

Campaign Briefing #1: Crisis in the Automotive Sector

Summer 2026 has brought one of the worst restructuring waves ever seen in the European automotive sector. Volkswagen announced that 100,000 jobs are slated for removal worldwide, with up to 50,000 in Germany. Porsche announced 5,000 further job cuts on top of 3,900 already agreed to in 2025. BMW confirmed several thousand German redundancies by the end of 2027. The situation at other European automakers is similar. Volvo Cars reduced its white-collar workforce by 15% (3,000 jobs). Renault rolled out a voluntary departure plan affecting 800 engineers (FR). There have been multiple reductions at Stellantis – 900 job reduction in Poissy France, 750 cuts in Tychy Poland, and 650 cuts at Russelsheim, Denmark, on top of over 17,000 jobs lost in Italian sites since 2021. These cuts are a response to serious competitive shift in the sector and what economists are calling the China 2.0 Shock: Chinese car brands, offering higher-quality EV products at more affordable prices, have been growing their share of the European market. At the same time, European brands are also losing shares in the Chinese domestic market, so the pressure to reduce or idle a plant in Europe is further compounded.

Recent reports from industriAll Europe's affiliate trade unions across more than a dozen countries, from all regions of Europe, confirm that the crisis has spread well beyond Germany and well beyond the OEMs. In Belgium, the automotive sector lost 3.4% of its jobs and 9% of its production in the first quarter of 2026 alone following the closure of Audi Brussels in 2025. Suppliers are already being hit hard: Mahle, ZF and Bosch are cutting in Germany, Hungarian parts makers reported a 10% fall in production across the board, and French affiliates report that the automakers are terminating domestic supply contracts to import the same components directly from China. Single-site dependence is proving especially brutal: Valmet Automotive, the single auto assembly plant left in Finland, has gone from 4,000 workers to 1,000 over the last 8 years; Kia has reversed its EV plans at its only European plant in Slovakia, production at the once-major Stellantis Cassino plant in Italy remains down 36%; and the Audi Győr plant in Hungary is pushing workers out through offering worse contracts rather than formal redundancies.

As we show, total production and employment are stagnating or trending downwards, while multinational companies attempt to play workers against each other, threatening closers in one area while dangling potential investment in another. Thankfully, our trade union siblings are well aware of these scaremongering tactics and stand united against threats of relocation, as we know that one good job cannot and will not come at the expense of another job elsewhere. The reason we at industriAll Europe are choosing to launch our "Enough is Enough" campaign with a focus on automotive is that the situation in this sector has ripple effects across all of Europe. As the **"industry of industries,"** changes in the major automotive companies will have disastrous effects for thousands of small-and medium-size suppliers, as well as on sectors including steel, machine-tool, metals, and chemicals, and more.

What Now? Invest in our Future, Not Short-Term Rewards

Faced with increasing competitive pressures from China in the automotive sector and weakened consumer demand at home, European Union leaders, who have already raised tariffs on electric vehicle imports and tightened foreign investment screenings, are on the precipice of passing local content rules that would stipulate a majority of the value of each automobile sold in Europe must be made in Europe. This move is broadly welcomed by industriAll Europe, albeit with certain caveats. The major automotive companies have mainly come out against the local content rules or are attempting to weaken their efficacy while repeating that in order to maintain competitiveness, costs must go down by any means. The general message they are sending is clear:

they can no longer afford Europe's workers. However, the financial accounts of these very companies reveal that there is another cost – capital remuneration – which has grown out of control and must be brought down.

Over 2012–2025, the seven major European automakers (Volkswagen Group, Mercedes-Benz Group, BMW, Stellantis, Renault, Volvo Cars, Ferrari) made **€469 billion** in combined net profit. These same companies then distributed to shareholders through dividends or spent on share buybacks **€189 billions** of these profits over the same period. At the end of 2025, they held collectively **€177 billion** in cash and short-term investments. It seems pressure from the shareholders of these companies to maintain record returns is never-ending, even as Europe's entire automotive supply chain faces significant, geopolitical challenges that will require policy action at the national and supranational level to overcome. **Even when these auto companies recorded a combined €12 billion loss in 2025, €17 billion was still distributed to shareholders.**

Total Profits and Distributions: Major European Auto OEMs (2012-2025)

