive-summary>

anode material, a Reuters report notes that China refines more than 90% of the world's supply. These concentrations mean that disruptions in one country's supply chain – whether due to export controls, trade disputes or domestic disruptions – could reverberate through Europe's renewables sector

These figures underline that much of the hardware underpinning Europe's electrification comes from global supply chains, leaving the continent exposed to price swings and supply disruptions beyond its control.

This concentration feeds directly into infrastructure challenges. According to the IEA, procuring high-voltage cables now takes two to three years, while large transformers can require up to four. Direct-current cable deliveries sometimes stretch beyond five years.

Against this backdrop, the introduction of abrupt or rigid "Made in EU" eligibility conditions would risk intensifying existing shortages and further accelerating cost inflation. For grid operators and project developers, this would translate into longer delivery horizons, postponed commissioning timelines and additional financial pressure. Ultimately, these burdens would not remain within procurement budgets but would flow through to network tariffs, with direct consequences for European consumers and industrial competitiveness.

AmCham Romania expresses its deep **concern about rising costs and procurement risk** in electricity-critical equipment—especially where EU production is **insufficient to meet annual deployment needs** or where upstream bottlenecks (semiconductors, critical minerals, specialty steels) cannot be "localised" quickly. This is most visible in **PV inverters and adjacent power-conversion equipment**, where global market concentration is high and where cybersecurity requirements are tightening, creating the risk that procurement could shift abruptly and expensively.

II. Strategic framework for "Made with Europe" in EU industrial policy

IEA analyses show that planning, financing, permitting and constructing new factories takes years. If mandatory European-origin requirements are introduced quickly, the immediate effect is not more EU production but **further tightening of supply chains**, followed by price increases and delays. Moreover, targets in other strategic sectors (semiconductors, electronic components) cannot be achieved at an accelerated pace, creating a risk of new bottlenecks.

Rising upstream costs propagate directly into energy tariffs and project capital costs. Industrial policies disconnected from market realities can reduce social acceptance of the transition and compromise European industrial competitiveness.

In the light of this context, we mention AmCham EU's "Defining 'Made in Europe'" position paper that emphasizes **smart investment incentives and allied cooperation**, recommending a standard **EU Trusted Partner List** and a **waiver system** to keep markets open to long-standing partners while targeting genuine risks⁵.

⁵ <https://www.amchameu.eu/position-papers/defining-made-in-europe-embracing-smart-investment-incentives-and-allied-cooperation>

Bruegel's "*Made with Europe—not Made in Europe—should guide EU industrial policy*"⁶ argues that a new Industrial Accelerator Act-style turn toward local-content requirements could break with the EU's prior approach and generate conflicts with like-minded partners; it calls for readiness to work with partners to build diversified, resilient value chains rather than defaulting to blunt local-content mandates.

This direction is especially relevant given renewed political momentum for "Made in Europe" preferences in strategic sectors, reported in early 2026 reporting linked to a prospective Industrial Accelerator Act debate.

The "Made with Europe" approach proposes that **localisation should follow capacity, not precede it**. This means developing European industrial capabilities rapidly where realistic, without disrupting supply from trusted partners during the transition. In this way, public policy does not become a driver of inflation or delay, and consumers are protected from sudden price spikes.

Vulnerability stems not from openness but from **excessive concentration**. More than 80 % of global PV and battery production is concentrated in a single country. Diversifying towards a wider circle of trusted partners reduces exposure to disruptions, maintains competition and stimulates innovation. Many global companies already have a significant industrial footprint in the EU, with factories, research centres and university partnerships. Rather than being excluded, they can be integrated through contribution criteria (jobs, technology transfer, compliance with European standards). Concepts such as a **Trusted Partner List** and **joint certification** used in other sectors could be adapted to industries such as energy or manufacturing.

The Net-Zero Industry Act (NZIA) seeks to scale clean-tech manufacturing in the EU and sets a goal that net-zero technology manufacturing capacity should approach or reach **at least 40%** of annual deployment needs by 2030⁷. It also signals greater use of procurement and market access tools to stimulate EU capacity.

AmCham states that **NZIA-style resilience and sustainability criteria are legitimate**, but for electricity-critical products they must be implemented under a "Made with Europe" logic with (i) trusted-partner eligibility, (ii) segment-specific thresholds, and (iii) transitional safeguards to avoid inflationary shocks and deployment delays.

From the perspective of Engineering, Procurement and Construction contractors (EPC)—who are responsible for delivering large-scale renewable and grid infrastructure—the effectiveness of localisation policies depends not only on strategic direction but also on how procurement rules interact with project execution. EPCs operate at the intersection of manufacturing supply chains, financing structures and construction schedules. As a result, policy measures that affect supplier eligibility can translate directly into delivery risks, cost escalation or financing uncertainty.

