

## Clean Industrial Deal – Annex

# The EU Industrial Action Plan for the Automotive Sector – IndustriAll Europe’s reaction

Workers from the European automotive industry and its supply chain are in the middle of a perfect storm. A sluggish domestic demand, unfair competition due to the Chinese overcapacity, which is exported to Europe, the escalating trade tensions culminating with the 25% US tariffs, corporate strategies driven by margins maximisation objectives, and a twin transition launched without a genuine industrial strategy have exposed workers to massive restructurings, site closures and to a deterioration of their working conditions. Answering the workers’ wakeup call launched by industriAll Europe in late 2024, the European Commission published its [Industrial Action Plan for the European Automotive sector](#) (IAPA) on 5 March 2025.

Following the Strategic Dialogue organised by the European Commission with a sample of selected stakeholders, including industriAll Europe, the plan is made of five pillars. Each of these presents a series of initiatives to be expected during the 2024-2029 term. While making progress on some issues, such as social conditionalities or European content requirements, the Plan falls short in providing the immediate and concrete action workers were expecting.

Based on the [detailed position paper adopted by the Executive Committee in November 2024](#), the aim of this paper is to share industriAll Europe’s reaction to the Plan. This Annex provides a more detailed list of the IAPA actions as well as iAE’s reaction to them.

### Key messages from industriAll Europe

#### 1. More is needed to safeguard jobs and anticipate change

The “skills and social dimension” is the weak pillar of the IAPA. Despite the mounting evidence that the sector is bleeding<sup>1</sup>, the two only actions proposed are the creation of a “Fair Transition Observatory” and amendments to the European Globalisation Adjustment Fund (EGF) and the European Social Fund (ESF+) regulations. Compared to other pillars, the skills and social dimension looks really thin.

The creation of a Fair Transition Observatory is a positive development which echoes a key demand of the industriAll Europe Just Transition Manifesto. Collecting data, mapping challenges with the right level of granularity is key to design policy instruments in support of the workforce and the regions impacted by structural change. However, the European automotive workforce does not only need a diagnosis. It also requests urgent and drastic treatment for the sector and its supply chain.

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<sup>1</sup> According to [Eurofound](#), 88,669 net job losses were announced in 2024 in the European automotive sector.

We can only reiterate our call for a legal framework for the anticipation of change. In the same way, we still demand a safeguard mechanism avoiding forced redundancies until negotiated solutions are in place for all sites and workers and funded on the same principles as the SURE instrument adopted during the COVID-19 Pandemic. The targeted amendments to the EGF and to the ESF+ regulations is a step in the right direction. The EGF amendment should allow the EU budget to provide support to workers before massive layoffs are announced. The ESF+ amendment should mobilise more financial resources to support workers in the sector, but the exact added value for workers from the sector remains unclear given the enlarged scope it is also benefiting to other sectors, such as defence and green technologies but also to regions impacted by the consequences of the war in Ukraine.

## **2. IAPA must make the transition an industrial success for workers**

Europe must play a leading role in the production of zero-emission and connected vehicles that will make the mobility of the future. Millions of jobs are at stake and Europe cannot leave that growing market to its main competitors. Instead of searching to maximise their short-term profits to please shareholders, leading companies must intensify their efforts to transform their plants, keep and create quality jobs, bound into collective agreements, train their workers and (re) build European supply chains and produce mass-market affordable vehicles.

The IAPA confirms the EU ambition to reduce transport emissions by 90% by 2050 in the context of the overall climate-neutrality objective but bridges the “industrial strategy” gap identified in the Draghi Report. IAPA proposes a wide mix of actions covering production, infrastructure and purchase incentives, while providing a limited flexibility to car makers to deal with their 2025 emission reduction target.

IndustriAll Europe supports this comprehensive and pragmatic approach which keeps the overall ambition of the Green Deal with targeted adaptation where needed, while intensifying efforts to deliver on the key enabling elements. More specifically, iAE stresses the importance of social conditionalities, of local content requirements, of regulatory stability, of accelerating the roll-out of charging infrastructures, as measures to stimulate demand such as corporate fleets regulation, additional resources for public transport, and purchase incentives for households. However, iAE mourns the vagueness of the Plan when it comes to investment and the need to quickly translate the generic proposals it contains into concrete action that benefits workers along the whole supply chain.

## **3. The EU automotive industry should adapt to the new world context**

Trade tensions, including the additional 25% tariffs imposed by the US administration, as well as the growing vehicles overcapacity in China has and will have an impact on a sector which is highly trade-oriented and which is already wrestling with compounded challenges.