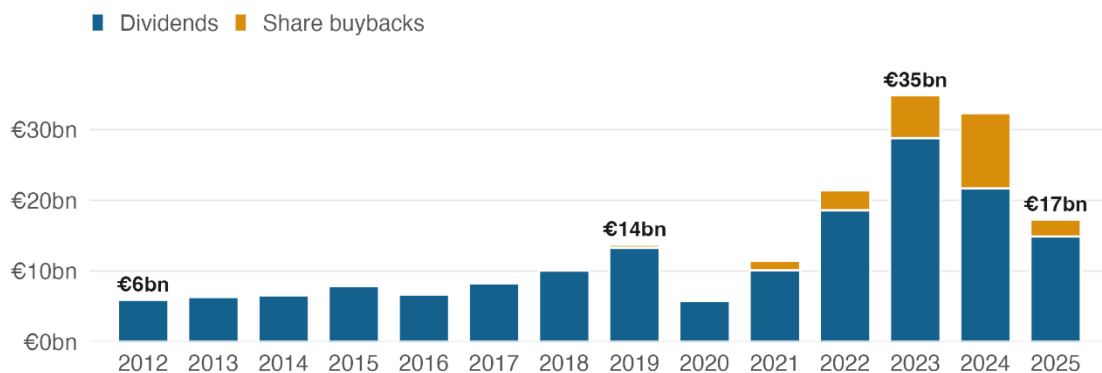
€469 billion	€189bn	€177bn
Combined net profit	Spent on dividends and share buybacks	Cash & short-term investments held as of 2025

These exorbitant shareholder payouts and financial accumulation represent funds that could have gone towards investments – in upgrading existing facilities, building new greenfield sites, investing in new technologies and lead markets, partnering with suppliers, or in new, in-house research and development. Instead, shareholders – who failed to make the bold or prudent decisions over the last decade that would have maintained Europe's longstanding advantage in the automotive industry – are being rewarded as workers face job cuts. European firms' capital expenditure has decreased dramatically, from 28 per cent in 2006 to a mere 16 per cent in 2023, a rate lower than the US, China, or Japan/South Korea.

Overall profits from 2021–2023 (**€68bn, €67bn and €65bn**, respectively, across the nine groups) were the best years in the industry's history. However, when profit margins collapsed in 2025, the first response from executives was plant closures and job-cut programmes, not restrictions on shareholder payouts. On the flip side, while there are many ways to explain China's rise in the automotive sector, their domestic companies also sacrificed some profit margins in order to successfully acquire a larger global market share.

Today, it appears workers are the only stakeholders with a long-term interest in making sure Europe still designs and produces cars. As shareholders demand excessive return levels, management is pressured to adopt short-term strategies - leaning on their financing arms to earn easy-interest on car loans or prioritizing premium lines with outdated technology instead of investing in new, affordable electric vehicles – that maintain profit levels but do not solve the core issue: a lack of cutting-edge product development and strategic foresight into the next era of sustainable mobility and transport.

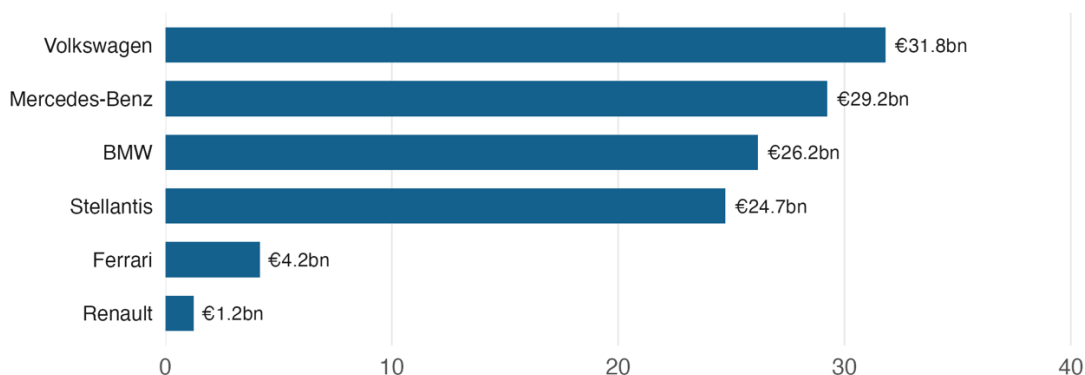
European Carmakers: The Growth of Shareholder Rewards



