

6 QUESTIONS & ANSWERS

TO UNDERSTAND THE ROLAND BERGER ANALYSIS

1. What is the importance of the Industrial Accelerator Act (IAA) for the automotive industry and what is the focus of this latest Roland Berger analysis?

In March 2026, the European Commission proposed the Industrial Accelerator Act (IAA), a strategic policy framework designed to defend Europe's clean-tech and manufacturing base against unfair global competition and heavy foreign subsidies. A cornerstone of the IAA is a proposed **70% "Made in Europe" threshold** for vehicle component content.

CLEPA commissioned Roland Berger to conduct a fact-based follow-up study (Phase 2) to evaluate whether Europe's automotive component supply chain can realistically meet this 70% target across modern electric and hybrid powertrains. This analysis provides policymakers and the public with a clear picture of our domestic manufacturing capabilities.

This Phase 2 study also builds upon [Roland Berger's September 2025 assessment](#), which mapped current local value creation, showing that up to 85% of traditional (ICE) vehicle components are made in Europe, sustaining jobs and economic value in the EU.

2. Why are local content incentives needed and what is at stake?

European suppliers are currently operating in a heavily skewed global market. These companies face unfair competition from state-funded players who often operate under far less stringent regulatory, labour, and environmental rules. This tilts the competitive landscape heavily in favour of non-European companies. Local content thresholds level the playing field, ensuring that vehicles sold in Europe also support European economies, environmental standards, and workers.

As revealed in Phase 1 of this research (September 2025), European suppliers face an average 15% to 35% production cost disadvantage compared to heavily subsidised foreign alternatives. Without policy action to shield our market from unfair competition, 23% of Europe's component value creation will be lost—**directly risking up to 350,000 European jobs by 2030**.

An ambitious local content threshold is the only way to protect jobs and prevent delocalisation of know-how and engineering capacities.

3. What do the findings mean in practice? Can European industry meet the 70% threshold proposed in the Industrial Accelerator Act?

Yes. The analysis proves that the 70% threshold is comfortably achievable for both battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). Specifically:

- **For PHEVs:** Up to **89%** of component value can be produced and sourced in Europe. Of this, 74% is predominantly local, while an additional 15% is largely local but may occasionally rely on international sources.
- **For BEVs:** Up to **83%** of component value can be produced and sourced locally (67% predominantly local, 16% largely local). The slightly lower percentage for BEVs reflects the higher proportion of specialised electronics and powertrain parts currently imported from abroad.

It is important to note that these figures represent the *maximum achievable* European content if a manufacturer chooses to source all available components within Europe. Today, for a representative C-segment car built in the EU, the *current average* European content stands at around **82% for PHEVs and 75% for BEVs**—both already sitting above the proposed 70% target. Furthermore, the Commission's separate 50% target for specialised domains (electronics and E-powertrains) is also achievable today.

4. Does the 70% threshold restrict automaker flexibility or make cars more expensive?

No. One of the most important takeaways of the study is that a 70% threshold preserves total sourcing flexibility and commercial leverage for car manufacturers.

Because Europe's maximum achievable local content reaches 83% to 89%, automakers enjoy a **13% to 19% safety buffer** above the legal requirement. This means vehicle manufacturers are not forced into rigid, all-or-nothing local sourcing. They retain a level of freedom to decide which components to buy in Europe and which to source globally, preserving their bargaining power over suppliers without risking non-compliance.

5. What methodology does the Commission use to define the origin of a component, and how does this protect the full supply chain?

The Commission's proposed methodology is not new: it relies on the EU's existing non-preferential rules of origin, the same customs rules already applied daily by companies and authorities across Europe. Under these rules, a component only qualifies as "made in Europe" if it undergoes its last substantial transformation here — assessed through criteria such as a change in tariff classification, 45% of European value added, or completion of a specific manufacturing process. This is the same framework Roland Berger applied in its study to test how much component value can genuinely be produced and sourced in Europe.

This matters for the full supply chain because it sets a real bar, not just a label. A Tier 1 supplier cannot simply assemble imported subcomponents in Europe and claim European origin — genuine manufacturing has to happen here. In practice, that means Tier 1s continue relying on their established network of European Tier 2 and Tier 3 suppliers, who provide the materials, subcomponents and specialised processes underpinning the whole industry. The effect cascades: protecting Tier 1 competitiveness in Europe protects investment, employment and know-how at every tier below it, not just at final assembly.

Because this methodology is already well-established, using it avoids creating a new administrative burden and gives industry the legal certainty of a framework it already knows how to work with — rather than asking companies to comply with an untested standard.

6. What must European policymakers do next?

The 70% IAA threshold acts as an essential shield, ensuring that the transition to green mobility creates and preserves jobs in Europe rather than exporting them abroad. To secure Europe's automotive future, protect 350,000 workers, and maintain technological leadership, European policymakers must deliver a coherent three-pillar strategy:

- **Enforce safeguards:** Implement the IAA's 70% threshold promptly to anchor domestic manufacturing volumes and stop immediate industrial hollowing-out.
- **Address root causes:** Enact structural reforms to lower European energy costs, reduce regulatory burdens, and restore overall competitiveness. The Industrial Accelerator Act will buy us time, but it is not the silver bullet to sort out competitiveness issues.
- **Support critical tech:** Provide phase-in measures and targeted financial support to scale up domestic value chains for EV batteries, semiconductors, and advanced electronics.

About CLEPA

CLEPA, the European Association of Automotive Suppliers based in Brussels, represents over 3,000 companies, from multi-nationals to SMEs, supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over €30 billion yearly in research and development. Automotive suppliers in Europe directly employ 1.7 million people in the EU.

Interested in more information? You can contact us at communications@clepa.be