In the short term, the EU must use its trade defense instruments and implement its economic security strategy to mitigate as much as possible the impact of the current trade developments on the European automotive industry and its supply chain. Keeping space to negotiate solutions with main trade partners and find alternative markets must complement the EU strategy, keeping in mind that the global climate crisis requires limiting, as much as possible, the negative externalities of international transport.

In the short term as well, better stimulating demand on its domestic market must also be part of the European answer to the current global economic context. Well-paid jobs, purchase incentives in line with the EU climate ambition, public investment and public procurements are important levers to support domestic demand while accelerating the fleet renewal.

In the long term, the EU must accelerate its efforts to reduce dependencies and build strong European supply chains for strategic components such as batteries, micro-electronics or digital devices, but also for steel and basic metals, glass, rubber, plastics, textiles and chemicals. Having European content requirements in the set of policy instruments implemented to support the automotive industry and stimulate demand is a positive development. However, further analysis will be needed to ensure Europe has the capacity to supply in volume and quality its manufacturing automotive industry without undermining its competitiveness on export markets. In the same way, the geographical scope of the European preference requirements should not penalise workers in candidate countries.

## The Commission proposes

## IAE's preliminary analysis

### Innovation and digitalization

#### Objective:

- This pillar aims to ensure that the European automotive industry regains a leading position in the transition to connected and autonomous vehicles, powered by software and AI. This includes promoting autonomous driving, developing the European Alliance for Connected and Autonomous Vehicles, and supporting next-generation battery technology.

#### Actions:

- Establishment of large-scale cross-border testbeds for autonomous vehicles starting in 2026.
- Boost regulatory framework and Single Market integration for European Autonomous Driving: i) with rules on unlimited series of vehicles of automated driving systems by 2026; ii) harmonised rules for testing of ADAS and ADS on public roads by 2026; iii) and harmonised rules for deployment across EU.
- Establish the European Connected and Autonomous Vehicle Alliance in 2025.
- Support research and innovation to connected and automated mobility and to develop next-gen battery technology through Horizon Europe.
- Work with the EIB Group and private sector to deploy TechEU investment programme on scale-ups, including for building up of the battery cell technologies supply chain.
- Continue working towards sufficient cybersecurity without stifling innovation and commercialisation.
- Develop economic security standards.
- Adequate measures on access to vehicle data, functions and resources including guidance on Data Act and, if needed, a legislative proposal on access to vehicle data.
- Review of the Motor Vehicle Block Exemption Regulation (MVER) and Supplementary Guidelines.

IAE supports the general objective of this pillar given the rising importance of electronics and software in a car's value, but stresses the urgent need for Europe to implement a worker-friendly business model based on social dialogue and collective bargaining, respecting workers' rights, including to protect privacy, and sharing the value of data in a socially fair way to avoid economic predation by big tech private monopolies.

See existing IAE positions on related topics:

- [Artificial Intelligence](#)
- [Industry 5.0](#)
- [Use of big data](#)

Attention should be paid to the emphasis on technological content: the more advanced software and applications a car has, the higher its cost will be. This is not about rejecting technological integration: using ICT to improve safety and fuel consumption management is very different from using it for infotainment and commercial content, which increase the price without responding to real collective needs.

### Clean mobility

#### Objective:

Aim is to accelerate the transition to zero-emission mobility, in particular through emission standards, support for the demand for zero-emission vehicles, and accelerating the deployment of charging infrastructure.

#### Actions:

- Proposal to amend **CO2 emission standards** for cars and vans, to allow an exceedance of the target in one or two years by overachievement in the other year(s) for the period 2025-2027.
- Acceleration of preparations for the foreseen **review of the Regulation**.
- Recommendation on transport poverty (Q1 2025) including Social Leasing Schemes.
- Communication (Q1 2025) and Legislative initiative to Decarbonise Corporate Fleets (end 2025).
- Targeted amendment of the Eurovignette Directive to extend the deadline to fully exempt zero-emissions heavy-duty vehicles from road charges (Q2 2025).
- Finalise interinstitutional negotiations for the revision of the Weights and Dimensions Directive.
- Recommendation on fiscal and non-fiscal demand side incentives (2026).
- European Clean Transport Corridor initiative (Q3 2025).
- Make available EUR 570 million under the Alternative Fuels Infrastructure Facility in 2025 and 2026.
- Guidance and Commission Recommendation on shortening grid connection procedures and grid connection prioritisation.
- Guiding principles regarding anticipatory grid investments (Q2 2025).
- Support to Member States for the implementation of AFIR and EPBD by the Technical Support Instrument.
- Support Member States in putting in place conducive frameworks for smart/bi-

IAE supports the EU climate policy objectives for the automotive industry and requests a **Just Transition framework** and an **industrial strategy** covering all the automotive supply chain.