Source: LSEG company accounts, 7 EU-headquartered automakers (VW, Mercedes-Benz, BMW, Stellantis, Renault, Volvo Cars, Ferrari) | IndustriALL Europe calculation

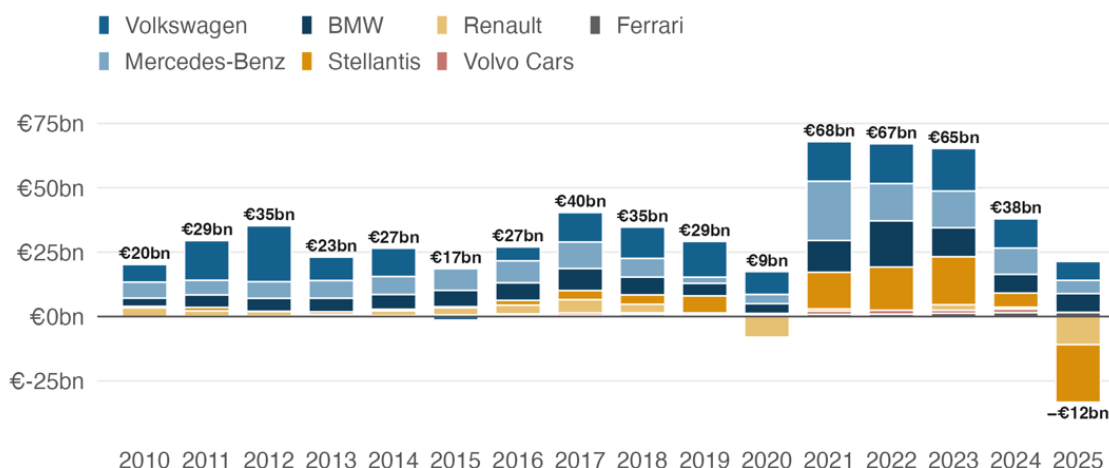
European Carmakers: Who paid out what, 2021–2025

Dividends + buybacks per company



European Carmakers: Net Profit Per Company

Net income after minority interest, € bn | label = net total | losses stack below zero



What Now? Invest in our Future, not Short-Term Rewards

Our research of the European Commission's state-aid database uncovered at least **€4.9 billion** in direct public support – grants, investment subsidies and tax breaks – went to these same companies over the last decade. This number is a conservative estimate, as many national governments often do not report all the total support given to industry. The companies' own financial report point to an even larger number of public monies received, although this also includes governments outside of the European Union¹, including roughly €4 billion in the 2024 financial year alone: Stellantis €1.7 billion; BMW €386 million; Volkswagen €324 million; Mercedes-Benz €99 million.

At the same time, job cuts continue apace: since 2020 total roughly 130,000 positions have been threatened with redundancy in Europe. Volkswagen, which has received at least €1.2 billion in state-aid since 2016, paid €31.8 billion to shareholders over the last five years, and just recently announced roughly 100,000 job cuts. Stellantis booked €6.0 billion of government support in its own accounts from various governments from 2023 to 2025 and paid €24.7 billion to shareholders, while closing its production site in Luton and cutting some 4,200 posts in Italy.

The decisive point here is not the amount of public money but that none of the support carried binding employment conditions. Not one of the state-aid reward entries we looked at obliged the recipient to maintain employment, keep a site open, or refrain from distributing money to shareholders until a certain capacity utilization or employment level was reached, nor were there any clawback mechanisms if the funds were not used properly.

STATE AID AMOUNTS BY COMPANY AND YEAR²

Group	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total (min)
Volkswagen	39	48	85	93	67	59	54	125	551	19	1	1,141
Stellantis	14	11	23	18	59	451	10	13	407	2	5	1,013
ACC battery JV ³	–	–	–	–	805	–	–	257	149	–	–	1,211
Mercedes-Benz	81	50	77	92	11	45	27	36	333	4	–	757
Renault	–	5	1	15	3	22	1	23	340	8	–	418
Volvo Cars	3	13	13	13	12	11	11	14	282	–	–	371
Total												4,911 millions

¹ Under the accounting standard governing government grants, companies must disclose the support recognised in their profits.

² Includes grants, subsidies and tax breaks; repayable loans and crisis guarantees counted separately

³ ACC is the battery joint venture of Stellantis (~½) and Mercedes-Benz (~½) with TotalEnergies; its German and Italian projects were abandoned in Feb 2026, so those approved ceilings were not fully paid.