Crisis in the Automotive Sector

2026 has brought one of the worst restructuring waves ever seen in the European automotive sector. Volkswagen announced 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 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 – a 900 job reduction at Poissy France, 750 cuts in Tychy, Poland, and 650 cuts at Rüsselsheim, Germany, on top of 10,000 jobs lost in Italian sites since 2021. These cuts are in response to a serious competitive shift in the sector which economists are referring to as 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 share 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 affiliates across more than a dozen countries, from all regions of Europe, confirm that the crisis exists 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. Automotive suppliers are already being hit hard: Mahle, ZF Group and Bosch are cutting jobs in Germany, Hungarian parts-makers reported a 10% fall in production across the board, and French affiliates report that the large 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 is already down 36% this year; and the Audi Győr plant in Hungary is discreetly downsizing, pushing workers out by offering worse contracts rather than through formal redundancies.

The situation remains worrying. Total production is stagnating or trending downwards while multinational companies attempt to play workers against one another, threatening closures in one region while dangling potential investment in another. Thankfully, our trade union siblings are well aware of these scaremongering tactics and stand united against relocation threats, as we know that one good job cannot and will not come at the expense of another job elsewhere. Regardless, the automotive sector is, in many ways, the "**industry of industries**." Downsizing by the major automotive assemblers has disastrous effects for thousands of small-and medium-sized suppliers, while any reduction in the automotive sector's overall production levels has ripple effects across European industry, from steel and machine tools, to metals, chemicals and beyond.

Invest in our Future, Not Short-Term Rewards

Faced with mounting competitive pressure from China and weak consumer demand at home, European Union leaders are close to passing local content rules that would require a majority of the value of each car sold in Europe to be produced in Europe. This move is broadly welcomed by industriAll Europe, albeit with certain caveats[1]. For their part, the major automotive companies have largely remained in opposition to these proposed changes or are attempting to weaken their efficacy while insisting that costs must go down instead to ensure competitiveness. The general message they are sending is clear: they can no longer afford Europe's workers.

[1] For our complete, adopted position please see: Made in Europe - an industrial worker perspective (April 2026); Industrial workers call for an effective Industrial Accelerator Act (May 2026); and Clean cars 'Made in Europe' for good jobs based in Europe (May 2026)

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[2]. 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 Combined net profit	**€189bn** Spent on dividends and share buybacks	**€177bn** Cash & short-term investments held as of 2025

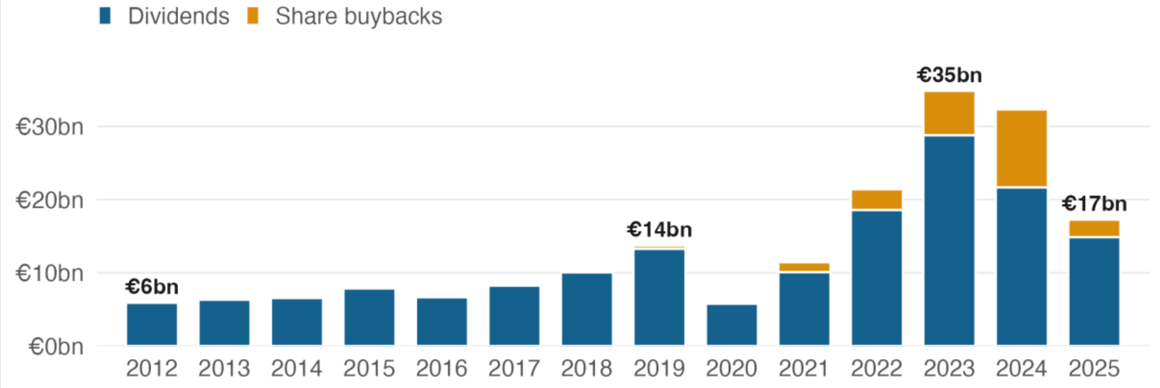
These exorbitant shareholder payouts and financial accumulation represent funds that could have gone towards investments – in upgrading existing facilities, building new greenfield sites, investing in new technologies and lead markets, partnering with suppliers, or supporting additional in-house research 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.

Combined net profits from 2021–2023 (**€68bn, €67bn and €65bn,** respectively) were the three best years for OEMs 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. By contrast, while there are several explanations for China's rise in the automotive sector, Chinese car companies, disciplined by fierce competition at home, have also accepted lower profit margins in order to win a larger share of the global market.

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.