#### CO2 emission standards

To reach the EU climate objectives without social and economic disruption, iAE is in favour of a **stable regulatory framework** that guides investment and enables anticipation of change at the benefit of workers. IAE is not in favour of reopening the existing regulation setting emission reduction objectives for new cars and vans sold in Europe. However, pragmatism should allow the EU to slightly adapt its legislation when circumstances have changed and without undermining the overall policy objective.

As proposed by the European Commission, targeted flexibility provided to car makers to avoid the possible 2025 fines if they miss the fleet-wide emission reduction targets is a reasonable compromise that mitigates the possible social and economic impact of non-compliance but without impeding the transition to a net-zero mobility.

However, iAE deplores the lack of social conditionality attached to this economic support provided to car makers. Companies benefitting from this relief should commit to safeguard jobs, to respect existing collective agreements and negotiate plans with trade unions to invest in transforming assembly lines to maintain jobs and retrain the workforce. Those companies should also be requested to support European suppliers with European content requirements.

IAE also believes that companies with a significant manufacturing footprint in Europe that have already heavily invested to comply with the EU climate targets, while respecting collective agreements, social dialogue and collective bargaining, should be rewarded.

The early **review of the CO2 Standards Regulation** must lead to additional action on key

<p>directional charging and facilitate exchange of best practices.</p> <ul style="list-style-type: none"> <li>• Regulatory measure to ensure access to battery health information in the battery passport by Q3 2026.</li> <li>• Regulatory measure to ensure access to battery repair and maintenance information in Q3 2025.</li> <li>• Review of AFIR to assess options to further strengthen price transparency at publicly available recharging points in 2026.</li> <li>• Review of Car Labelling Directive in 2026 enhancing consumer information.</li> </ul>	<p>enabling elements, including for workers and regions that would be impacted by the decarbonisation process, but not the blurring of rules.</p> <p><b>Measures to support demand</b></p> <p>IAE is strongly supporting <b>economic incentives</b> to better stimulate domestic market while accelerating the fleet renewal. Purchase incentives, legal obligations for corporate fleets, social leasing, public procurements are all instruments that can entail co-benefits for European employment in the automotive industry and its supply chain and for Europe’s greenhouse gas emissions.</p> <p>However, IAE stresses the need to see this in the wider context of the <b>EU macro-economic governance</b>. Measures in line with the EU climate objectives should benefit from a golden rule that immunise them from deficit calculation. In the same way, recommended fiscal incentives should not entail additional cuts into public services or social protection systems.</p> <p><b>Social leasing</b></p> <p>IAE supports measures aiming at bridging the affordability gap we now see in Europe where a significant part of the population, including workers, does not have the possibility to purchase a new vehicle. Whereas, we believe that car-makers, and their margin maximisation strategy, have a direct responsibility here, promoting the concept of social leasing could certainly narrow the affordability gap.</p> <p>However, while respecting the leading role Member States have here, the European Commission should not promote a too restrictive definition of the beneficiaries. To have a significant impact on the access to the purchase of a new vehicle but also on volumes sold and fleet renewal, social leasing should not be reserved solely for the most vulnerable in society. Social leasing must also come with strings attached. Social conditionalities, European content requirements and eco-score must ensure that social leasing schemes will generate co-benefits for all and not only profits for companies and their shareholders.</p> <p>Social leasing also requires enough public budget and is at odd with austerity measures.</p>
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No concrete action, no industrial planning and no structural investment is planned to address the issue of new **buses for public transport**. On the one hand, the Commission affirms the need for clean vehicles for public transport; on the other, it reiterates budgetary constraints, avoiding any concrete commitment in terms of public spending. There is also a complete lack of an industrial strategy to build factories capable of manufacturing environmentally friendly buses.

With regard to **infrastructure (e.g. charging networks)**, the Commission has only provided for marginal measures, which are inadequate to meet the industrial challenge posed by the ecological transition. The resources available are extremely limited, and there is a complete lack of attention to the production dimension: who will build the infrastructure, and where will it be produced? A real change of pace would require the creation of a European public company for the construction, installation and management of charging infrastructure.