A central recommendation emerging from the EPC community is to replace binary origin thresholds with a more nuanced "**Made with Europe**" **scorecard** that rewards measurable European value creation. Rather than focusing solely on the nationality of individual components, such a framework would assess the overall contribution of a project to the European industrial ecosystem. Criteria could include EU manufacturing content, assembly activities within the Union, testing and certification conducted under EU standards, the presence of European service and operations facilities, compliance with EU cybersecurity frameworks and

⁶ <https://www.bruegel.org/first-glance/made-europe-not-made-europe-should-guide-eu-industrial-policy>

⁷ https://commission.europa.eu/topics/competitiveness/green-deal-industrial-plan/net-zero-industry-act_en?

the location of research and engineering employment. A weighted scoring system would therefore recognise the diverse ways in which companies contribute to the European economy, while maintaining a competitive and diversified supplier base.

Another important element concerns **segment-specific thresholds**. Electricity-critical supply chains differ significantly in their current levels of European capacity. High-voltage cables, transformers, inverters and storage systems each operate under distinct industrial constraints and investment cycles. Applying identical localisation thresholds across these segments risks creating artificial shortages where capacity is still developing. EPC contractors therefore recommend calibrating thresholds according to verified European manufacturing capability, allowing industrial policy to follow realistic scaling trajectories.

The EPC community also highlights the need for **automatic flexibility mechanisms** in situations where market conditions make strict eligibility requirements impractical. Lead times, price distortions or limited supplier availability can jeopardise project timelines, particularly for grid infrastructure with already extended procurement cycles. Clearly defined waiver mechanisms based on objective criteria—such as excessive delivery delays, disproportionate cost increases or lack of qualified suppliers—would prevent policy from unintentionally stalling deployment.

Equally important is the protection of investments already underway. Projects that have reached advanced contractual stages rely on procurement strategies agreed years in advance. EPCs therefore emphasise the importance of **grandfathering provisions and change-in-law pass-through clauses**, ensuring that projects signed under earlier regulatory conditions remain bankable if localisation rules evolve during implementation.

Finally, EPC contractors underline that industrial resilience depends not only on manufacturing but also on the broader ecosystem of testing, certification, engineering services and operations and maintenance. Policies that reward companies maintaining such capabilities within the Union can strengthen European industrial depth without imposing abrupt sourcing restrictions.

III. Implications for the renewable industry and energy prices

The debate around “Made with Europe” must be situated within a broader understanding of how supply-chain decisions ripple through the renewable energy industry and ultimately affect consumer bills. Supply-chain constraints are not merely abstract procurement issues; they translate directly into project costs, delays and, in some cases, cancelled investments.

Solar installations do not function in isolation; they operate as integrated elements of a wider electricity network. Inverters are the interface that allows renewable generation to interact safely and reliably with the grid. Beyond a simple conversion function, modern equipment increasingly contributes to system stability, voltage management and resilience. As these technologies become more digital and software-driven, they also become part of the broader cybersecurity architecture of the energy system. Their reliability, upgradeability and protection standards therefore carry strategic importance for public authorities and operators alike.

The production of inverters relies on a complex ecosystem that combines advanced electronic components, specialised control technologies, secure communication systems, mechanical engineering and extensive

testing and certification capacities. Many of these elements are embedded in global supply chains and are shared with other strategic sectors, from electric mobility to transmission infrastructure.

Certain segments are already experiencing tight availability, particularly highly specialised electronic components and the digital layers that ensure secure operation and remote management. These are precisely the areas where global competition is strongest and where innovation cycles are fastest. Limiting access to them without sufficient alternative capacity would risk constraining deployment speed, raising costs and complicating the delivery of renewables.

High-voltage cables and transformers are critical enablers of renewable deployment. Cable prices have nearly doubled since 2019, and transformer costs have risen by about **75 %**.⁸ Supply-chain bottlenecks also affect offshore wind: macroeconomic pressures, restrictive policies and higher costs have left multiple auctions undersubscribed and led to project cancellations. EIC reporting notes that shortages of heavy-lift cranes and suitable port facilities delayed the UK's Sofia offshore wind farm to 2026⁹. These constraints mean that any policy that reduces the pool of eligible suppliers risks exacerbating shortages and raising costs.

Rapid growth in renewables must be matched with timely grid investment. When grid expansion lags, congestion arises, forcing system operators to curtail renewable generation and dispatch more expensive plants. The IEA warns that grid congestion undermines energy security and clean-energy transitions; in 2022, Dutch transmission operator TenneT spent **EUR 388 million** on congestion management, more than six times the amount spent in 2020, and similar costs in Germany exceeded **EUR 4 billion**, costs that are typically passed on to consumers through network tariffs¹⁰. Congestion also delays connecting new renewable projects, hindering housing and industrial development. Without anticipatory planning and flexible grid enhancement, the electrification of transport and heating will drive up grid costs and consumer prices.

The energy transition itself exerts upward pressure on prices. The Suerf policy brief concludes that the transition is likely to be **inflationary until 2030** because substantial investment and labour demand will raise prices, and increased raw-material demand will add volatility¹¹. The European Commission estimates that achieving the Fit for 55 targets requires additional investment of **EUR 477 billion** per year on top of the current EUR 764 billion¹². Higher financing costs and interest rates can undermine project viability; when supply-chain risk premia rise, investors demand higher returns, which translates into higher tariffs for consumers over the life of the asset.

