

“Made in Europe” must mean made in Europe

European value creation in the automotive supply chain remains strong. Today, around 75% of the parts in vehicles built in Europe are produced locally. A new analysis confirms that the share of components eligible for a “Made in Europe” label – in both plug-in hybrid (PHEV) and battery electric vehicles (BEV) – is higher than many assume. A policy framework should build on that strength and not take it for granted.

Suppliers and vehicle manufacturers want the same thing: maintaining a strong automotive industry in Europe. The real debate is about how we define and measure European value creation.

The answer matters

Europe's automotive sector is one of the continent's greatest industrial success stories because it is built on an integrated ecosystem. Behind every vehicle assembled in Europe stands a vast network of suppliers developing technologies, manufacturing components, investing in innovation and employing millions of people across the continent.

Many vehicle brands proudly market European quality, engineering, innovation and increasingly sustainable solutions. That reputation has been built over decades by the whole industrial base. A "Made in Europe" framework should recognise and support the full value chain that makes it possible.

Some current proposals would do the opposite. They broaden the definition of “European value” while keeping qualification thresholds low. That may look like a helpful simplification, but it risks the reverse of what policymakers intend. They would weaken the incentive to source and build components in Europe – while still letting products carry the label “European”.

Such an approach would be self-defeating if one considers how much Europe already produces within its borders. Preliminary results from the upcoming Roland Berger policy simulation show that most components in plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs) already qualify for the Commission's “Made in Europe” label. The task is not to dilute the criteria but to build on that foundation. Rewarding genuine European value creation.

As work on the Industrial Accelerator Act (IAA) advances, Europe needs a precise and credible definition of a “European vehicle” – one that reflects real value creation across the component supply chain. It should also prevent heavily subsidised non-EU imports from beneficial policies meant to strengthen European industry. And defining which countries count as “trusted partners” is essential to a fair, transparent and level trade playing field.

If implemented effectively, the Industrial Accelerator Act can help shield European companies from unfair competition and create much-needed breathing space. However, this regulation is not a silver bullet. To secure Europe's long-term industrial future, we must strengthen the EU's competitiveness as a destination for manufacturing, research and development, and investment.

Setting our priorities

The urgency to safeguard EU industry was evident during [CLEPA's recent discussion](#) in the European Parliament on the pressures facing the sector. Political views on the path forward differed, but there was broad consensus: making the transition succeed here means protecting our industrial capacity while actively driving technological development.

Competitiveness and decarbonisation are not opposing objectives; they must reinforce one another. Europe's green transition will only succeed if it preserves the industrial capabilities, skilled jobs and innovation ecosystem needed to deliver it. That is precisely why the design of the IAA matters so much.

Policymakers must create the conditions for local value creation, secure investment across the supply chain, and strengthen Europe's industrial capacity. That also calls for a pragmatic technology-open refinement of the CO₂ framework – letting market-driven dynamics back the most effective solutions for each market while playing to Europe's competitive strengths throughout the transition.

If “Made in Europe” is to become a meaningful industrial policy tool, it must reward genuine European value creation. Europe already has a strong automotive ecosystem. The task now is to ensure that future policy frameworks reinforce that strength rather than inadvertently weaken it.

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