

Franco-German agreement points the way: technology openness and European value creation must now go hand in hand

Brussels, 16 October 2026 – CLEPA, the European Association of Automotive Suppliers supports the joint position agreed by France and Germany on the EU Automotive Package and the Industrial Accelerator Act (IAA). Even though more time is needed for a full assessment of the proposal, automotive suppliers welcome this crucial compromise as it may offer a path out of political deadlock and recognises industry concerns have been heard. However, while the agreement takes positive steps toward technology openness in the CO₂ review, suppliers warn that weakened Made in Europe threshold under the IAA could risk at least 150,000 high-skilled supplier jobs.

“Industry needs decisions soon to ensure fair international competition and a realistic path towards reducing transport emissions.” said **Matthias Zink**, President of CLEPA and CEO Powertrain & Chassis at Schaeffler. “Technology openness and European value creation must now go hand in hand to shield industrial capacity while meeting climate goals. EU institutions must act with real urgency.”

Safeguarding jobs through an ambitious Made in Europe threshold

We support the fact that Germany and France recognised the importance of a component-level threshold. Additionally, requiring at least 50% of e-powertrain and main electronic systems to be produced in the EU is a strong move that will incentivise strategic technologies. However, while retaining a 70% headline threshold is a positive baseline, the current proposal allows up to 5% to be allocated to vehicle manufacturers’ costs. This effectively reduces the true component requirement to 65%. Because every percentage point reduction can cost up to 15,000 European high-skilled supplier jobs, this diluted ambition risks up to 150,000 job losses to other regions.

On the geographical scope, suppliers welcome allowing the UK to opt-in. The practical implementation of anti-circumvention conditions will require close monitoring to ensure integrated supply chains are not disrupted. In parallel, any local content measures must go hand in hand with appropriate FDI criteria.

Aligning climate ambition with industrial value creation

The French-German agreement introduces important flexibilities for alternative clean technologies, and partially recognises renewable fuel-powered vehicles and plug-in hybrids as essential complements to electrification.

We welcome the deal’s approach on supercredits, since they incorporate the Made in Europe dimension, appropriately combining climate ambition with industrial feasibility.

To turn this agreement into real-world progress, CLEPA urges EU lawmakers to maintain predictable rules that attract long-term manufacturing investment to Europe. This agreement is an important step that we hope will help overcome potential deadlocks among Member States and political groups in the European Parliament.

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. | www.clepa.eu