Supply-chain constraints and inflationary pressures can slow the pace of renewable deployment. The IEA's renewable electricity outlook predicts that offshore wind capacity growth has been revised down by 27 % compared with the previous year because of higher costs and policy uncertainty. The forecast for solar PV

⁸ <https://iea.blob.core.windows.net/assets/ea2ff609-8180-4312-8de9-494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf>

⁹ <https://www.renewableenergymagazine.com/panorama/europea-s-energy-transition-faces-potential-delays-20250520#:~:text=%E2%80%9CThere%20are%20specific%20bottlenecks%20in,2026%20as%20a%20prime%20example>

¹⁰ <https://www.iea.org/commentaries/grid-congestion-is-posing-challenges-for-energy-security-and-transitions>

¹¹ https://www.suerf.org/wp-content/uploads/2025/03/SUERF-Policy-Brief-1112_Serrano-DeGroot-Ruiz-vanGeffen-Wijffelaars.pdf#:~:text=The%20energy%20transition%20will%20probably,it%20depends%20on%20geopolitical%20developments

¹² https://single-market-economy.ec.europa.eu/document/download/680f052a-fa6c-4f63-a1ec-c4866fa25a27_en?filename=SWD_2023_68_F1_STAFF_WORKING_PAPER_EN_V4_P1_2629849.PDF

in several European markets has been revised down due to lower retail prices and reduced incentives following the energy crisis. EIC analysis similarly warns that grid saturation, permitting delays and industrial bottlenecks are putting 2030 climate targets under pressure. When combined with rigid localisation rules, these constraints risk further slowing deployment. Higher equipment costs feed through into the levelised cost of energy, raising the final price paid by households and businesses and potentially undermining public support for the transition.

A “Made with Europe” approach must therefore consider the macroeconomic context and strive to prevent cost escalation. It should prioritise diversification and collaboration to keep supply chains resilient; invest in grid infrastructure and congestion management to absorb growing renewable capacity; and design financial instruments and regulation to smooth the recovery of costs over time. Without such measures, an insistence on rapid localisation could inadvertently slow the green transition and make electricity less affordable for European citizens.

IV. The risk of moving faster than capacity

Industrial development is, by nature, **cumulative**: it accelerates when investors can rely on stable policy signals, a predictable project pipeline, and confidence that demand will still exist by the time new capacity comes online. The risk today is that Europe sets localisation requirements on a political timetable that **moves faster than industrial reality**. When that happens, the first effect is not a surge in European production; it is a tightening of already-stretched supply chains, followed by higher procurement costs, longer delivery times and delayed deployment.

Recent grid-market evidence illustrates the point with uncomfortable clarity. An International Energy Agency survey of leading industry players finds that it now takes **two to three years to procure cables** and **up to four years to secure large power transformers**—with average lead times for both categories **almost doubling since 2021**.

Against this backdrop, the policy risk is straightforward: **if eligibility rules suddenly narrow the pool of acceptable suppliers**, Europe is likely to *amplify* scarcity rather than reduce it. Where procurement cycles are already measured in years, a rigid “Made in EU” threshold introduced without transition shields would collide with existing backlogs. That collision would then appear in the real economy as postponed grid reinforcements, delayed renewable connections, slower electrification of industry and—crucially—**higher network tariffs** and overall system costs that are ultimately borne by consumers and businesses.

The same “timeline mismatch” is visible in other strategic technologies that sit behind the energy transition. Semiconductor capacity expansion, for instance, cannot be willed into existence quickly: major policy and audit assessments underline that Europe’s ambitions face constraints of scale, financing and time-to-build. The European Court of Auditors has warned that achieving the EU’s target of a substantially larger global chip share by 2030 is highly unlikely at the current pace—an example of how **strategic goals can outrun feasible industrial delivery**. This matters for energy because power electronics and chips are embedded across grid equipment, inverters, storage systems and charging infrastructure. When upstream capacity is not ready, an EU-only sourcing push risks creating bottlenecks in precisely the components that have “small cost share, huge system consequence”.

This is where the distinction between “**Made in Europe**” and “**Made with Europe**” becomes operationally decisive. A “Made with Europe” approach does not abandon industrial ambition; it **sequenced ambition**. It

allows Europe to (i) build domestic capacity where it can scale competitively, while (ii) preserving access to trusted-partner supply during the transition period so that deployment does not stall and costs do not spike. This logic—also reflected in “trusted partner” and waiver-style governance proposals—prevents policy from becoming a driver of inflation and delay in electricity-system build-out.

In policy terms, the principle is simple: **localisation should follow capacity—not precede it**. When thresholds are aligned with verified industrial ramp-up, they attract investment and support reindustrialisation. When thresholds outrun capacity, they tend to produce the opposite shortages, project postponements, higher risk premiums in financing, and cost pass-through into bills. The credibility of industrial policy is then weakened—because citizens experience the outcome not as strategic autonomy, but as more expensive energy and slower progress.

