

The automotive map is being redrawn – Europe must decide its place

Extreme economic pressure and geopolitical tensions continue to mount, and everyone is waiting for Europe's next move hoping that it doesn't end at abstract ambitions or roadmaps. Suppliers have already lost 104,000 jobs since 2024 to political inaction. Strategic autonomy is the only path forward to secure our automotive future – and we can't wait any longer

We believe in Europe. As automotive suppliers, our commitment to this continent's industrial and environmental future is unwavering. Yet, right now, European industry is suffering from a glaring deficit of political leadership.

Looking at the latest figures from the [CLEPA's latest 'Pulse Check'](#) is a sobering experience. Profitability is falling to levels that no longer support sustained investment. Three quarters of suppliers expect margins below 5% this year, and nearly one in four are anticipating losses. It is an inconvenient reality, but a simple one: an industry that cannot generate sustainable returns cannot fund the technology-restrictive transformation Europe is demanding.

A strong Europe cannot be built solely on ambitious policy papers, it is forged on our factory floors. We need to back our engineers as fiercely as we back our climate targets. Instead, we are seeing the very real cost of hesitation.

The global shift

We are seeing a pivotal, global shift. Today, China generates almost twice the value-added output of the EU in the automotive supply industry, while Europe's output has declined.

Faced with these pressures, companies are not standing still. We are seeing a laser focus on core technologies, repositioning towards electrification and software-driven solutions, and a strategic phase-out of lower-margin activities. At the same time, 40% of suppliers are diversifying their operations beyond the automotive sector to maintain industrial capacity and protect their workforce.

This agility proves the strong capacities of European engineering. However, while diversification can strengthen short-term resilience, it risks permanently hollowing out Europe's automotive industrial base if it becomes a structural trend.

Reality putting pressure on policy

Policy must finally catch up with reality. Companies are making their investment decisions *now*, and we cannot allow the transition to climate-neutral mobility to become a geopolitical handover of European prosperity.

There is good news on the horizon. Initiatives like the recently unveiled Industrial Accelerator Act provide a basis to incentivise local production, but speed and clarity are essential. There is a risk of

undermining the effectiveness of measures expressly aimed at incentivising European production. The European Parliament and the Council must now objectively assess trade partners to avoid circumvention.

Decarbonisation at the expense of deindustrialisation is a false victory. This debate cannot be separated from Europe's climate objectives. Accelerating electrification to meet CO₂ reduction targets is the right goal, but without a coherent industrial framework to support it, we are simply shifting value creation and supply chains outside of Europe. A credible, successful transition requires aligning our climate goals with our industrial competitiveness. A genuinely strong Europe proves that green technology and economic prosperity are powered by the same engine.

Europe still has a window to act, and the solutions are on the table. We have the talent, innovation, and the industrial legacy to lead the world in clean mobility. The transition will happen. By acting decisively today, we can ensure its economic value is created right here at home.

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