

Position paper 2025/170

Defending Europe's Automotive Industry: A Call for Urgent Action and Strategic Vision

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As the European Union prepares to unveil its revised CO₂ emissions regulations and the 2025 Automotive Package, the Executive Committee of industriAll Europe issues this urgent political statement on behalf of the millions of workers whose livelihoods depend on a strong, sustainable, and socially just automotive sector.

Europe's automotive industry is facing a structural crisis. Production has plummeted from 16 million vehicles in 2018 to just 11.4 million in 2024. Export volumes have declined by 13.2% since 2019, and new car registrations are down by 2.4 million. This collapse in demand is not only a threat to industrial capacity—it is a direct threat to workers in production and associated services, communities, and Europe's strategic autonomy.

We demand that the European Union and its Member States act decisively. A robust industrial strategy must be at the heart of the Automotive Package. This strategy must be backed by concrete measures to stimulate domestic demand—through corporate fleet renewal obligations, social leasing schemes, public procurement, and fair tax incentives. These tools must serve a dual purpose: restoring demand and accelerating the uptake of clean vehicles.

The affordability crisis is deepening. For too many European workers, buying a new car has become inaccessible. This is unacceptable. The transition to clean mobility must not come at the expense of social justice. We call for the production of clean and affordable vehicles in Europe, supported by good, well-paid jobs that ensure mobility remains accessible to all.

Europe Must Defend Its Industrial Sovereignty

The global context is shifting rapidly. Trade tensions, supply chain disruptions, and China's industrial overcapacity are reshaping the competitive landscape. Europe must respond with assertiveness. We call for the introduction of local content requirements and trade defense instruments to protect European jobs and industrial capacity.

The European Commission President's declaration that "the future of cars—and the cars of the future—must be made in Europe" must be more than rhetoric. It must be enshrined in binding legislation. Europe must no longer shy away from policies that other major economies have embraced. It is necessary to make access to public resources conditional on maintaining employment and protecting current European

production sites, disincentivising delocalisations within and outside the EU. We demand that a significant share of industrial production be located in Europe, using European components and supply chains wherever possible.

This is a shared responsibility. Car manufacturers and suppliers must commit to maintaining a strong industrial base in Europe, especially when public funds are involved.

While it is the manufacturers' task to offer vehicles that meet the needs and budgets of consumers, European regulations **must incentivise vehicles** designed and manufactured in Europe.

As we remain convinced that European vehicles can be competitive on markets globally, our market remains open to new and legacy competitors – provided this competition is on a level-playing ground and includes local-content requirements. Strategic supply chains—batteries, including intermediate products, semiconductors, and beyond—must be localised in Europe.

Decarbonization Must Be Pragmatic and Just

We reaffirm our commitment to the European Green Deal and its climate objectives. However, the transition must be managed with realism and fairness. The instruments guiding this transformation must be adapted to the realities on the ground. If the assessment of CO₂ standards reveals gaps—such as insufficient European battery supply, charging infrastructure, or grid capacity—then urgent corrective action is needed.

Job guarantees, retraining programs, certainty of the enforcement of collective bargaining agreements, and concrete investments in European plants producing zero-emission vehicles are essential.

We are open to targeted flexibility in the regulatory framework, but under strict conditions. It must be tied to concrete investments in European plants producing zero-emission vehicles. It must not undermine climate goals or penalize companies that have already invested in decarbonization.

Technology Neutrality Must Serve Climate Neutrality

Innovation must be welcomed, but not at the expense of clarity or stability. We support technological neutrality, provided it does not dilute climate objectives or delay industrial transformation. Plug-in hybrids and range extenders are important transitional technologies that help secure value creation and employment while introducing cautious customers to electromobility. They also contribute to CO₂ reduction when driven predominantly in electric mode. This must be guaranteed through robust regulatory frameworks, effective incentive structures, and targeted policy measures. Low-carbon fuels may play a limited role – **notably for the existing fleet** – if they are demonstrably produced sustainably, but they must not be used to sell false promises to workers.

We demand investment and collective action

The Executive Committee of industriAll Europe stands united in its call for a bold, worker-centered industrial strategy. Europe must act now to defend its automotive industry, protect its workers, and lead the global transition to clean mobility. The time for hesitation is over. The future of Europe's automotive sector — and the dignity of its workers — depends on political courage and collective action.