This is why transition shields are not a “nice-to-have”; they are essential governance. Phasing, clear waiver triggers in case of scarcity, and criteria that reward real European value creation (jobs, service footprint, R&D, compliance) can preserve momentum while Europe scales. In short, **“Made with Europe”** is the approach that keeps the transition moving **now**, while building autonomy that is sustainable **later**—without turning electricity affordability into collateral damage

V. Why a “Made with Europe” approach strengthens both resilience and affordability

The transformation of the European energy system is not a matter of individual technologies but of systemic coherence. Generation assets, transmission infrastructure, digital control layers and end-use electrification function as interdependent components of a single architecture. Solar capacity cannot contribute without conversion equipment; offshore wind requires cables and substations; grids cannot expand without transformers; digitalisation is meaningless without secure electronics and software integrity. Because these elements are tightly linked, a constraint in one segment rapidly produces cascading effects across the entire value chain. Industrial policy choices must therefore be evaluated not only by their intention to stimulate manufacturing, but by their broader impact on system reliability, deployment speed and economic sustainability.

Across many of the product families that are indispensable for decarbonisation, global supply remains concentrated while European capacity, though expanding, is still in the process of catching up with demand. Manufacturing plants require years to plan, finance, permit and construct. Skilled labour must be trained, certification frameworks established and supplier ecosystems developed. None of these processes can be accelerated beyond certain physical and economic limits.

In such circumstances, policy must confront a fundamental test of realism: measures that restrict access to existing international supply will not automatically generate immediate European alternatives. They may instead intensify competition for scarce equipment, extend delivery schedules and introduce additional cost pressure at precisely the moment when the Union is attempting to accelerate investment.

Strategic ambition must therefore be accompanied by an honest assessment of what can be achieved within specific time horizons.

Electricity has become the foundation upon which Europe’s industrial renaissance, digital transformation and climate neutrality are expected to stand. Its affordability influences not only household welfare but also the capacity of European companies to compete globally, attract production and retain employment.

When upstream costs rise, the effect inevitably propagates. Higher equipment prices translate into more expensive projects; more expensive projects require higher revenues; these revenues ultimately materialise in tariffs, taxes or support mechanisms borne by citizens and enterprises. The chain is direct, visible and politically sensitive.

Any industrial strategy that does not fully integrate this transmission mechanism risks undermining social acceptance of the transition itself.

VI. Partnership as a component of sovereignty

Resilience in contemporary industrial systems is seldom achieved through withdrawal or insulation. It emerges instead from the capacity to operate within **diversified, trusted and mutually reinforcing networks**. Modern energy technologies are the product of layered supply chains in which research, advanced manufacturing, specialised components, digital systems and services are distributed across allied economies. Attempting to compress this architecture within strictly national or regional borders would not simplify it; it would risk making it more fragile by reducing flexibility and optionality.

At the same time, partnership does not mean absence of European value creation. Many global companies already operate extensive industrial and innovation footprints within the Union. They run factories, employ local workforces, maintain engineering centres, cooperate with European universities and anchor regional supplier ecosystems. Their investments are long term, capital intensive and embedded in European regulatory frameworks. They contribute to fiscal revenues, skills formation and technology transfer. In practical terms, they are already part of Europe's industrial base.

This reality is particularly visible in segments such as high-voltage cables, advanced grid equipment and digital energy technologies, where European and allied manufacturers have built dense cross-border industrial linkages. Even where production capacity exists within the Union, international cooperation frequently underpins access to specialised vessels, upstream materials, advanced electronics or software expertise. Excluding such partners would not necessarily increase European manufacturing; it could simply create new bottlenecks in adjacent parts of the chain.

Moreover, partnership enlarges Europe's strategic room for manoeuvre. A wider circle of trusted suppliers reduces exposure to unilateral disruption, spreads geopolitical risk and enhances negotiating power. It encourages competition, which remains one of the most effective mechanisms for maintaining affordability and stimulating innovation. In contrast, narrowing the market too abruptly may consolidate rather than diminish dependency.

A policy framework centred on contribution rather than passport therefore offers a more effective path to autonomy. What ultimately strengthens sovereignty is not the nationality of capital, but the presence of **investment, jobs, research activity, compliance with European standards and integration into the internal market**. When these conditions are met, cooperation becomes an instrument of strategic depth.

This philosophy is well represented by the concept of **"Made with Europe."** It recognises that Europe can expand its capabilities while continuing to benefit from the dynamism of global innovation networks. It supports domestic growth without interrupting current deployment, and it ensures that the transition remains economically and socially sustainable.

Partnership, in this sense, is not the opposite of sovereignty. It is one of the ways sovereignty is built in an interdependent world.

VII. The strategic decision ahead

Europe is not facing a simplistic choice between producing at home and engaging with the world. The genuine decision is more sophisticated and far more consequential: how to rebuild industrial strength while maintaining the capacity to deliver the energy transition at speed and at acceptable cost. Strategic autonomy is a destination, but the route toward it must be navigable. If policy instruments are misaligned with industrial timelines, they risk obstructing rather than enabling progress.

A calibrated pathway can foster the emergence of European manufacturing while preserving access to diversified supply in the interim. When scarcity already defines the market environment, narrowing eligibility risks compounding the problem rather than solving it.

