CLEPA
European Association of Automotive Suppliers

POSITION PAPER

INDUSTRIAL ACCELERATOR ACT

Safeguarding Europe's automotive value creation

EXECUTIVE SUMMARY

Europe's automotive value creation is at risk. An uneven global playing field, combined with a structural 15-35% competitiveness gap, could lead to the loss of up to 23% of per-vehicle value creation within the next five years. This translates into up to 350,000 jobs at short-term risk across Europe's automotive supply chain.

A joint Roland Berger-CLEPA study identifies local content measures as a key instrument to safeguard industrial capacity until structural competitiveness gaps are addressed. By anchoring value creation in Europe, these measures support employment, technological leadership, and supply chain resilience.

The Industrial Accelerator Act (IAA) marks an important step in this direction, recognising the automotive suppliers as a strategic industry facing increasing global distortions and unfair competition. As the IAA highlights, the urgency of the situation is already visible: over 100,000 job cuts were announced in 2024-2025, and recent surveys indicate that around half of European automotive suppliers are considering reducing production capacity in the EU in the coming years.

However, the effectiveness of the IAA will depend on its coherence, enforceability, and ambition. Without addressing key loopholes highlighted here below, there is a risk that the "Made in Europe" concept becomes symbolic rather than impactful. The priority must therefore be to ensure a framework that is robust yet workable, delivering tangible industrial outcomes while avoiding unnecessary administrative burden.

This paper sets out CLEPA's position on key provisions of the Industrial Accelerator Act. These positions may evolve in line with the legislative process, as CLEPA remains committed to supporting a framework that is both effective in impact and swift in implementation.

This document outlines CLEPA's key recommendations:

1. Maintain an ambitious definition of "European vehicles"

2. Trade openness must not enable circumvention

3. Ensure coherence across all support mechanisms

4. Adjust the price gap allowance to make the framework effective

5. Foreign Direct Investment requirement must reflect industrial realities

6. Ensure broad and effective market coverage: the IAA is not the silver bullet

KEY RECOMMENDATIONS

1. *Maintain an ambitious definition of "European vehicles"*

The proposed definition of "European vehicles" is a key element of the framework and should remain sufficiently ambitious to reflect the value creation of Europe's automotive supplier industry.

The **current 70% local content threshold** of the proposal from the Commission ensures that automotive technologies and manufacturing capabilities for electric vehicles remain anchored in Europe. Diluting this threshold would reduce the effectiveness of incentives for locating production in Europe, ultimately undermining the objective of safeguarding industrial capacity, investment and employment across European industries.

- As a priority, maintaining minimum **75% Union content requirement** for vehicles.
- Preserving **specific requirements for critical technologies**, with a gradual threshold starting at 50%.

2. *Trade openness must not enable circumvention*

While respecting international trade commitments remains essential, excessive openness could undermine the objective of strengthening European industrial capacity.

The current framework risks enabling **circumvention through third countries**, particularly where production is relocated to jurisdictions benefiting from preferential trade agreements with the EU.

A more **targeted and risk-based approach to trade partners** is therefore needed to ensure that the framework supports genuine industrial cooperation rather than facilitating regulatory arbitrage.

In this context, we also underline the importance of maintaining close industrial cooperation with the United Kingdom, given the deep integration of automotive supply chains. Any recognition of equivalence should nevertheless ensure genuine reciprocity and a comparable level playing field, including with regard to cost structures, regulatory alignment and market access conditions.

- **Explicitly include EFTA countries and the United Kingdom within the Union definition**, reflecting the high level of regulatory alignment, reciprocity and integration of automotive supply chains.
- **Establishing an assessment for other trade partners under an opt-in system**, based on risk based objective criteria such integration trade partners, reciprocity, regulatory alignment and fair competition conditions.
- Ensuring mechanisms to **prevent circumvention through third countries**.

3. *Ensure coherence across all support mechanisms*

The proposal currently contains **inconsistencies between the eligibility criteria** for different instruments, including vehicles eligible for public procurement, for public support, corporate fleets and vehicles eligible for super-credits.

