

Editorial

## **Sobering up: Europe's industrial hangover needs a cure, not a drink**

*13 February 2026* - At the industry summit held in Antwerp, followed by a Heads-of-State retreat, Europe's leaders spoke the right language: competitiveness, resilience, strategic autonomy, industrial renewal. Outside the conference halls and castle backdrops, the pressure on Europe's industrial base continues to mount. And it's not just about the money: the EU urgently needs to secure and safeguard sovereignty in view of a continuous volley of external threats.

When EU foreign policy chief [Kaja Kallas joked](#) last month that it might be "time to start drinking" over fresh tariff threats from the US, the laughter in Brussels was nervous. Her remark captured a broader, dangerous mood in the capital: anxiety over political uncertainty combined with fatigue from debates that circle endlessly, while reality outside the policy bubble moves faster.

If Europe's leaders are exasperated, imagine how the industrial base feels. Automotive suppliers in Europe have announced 104,000 job cuts in the past two years - nearly 140 per day. Our industry is living through a moment of profound strain and contradiction. We are asked to invest, innovate and decarbonise at record speed, all while trade decisions stall, regulatory complexity multiplies, and core competitiveness plans remain unresolved. In an increasingly polarised world, Europe must safeguard its industrial capacity, advance deregulation, and bring down energy costs to secure both prosperity and strategic independence.

### **Mercosur: postponing opportunity**

The [EU - Mercosur agreement](#) is the latest casualty of this paralysis. It hasn't been rejected; it has been left in political limbo. For industry, uncertainty is costly.

Over the past five years, EU - Mercosur auto-parts trade has exceeded €18 billion, alongside €377 million in EU investment in Mercosur component operations, which underscores the partnership's strategic importance.

The Draghi report on competitiveness made the warning explicit: Europe's global market share has been eroding for years, while competitors move faster to secure trade partnerships. While Brussels waits for the final decision from the European Court of Justice, industry urges the Commission to find a path for provisional implementation of the deal. We cannot afford to wait for compromises while losing market access.

### **Safeguarding jobs and know-how**

There is also the issue of unfair competition.

As shown [by recent data from a Roland Berger study](#), importing the cheapest technology today might balance a spreadsheet this quarter, but it hollows out our innovation capacity tomorrow. Trade Defence Instruments are important but slow; we need clear, simple and workable policies to incentivise local value creation now.

Due to this unfair competition, we risk losing 350,000 jobs by 2030 and trading European technological sovereignty for dependency on regions with lower costs and fewer regulatory requirements. The upcoming Industrial Accelerator Act cannot be underestimated. Draghi was clear: Europe does not lack strategies; it lacks speed. But to safeguard our future, we need more than just speed, we need clarity. A vehicle should only be labelled “European” if at least 75% of its components are made in Europe.

If the Act simplifies rules, and establishes these criteria, it could be a turning point.

### **The awkward truth about “flexibility”**

The industry is delivering on electrification. One in four vehicles built in Europe is now electric or plug-in hybrid, and battery-electric vehicles reached a 17.4% market share in 2025.

But are families buying cars, or is this growth largely driven by corporate fleets?

Contrary to recent claims from US and electricity sector-funded organisations, demand is fragile: EV output reached 3.3 million units in 2025 - far below the 4.8 million once expected. Families are struggling with affordability, range anxiety, and high electricity costs.

This makes hybrids essential. Now and in the future. And consumers agree: according to [Deloitte’s 2026 Global Automotive Consumer Study](#) findings, internal combustion engines remain the leading choice for nearly half of buyers in Germany, France, and the UK. Moreover, hybrids (HEV) continue to absorb incremental demand: Germany and France, which recorded HEV preferences of 12% and 21% respectively in 2025, have also seen a clear increase to 14% and 23% since then.

Europe needs a CO2 technology-open framework that reflects market realities rather than fighting them. Feasibility will come with flexibility - hopefully achieved through a coherent strategy rather than a multitude of complex exceptions. This is the only way to reclaim our economic sovereignty.

### **Where we go from here**

If now is the time to start drinking, as Kallas joked, then it is also time to sober up.

Europe’s automotive suppliers are ready to compete globally, invest in Europe and deliver the transition. But we cannot run a marathon with our shoelaces tied together.

We don’t need another slogan. We need smart policy choices, and we need them now.

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