The lesson is visible across product families. Global photovoltaic manufacturing expanded to record levels in recent years, with total annual capacity exceeding several hundred gigawatts, largely because scale, open trade and predictable demand enabled rapid industrial investment². At the same time, cost structures in segments such as solar and batteries underline the importance of scale: producing solar modules and battery systems in European facilities can be up to 45 % more expensive than in the largest global production regions, reflecting the advantages of established global ecosystems³.

Similarly, battery markets have achieved significant cost reductions through international ecosystems that integrate mining, refining, cell production, pack assembly, integration and recycling across continents. In these systems, scale and open supply chains have contributed to sharp price declines, enabling both consumer adoption and grid-scale flexibility. Where scale is preserved, prices tend to fall; where markets fragment, costs rise.

An abrupt closure of procurement frameworks before European capacity is ready to substitute existing supply could therefore produce a paradoxical outcome: instead of strengthening industry, it may delay projects, increase financing risk and slow the very deployment that provides demand certainty for new factories. Investors observing regulatory volatility tend to postpone decisions. Manufacturers hesitate to commit capital if they fear that demand will contract as prices rise. What begins as a sovereignty measure may unintentionally weaken the industrial momentum it seeks to create.

By contrast, a staged and predictable approach can mobilise both domestic and international capital toward European objectives. When companies know that localisation will deepen progressively, in line with demonstrated capacity growth, they are more likely to expand facilities, develop partnerships and anchor supply chains within the Union. Confidence, not constraint, becomes the driver of reindustrialisation.

This distinction is crucial because time is now a strategic variable. Europe must simultaneously decarbonise, electrify transport and heating, modernise its grids and maintain competitiveness in global markets. Delays in one area reverberate through all others. The cost of hesitation is cumulative.

The first pathway — gradual strengthening combined with openness to trusted partners — therefore supports innovation, maintains competition and protects consumers during the transition. The second —

premature restriction — risks producing bottlenecks, higher prices and uncertainty, making future initiatives politically and economically harder to sustain.

In essence, the choice is between building capacity through confidence or testing ambition through scarcity.

A credible industrial strategy must begin with a clear understanding of where Europe can realistically build or expand competitive advantages within the time horizons imposed by the energy transition. Not every segment of the value chain can be replicated overnight, nor should public resources attempt to do so. Prioritisation is therefore not a retreat from ambition; it is the condition for success. By directing support toward areas where investment can translate into rapid capability gains, the Union can reinforce sovereignty while safeguarding affordability and deployment speed.

In practical terms, this means accelerating activities such as **assembly, integration, testing, certification and after-sales service**, where facilities can be developed more quickly than in upstream raw-material or component manufacturing. These nodes generate high-quality employment, embed know-how locally and create durable industrial ecosystems. They also strengthen Europe's position in global value chains by anchoring long-term operational presence rather than purely transactional supply.

The urgency of such an approach is underscored by market evidence. International energy analysis shows that the expansion of electricity networks and renewable capacity is increasingly constrained not by the availability of generation technology alone, but by bottlenecks in equipment, skilled labour and system integration. The International Energy Agency estimates that to meet announced climate and electrification objectives, global grid investment would need to rise to **well above USD 600 billion per year by the early 2030s**, while the workforce required for grid construction and maintenance must increase substantially over the decade¹³. Where industrial ecosystems are already present, scaling can occur faster and with lower risk.

Research and innovation represent another area where Europe can exercise immediate influence. The EU hosts world-class universities, engineering expertise and advanced laboratories. Targeted support for next-generation power electronics, digital grid management, storage optimisation and cybersecurity can create intellectual property, attract capital and generate spillovers into manufacturing. Crucially, R&D leadership can be developed more rapidly than heavy industrial infrastructure, while still delivering long-term strategic leverage.

Circularity and recycling provide additional opportunities for pragmatic sovereignty. In batteries, critical minerals and electrical equipment, secondary materials can progressively reduce dependence on primary imports. European policy already recognises this dynamic: under the Critical Raw Materials framework, recycling targets are expected to become a structural pillar of supply security. Developing these capacities domestically enhances resilience while avoiding abrupt supply shocks.

At the same time, intelligent prioritisation requires a shift in how trust is defined. For many advanced technologies, particularly in digital systems, cybersecurity and reliability depend less on geography than on **verifiable standards, transparent supply chains and continuous monitoring**. Establishing rigorous European certification regimes, vulnerability reporting requirements and lifecycle sustainability criteria can

¹³ <https://iea.blob.core.windows.net/assets/ea2ff609-8180-4312-8de9-494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf>

protect infrastructure without unnecessarily restricting access to innovation. In this way, security and openness reinforce rather than contradict one another.

By focusing on these achievable domains, Europe can deepen its industrial base while maintaining the deployment momentum that climate neutrality demands. Manufacturing strength grows alongside market growth, not in opposition to it. The transition continues, investors retain confidence and consumers are shielded from abrupt cost escalation.

Prioritisation, in essence, is how strategy becomes implementable.