For example, the definition for M1e vehicles differs from the other vehicles definition by leaving the choice between sourcing the battery components in the Union OR the vehicles components in the Union.

These inconsistencies risk creating regulatory complexity and weakening the effectiveness of the framework, while reducing predictability for manufacturers and suppliers.

- Aligning the **definition of eligible vehicles across all mechanisms.**
- Ensure that vehicles eligible for super-credits are based on European value creation, with 70% Union content requirement and specific requirement for critical technologies for vehicles.

4. *Adjust the price gap allowance to make the framework effective*

The current escape clause allows contracting authorities or public support schemes to disregard the Union-origin requirements where complying with them would lead to a **cost increase exceeding 25% (or 30%) compared to alternative offers**.

In practice, this threshold risks being insufficient to effectively support European production. Due to structural cost distortions and the unlevel global playing field, competing vehicles, particularly from Chinese manufacturers, can be **more than 30% cheaper than European alternatives**. As a result, the derogation could be triggered frequently, significantly limiting the effectiveness of the framework in incentivising European manufacturing.

- **Raising the cost-difference threshold to 35%**, so that Union-origin requirements remain applicable unless the price difference exceeds this level.

5. *Foreign Direct Investment requirement must reflect industrial realities*

The introduction of **FDI-related requirements** is a positive step to ensure that investments linked to the framework contribute to **European value creation and industrial capacity**.

However, the proposed **€100 million investment threshold** for battery and EVs value chain risks excluding a significant share of investments made by the automotive supplier industry, where innovation and production capacity are often developed through smaller but strategically important projects.

- Lowering the **FDI threshold to €30 million** in order to better reflect investment realities in the supplier industry.

- Eligibility for investments should be conditional upon compliance with at **least four of the six criteria set out in the Regulation**, on top of workforce requirement.

6. *Ensure broad and effective market coverage: the IAA is not the silver bullet*

For the Industrial Accelerator Act to be effective, its measures must cover a **substantial share** of the market. Currently, **only 20–30% of vehicles are addressed**, limiting the framework's ability to respond to the growing presence of low-cost electric vehicles from China and risk of further delocalization.

The strong reliance on national public support schemes **creates fragmentation and uncertainty**. Differences in Member States' fiscal capacity and policy choices risk leading to 27 divergent frameworks, undermining coherence, predictability, and overall effectiveness. Moreover, as EV markets mature, such **subsidies are likely to be reduced or phased out**, further weakening the impact of local content measures.

A broader and more structural market coverage is therefore essential to ensure the long-term effectiveness of the framework and its ability to anchor value creation in Europe. The industrial Accelerator act should be complemented with additional policy instruments and structural measures to address the automotive sector's competitiveness challenges and deliver sustainable outcomes. In this context, recognising the role of both battery electric vehicles and plug-in hybrids is key to ensuring comprehensive market coverage and preserving value creation across the European supply chain.

- **Extend super-credits** to all made-in-Europe battery electric vehicles.

- **Maintain strong Union-origin requirements for zero- and low- emission vehicles** eligible to public financial support in the proposal for a clean corporate vehicles regulation.

- Maintain a **dual-technology scope covering both BEVs and PHEVs**, supported by **stable and investment-friendly framework conditions** that incentivise European value creation.

For more information, please contact
CLEPA's Trade & Market Affairs Manager, Archibald Poty

ABOUT CLEPA

CLEPA, the European Association of Automotive Suppliers, represents over 3,000 companies supplying state-of-the-art components and innovative technologies for safe, smart, and sustainable mobility.

CLEPA brings together over 120 global suppliers of car parts, systems, and modules and more than 20 national trade associations and European sector associations. CLEPA is the voice of the EU automotive supplier industry linking the sector to policy makers.

The automotive sector accounts for **30% of R&D** in the EU, making it the number one investor.

European automotive suppliers invest over **30 billion euros** yearly in research and development.

Automotive suppliers register over **39,000 new patents** each year.

Automotive suppliers in Europe generate **1.7 million** direct jobs.

CLEPA
Cours Saint-Michel 30g,
1040 Brussels, Belgium
www.clepa.eu

FOLLOW OUR ACTIVITIES:
@CLEPA_eu