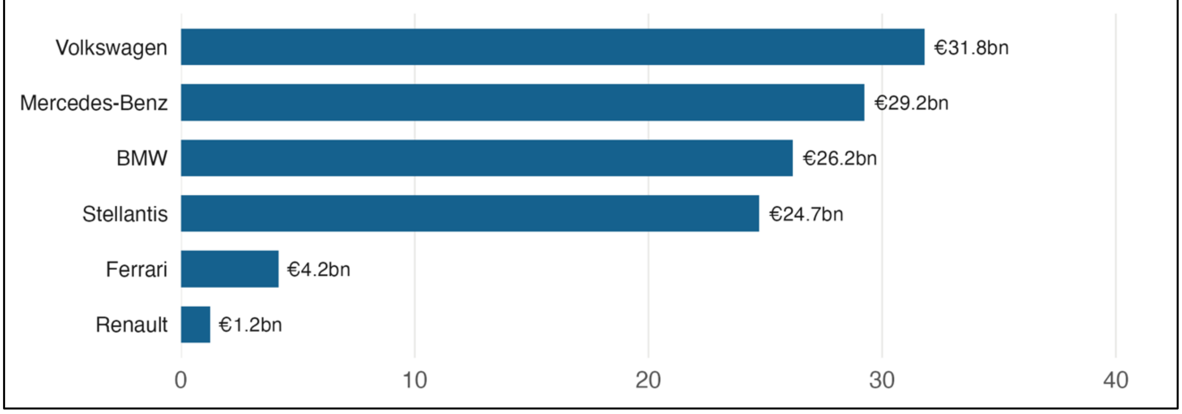
[2] The following financial figures are collected from automakers' publicly-available financial reports from each of the years indicated.

European Carmakers: The Growth of Shareholder Rewards



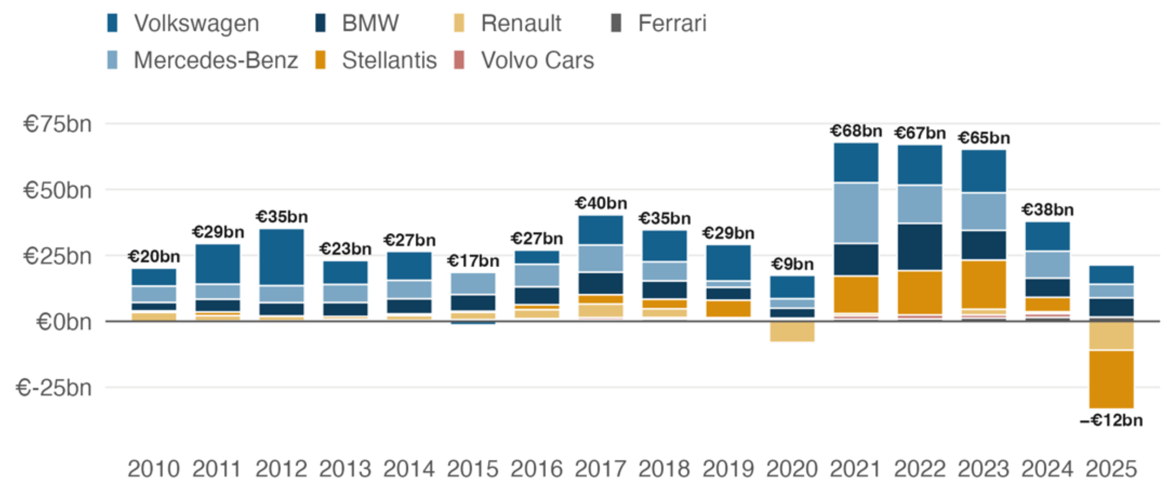
European Carmakers: Who paid out what, 2021–2025

Dividends + buybacks per company



European Carmakers: Net Profit Per Company

Net income after minority interest, € bn I label = net total I 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, subsidies and tax breaks – went to these same companies over the last decade.[3] This number is a conservative estimate because many national governments do not report all the total support given to industry. The companies' own financial reports point to an even larger amount of public money received – although this includes governments outside of the European Union – with Stellantis at €1.7 billion; BMW at €386 million; Volkswagen at €324 million; and Mercedes-Benz at €99 million.

At the same time, job cuts continue apace. Since 2020 nearly 100,000 positions have already been cut or explicitly threatened at just these major European automakers alone, with the total impact on the entire automotive supply chain even higher. Volkswagen, which has received at least €1.1 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. Between 2023 and 2025 Stellantis spent nearly €16.25 billion on dividends and share buybacks, while recording €6.0 billion of government support worldwide. In the same period, it closed its Luton plant, and its Italian workforce fell by nearly 10,000 jobs.

The decisive point here is not the amount of public money but that none of the support carried binding employment conditions. Not one of award 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 YEAR[4]

Group	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total (minimum)
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[5]	–	–	–	–	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	137	127	199	231	957	588	103	468	2062	33	6	4,911

[3] State Aid data provided by the European Commission's State Aid Transparency Public Search and compiled via keyword search of the major EU automotive companies and case by case analysis of minimum state-aid totals.

[4] Includes grants, subsidies and tax breaks

[5] ACC is the battery joint venture of Stellantis (~⅓) and Mercedes-Benz (~⅓) with TotalEnergies.