The “**Made with Europe**” approach reflects a pragmatic understanding of how industrial ecosystems actually function in the 21st century — through complex, diversified, and interconnected value chains, rather than closed geographic silos. Rather than diluting ambition, this model channels it into areas where Europe can realistically scale capacity while buffering the system against shocks. The evidence from global manufacturing trends shows that open markets with diversified supplier bases tend to deliver **faster cost reductions, wider innovation diffusion and stronger resilience**. For example, in the solar sector, global module capacity expanded rapidly in the past decade precisely because multiple countries contributed at scale through open trade, enabling prices to fall by more than **80 % between 2010 and 2024** on a per-watt basis¹⁴.

By combining domestic capability building with cooperation among trusted external partners, the “Made with Europe” approach also protects consumers from abrupt price shocks.

Preserving competitive procurement is also essential to keep innovation pathways open. In critical technologies like power semiconductors and digital grid systems, global competition fuels rapid innovation cycles. The International Energy Agency has highlighted that semiconductor value chains remain concentrated, but that progress in energy and power electronics innovation depends on cross-border investment and R&D collaboration¹⁵. Excluding global partners prematurely could slow the diffusion of novel technologies into European markets and increase costs for consumers and grid operators alike.

At the same time, a “Made with Europe” strategy sends a powerful signal that Europe welcomes investment in its future and participation in its regulatory and security frameworks. European regulatory regimes — from the **EU Cybersecurity Act** to the **Critical Raw Materials Act** — set high standards for quality, sustainability and risk management. When international firms comply with these frameworks, they embed European norms into global production networks, contributing upstream value rather than remaining external vendors. This dynamic enhances strategic alignment without fragmenting supply.

Moreover, trusted-partner frameworks such as supplier vetting, reciprocity agreements and joint certification schemes — already in use in sectors like defence or aerospace — demonstrate how cooperation can be both selective and strategic. They ensure that economic openness does not compromise security, while also avoiding the inflationary consequences of overly narrow localisation. According to analyses of

¹⁴ *International Renewable Energy Agency & IEA, “Global PV Market and Cost Trends”* — solar module price decline of >80 % over the past decade due to scale and open trade markets.

¹⁵ *IEA, The Role of Semiconductors in Clean Technology Manufacturing* — importance of semiconductor value chains for energy technologies and constraints on near-term European share growth.

procurement outcomes, policies that reward **EU-added value, service footprint and compliance** can deliver higher domestic impact than rigid nationality thresholds alone¹⁶.

In essence, **“Made with Europe”** balances the ambition for autonomy with the operational realities of global industrial ecosystems. It positions the Union to grow its industrial base, attract investment, sustain innovation and protect consumers — without introducing undue costs or deployment delays that would undermine broader climate and economic objectives.

VIII. Industrial ecosystems: the automotive sector as a parallel example

The debate surrounding “Made with Europe” also resonates strongly in other strategic industrial ecosystems, most notably the automotive sector. The European automotive industry represents one of the continent’s largest industrial pillars. It supports approximately 2.5 million direct jobs, contributes over 7.5 % of EU GDP, and remains the largest private investor in research and development in Europe. If the sector were considered as an economy in its own right, its turnover would exceed that of several EU Member States.

European car manufacturers and suppliers are already implementing an “invest in Europe” strategy in practice, operating more than 250 manufacturing plants across the Union. At the same time, automotive supply chains are deeply global and technologically complex. Thousands of components sourced from multiple continents must be integrated into a single vehicle. For this reason, discussions around potential “Made in Europe” content requirements must be approached with caution.

Local-content policies in such ecosystems cannot be implemented abruptly without risking unintended consequences. Any localisation targets should therefore be phased in gradually, with sufficient lead time and differentiation across vehicle segments. They should rely primarily on smart incentives rather than rigid mandates, and they must remain consistent with international trade commitments and partnerships.

Competitiveness fundamentals remain decisive. Industrial investment in Europe depends on factors such as affordable energy, efficient permitting procedures, skilled labour availability and predictable investment support, particularly in strategic areas such as battery manufacturing. Europe’s automotive sector will continue to expand its manufacturing footprint only if the Union remains an attractive location for long-term industrial investment.

The industry broadly supports the European Union’s ambition to strengthen resilience and manage critical dependencies by 2026. However, adapting globalised supply chains requires time, capital and regulatory predictability. Strengthening European capacity should therefore not be confused with economic isolation. Europe remains a central node in global trade networks, as illustrated by recent trade agreements and industrial partnerships.

¹⁶ Analysis of procurement scoring frameworks (AmCham EU / trusted partner models) showing higher **EU-added value outcomes** compared to rigid localisation benchmarks.

Preventing de-industrialisation and generating greater value within Europe are shared objectives across sectors. Achieving them requires policies that encourage investment rather than restrict it. Faster permitting, lower industrial energy costs, improved labour productivity and stable investment frameworks will play a central role in enabling industrial expansion, particularly in emerging segments such as electric-vehicle battery manufacturing.

At the same time, decarbonisation policies must remain pragmatic and technologically open. Achieving climate objectives in transport requires a balanced approach that combines ambitious targets with flexibility in technological pathways. Demand-side incentives, affordable electricity prices and the rapid deployment of charging infrastructure will be essential to accelerate the adoption of zero-emission vehicles.