## Supply chain competitiveness and resilience

### Objective

This pillar addresses competitiveness challenges, particularly with regard to the costs of critical components such as batteries, and aims to strengthen the resilience of the European supply chain. This includes the "Battery Booster" initiative, measures to secure access to raw materials, and the promotion of the circular economy.

### Actions

- Comprehensive **"Battery Booster" Package:** support for battery manufacturing under the Innovation Fund, exploring EU direct production support to companies producing batteries in the EU, possibly combined with State aid, non-price criteria, European content requirements, in line with the EU's international legal commitments.
- Facilitate **joint private sector investments** into the upstream value chain.
- Rapid finalisation of Co-Decision on the **End-of-Life of Vehicles Regulation (ELV)**.
- Look into financing support for end-of-life vehicles and battery recycling facilities.
- Further support to enhance recycling.
- **Resilience and sustainability criteria for key vehicle components.**

### Local content requirement

Europe must defend jobs, skills and the value produced in Europe. In many countries, governments have introduced local content requirements but Europe has been so far lagging behind. In the USMCA, passenger cars and light duty vehicles require 75% of North American content whereas trucks require 70% of North American content. Europe must adopt ambitious local content requirement to support the entire automotive ecosystem. **75 to 80% of the value of components (excluding batteries) should be of European origin.**

Regarding batteries, adequate domestic production capacity must be planned, the implementation of which must be supported by a local content rule (75-80%). In particular, the completeness of the battery supply chain must be guaranteed, so investments should not be limited to final assembly plants alone.

The EU must also impose a 'Made in Europe' requirement for public procurement as well as for private companies operating public service obligations. This would notably allow the European industry to benefit from the high ambition when it comes to emission reduction objectives for urban buses.

### Social conditionalities

Social conditionalities must be applied where public money is involved, whereas car labelling should take into account the environmental footprint as well as the respect of social standards.

### End of Life of Vehicles & Circularity

IAE supports the new ELV regulation to ensure successful circular transition and avoid the export of valuable secondary materials and scraps. Ecodesign, recycled content, and banning unroadworthy vehicle exports are vital steps. The social and labour aspects of the transition to a circular economy should not be overlooked.

### Battery booster package

IAE supports the objective of developing a European battery supply chain. When foreign

investors receive support to develop battery manufacturing activities in the EU, it should come with conditions maximising co-benefits for European industry and its workers. Joint ventures with European companies, technology transfers and social conditionalities must ensure that foreign investment in battery production entail the creation of stable quality jobs in Europe.

### Skills and social dimension

#### **Objective**

This area recognises the impact of the sector's transformation on employment and focuses on anticipating change, reskilling workers and managing social consequences. The creation of a European Just Transition Observatory and changes to the European Globalisation Adjustment Fund (EGF) are planned.

#### **Actions**

- European Fair Transition Observatory.
- Legal amendments to EGF and ESF+ Regulations.

*The creation of the Fair Transition Observatory and the amendments to the EGF and ESF + are assessed in the position paper dealing with the Clean Industrial Deal.*

**Market access, Economic security, Level playing field and business environment**

**Objective**

This pillar aims to ensure a level playing field for the European automotive industry globally, including by improving access to foreign markets, strengthening trade defense instruments and simplifying the regulatory environment.

**Actions**

- Explore conditions for inbound foreign investments in the automotive sector, including when public funding is involved.
- Regulatory simplification.
- Continue to pursue FTA and mutually beneficial international partnerships negotiations to enhance market access and sourcing opportunities for the EU automotive industry.
- Develop further cooperation through Clean Trade and Investment Partnerships and Strategic
- Partnerships to secure better access to battery minerals.
- Engage with the industry and Member States on the approach applied to preferential rules of origin in the context of FTAs.
- Look into defining specific rules of origin in trade defence measures for the EVs' ecosystem.
- Monitor the application of the anti-subsidy measure addressing the Chinese electric vehicle imports and undertake an anti-circumvention investigation when warranted.
- Make use of the Trade Defence Instruments and the Foreign Subsidies Regulation to address unfair practices in the batteries segment and part segments where necessary.

IAE supports a European strategy mixing targeted trade defense instruments where needed, an industrial policy supporting domestic manufacturing activities and a negotiated fair trade policy based on universal standards and fair competition.

See section 3 of the [position paper 158/2024](#)  
See also IndustriAll Europe [position paper on Fair Trade](#) adopted in 2025