Finally, preserving industrial partnerships remains critical. The automotive sector represents one of the deepest and most integrated examples of European economic cooperation. Countries such as Türkiye and the United Kingdom are legally, institutionally and operationally integrated into the European automotive ecosystem through supply chains, standards and industrial investment. Excluding such partners from emerging “Made in Europe” frameworks would risk weakening rather than strengthening Europe’s industrial base.

A pragmatic industrial strategy should therefore recognise the reality of deeply interconnected value chains and seek to strengthen them. Building European capacity while maintaining trusted partnerships will be essential to preserving competitiveness, employment and technological leadership across Europe’s industrial landscape.

IX. Implementation tools proposed by EPC contractors

To translate the *Made with Europe* principle into operational procurement frameworks, EPC contractors propose a series of complementary policy tools designed to balance industrial development with project deliverability.

A first instrument would be the introduction of a **European value-added scorecard**. Rather than relying on binary origin requirements, projects could be evaluated against a weighted set of criteria reflecting their contribution to the European economy. These criteria may include EU-based manufacturing content, assembly and integration within the Union, testing and certification performed under EU standards, the presence of European operations and maintenance capabilities, compliance with EU cybersecurity requirements, and the location of research, engineering and employment activities. Such a scorecard would recognise that European value creation occurs across the entire lifecycle of energy infrastructure.

Second, compliance should be assessed **at project level rather than at the level of individual components**. Large infrastructure projects involve complex engineering optimisation across the balance of plant and major equipment. Allowing EPC contractors to optimise procurement within a project-level framework would preserve efficiency while ensuring that the overall project contributes meaningfully to European industrial development.

Third, localisation thresholds should be **calibrated by technology segment**. Equipment categories such as cables, transformers, inverters and storage systems operate within different industrial ecosystems and capacity constraints. Differentiated thresholds based on verified EU production capacity would avoid the risk of shortages while still sending clear investment signals.

Additional governance mechanisms could further support the stability of the system. These include the creation of a **Trusted Partner List**, enabling suppliers that meet European security and certification requirements to participate in procurement processes, as well as the publication of an **EU-wide dashboard monitoring manufacturing capacity and long-lead equipment availability**. Greater transparency would allow policymakers to align localisation policies with real industrial capabilities.

To mitigate volatility in procurement cycles, EPC contractors also recommend encouraging **framework agreements for grid components** such as cables and transformers. Such instruments can smooth demand signals and provide manufacturers with the confidence required to invest in additional capacity.

Finally, financing instruments that support the expansion of European manufacturing capacity—while avoiding abrupt disruptions to deployment—could play a decisive role. Targeted guarantees, investment facilities and blended-finance tools can accelerate industrial build-out without compromising the pace of the energy transition.

For the auto sector, this initiative is key. The automotive industry provides 2.5 million direct jobs. It generates over 7.5% of the EU's GDP¹⁷ – if the automotive industry were a country, its turnover would be bigger than the entire Dutch economy – and it is the largest private investor in R&D in the EU. The automotive industry is implementing an “invest in Europe” policy already every day in more than 250 factories across the EU. But the current discussion around targets or mandates for “Made in Europe” content in vehicles needs careful handling. Automotive supply chains are global and incredibly complex; any local content requirements must be phased in gradually, with enough lead time and differentiation across segments. They should rely on smart incentives and be designed to respect trade partners and rules. And let's not forget the fundamentals of competitiveness: affordable energy, faster permitting, skilled workers, funding to build and run battery manufacturing. Local manufacturing will continue to flourish only if Europe remains an attractive place to invest.

The European automotive industry is fully aligned with the EU's 2026 ambition to enhance resilience and manage critical dependencies. Adjusting though the globalized value chains will require significant time and investment, but this should not be confused with isolation. The EU remains an attractive trade partner, as evidenced by the recent free trade agreement with India.

Generating more value in Europe and preventing de-industrialization is a shared goal. It's essential to keep Europe open for business and build pragmatic partnerships. Policies to boost production and investment in Europe should rely on incentives and be part of a broader re-industrialization push. This includes faster permitting, lower industrial energy costs, higher labor productivity, and predictable support for investments, especially to scale EV battery manufacturing.

¹⁷ https://single-market-economy.ec.europa.eu/sectors/automotive-industry_en

Pragmatic decarbonization is another objective. A "three-lane" pathway for cars, vans, buses, and trucks should include ambitious targets while remaining flexible and technology-neutral. A targeted amendment should grant flexibility to truck makers for emission credits compliance by 2030. The current Commission proposal for cars and vans needs strengthening. Consistent demand incentives, attractive electricity prices, and a faster rollout of charging infrastructure are essential for achieving the 2030 battery-electric market share targets.

We must also reverse the decline in vehicle production in Europe, which is vital to the automotive ecosystem, including jobs and maintaining critical skills. Expanding regulatory requirements make building affordable compact cars increasingly unviable, impacting individual mobility. The Commission should align regulatory "batches" with vehicle development cycles and simplify regulations, such as Euro 7 for heavy-duty vehicles. Accelerating fleet renewal with intelligent incentives for the oldest and highest-emitting vehicles can stimulate demand, increase plant utilization, and reduce emissions, but at the same fuel decarbonization should complement the fleet's transition to cleaner vehicles.

Preserving partnerships is also essential. The automotive sector represents the deepest and most advanced area of the EU integration. While we support the Made in Europe initiative, excluding countries like Türkiye or the UK, countries that are legally, institutionally, and operationally integrated with the EU, from its geographical scope would benefit neither side and would in fact create a lose-lose scenario.

We call on EU decision-makers to examine the dynamics of the automotive ecosystem more closely and to adopt a framework that includes deeply integrated partners.

X. The importance of predictability

Large-scale energy investments are built on expectations that extend far beyond political cycles. Generation assets, grids, storage facilities and digital infrastructure involve planning horizons measured in decades, while financing structures are often locked in many years before a project becomes operational. Power-purchase agreements, regulated returns, supply contracts and insurance arrangements are all calibrated against assumptions regarding technology availability, procurement conditions and regulatory stability.

When these assumptions change abruptly — for example through sudden shifts in eligibility rules, localisation thresholds or procurement criteria — risk perceptions change immediately. Investors respond by demanding higher returns, lenders adjust credit conditions, and projects that previously appeared viable may be delayed or cancelled. What may appear as a targeted industrial measure can therefore propagate quickly into the financial architecture of the energy system.

Market evidence confirms the sensitivity of capital costs to regulatory uncertainty. The International Energy Agency has repeatedly underlined that **policy stability is one of the strongest determinants of investment flows in clean energy**, influencing not only whether projects proceed but also the price at which capital can be mobilised¹. Even relatively small increases in the weighted average cost of capital can translate into significant rises in electricity prices over the lifetime of an asset.

The stakes are high because the scale of investment required is unprecedented. To align with climate and electrification objectives, global energy investment must reach several **trillion dollars annually**, with a large share directed toward power generation, grids and flexibility resources². Europe competes for this capital in a global marketplace. Jurisdictions perceived as predictable and transparent attract funding more easily and at lower cost.

Conversely, abrupt regulatory changes can introduce what financial institutions describe as **policy risk premiums**. Where suppliers cannot reliably forecast market access, they may raise prices to compensate for uncertainty. Where developers anticipate delays in equipment procurement due to changing eligibility, contingency budgets expand. These effects accumulate, ultimately affecting consumers and public finances.

From an EPC delivery perspective, the proposed measures would have tangible implications for project execution. In practice, they may affect construction schedules, including risks to commercial operation dates (COD), potential exposure to liquidated damages (LDs), and the ability to meet grid-connection milestones. They may also influence project cost structures by increasing contingency requirements, triggering escalation clauses, and raising financing or insurance costs. In addition, such measures could affect project bankability, as lenders may respond with stricter reserve requirements (such as DSRA provisions), tighter covenant conditions, or adjustments to the timing and structure of power purchase agreements (PPAs). For this reason, implementation frameworks that incorporate scoring mechanisms, automatic waivers and project-level compliance structures would significantly reduce delivery risk while preserving the policy objective of strengthening European industrial capacity.

Predictability is equally crucial for industrial expansion. Building new factories or upgrading production lines requires confidence that demand will remain robust and accessible over many years. If market rules are perceived as volatile, companies may hesitate to commit capital, preferring instead to wait for clearer signals. In this sense, instability can delay precisely the domestic investment that localisation policies seek to encourage.

A balanced framework — clearly communicated, phased in over realistic timelines and accompanied by transparent criteria — produces the opposite effect. It allows manufacturers to prepare, investors to model returns accurately and supply chains to adapt in an orderly manner. International partners are more likely to establish assembly, service and research activities within Europe when they perceive the regulatory environment as durable rather than abrupt.

Predictability, therefore, is not administrative convenience. It is an industrial asset.

By reducing uncertainty, Europe lowers financing costs, accelerates deployment and strengthens its attractiveness as a destination for advanced manufacturing and innovation. Without it, even well-intentioned policies may inadvertently slow progress.

The strengthening of Europe's strategic autonomy is an imperative shared across the political spectrum. Yet autonomy must enhance, not hinder, the capacity to deliver affordable and reliable energy. If the path chosen leads to slower electrification or sustained price increases, the broader economic foundation of sovereignty may be weakened.

A confident Europe can pursue industrial expansion while remaining open to cooperation. It can build capacity without generating disruption. It can protect its citizens while encouraging innovation.

In the present circumstances, this balance is best achieved through a **Made with Europe** approach — firm in direction, pragmatic in execution and aligned with the realities of the global energy system.

In the light of the above, the Energy Committee within AmCham Romania trusts that the considerations set out in this document may usefully inform Romania’s engagement in the ongoing EU-level discussions. Ensuring a regulatory framework that combines ambition with clarity, predictability and implementation feasibility will be essential for delivering on the Union’s objectives while preserving its industrial competitiveness.

We remain available for further dialogue and would be glad to contribute to future exchanges on these topics.

Sincerely yours,

Nicoleta Forfota,

AmCham Romania Energy Committee Chair