

European Strategic Dialogue on the Future of the Automotive Industry

Joint EACN response to the public consultation launched by the European Commission on January 30th, 2025

Mulhouse, France - 12 February 2025

Preamble

The whole European automotive value network is undergoing a profound transformation. EACN fully agrees with the facts and conclusions described in the Automotive Concept Note “Strategic Dialogue on the Future of the European Automotive Industry”¹.

EACN welcomes the strategic dialogue initiated by the European Commission that is an important step to support the competitiveness of the European automotive industry. However, EACN recommends the inclusion of Tier-2 companies and public actors such as, e.g., the Automotive Regions Alliance, to the core group. They are valuable contributors to the value chain and should be actively involved in the strategic dialogue process to ensure that the needs and challenges of the whole European automotive value chain are considered in the Action Plan to be presented on March 5th, 2025, by Commissioner Tzitzikostas.

This document is based on feedback gathered through an internal survey within all EACN members. It aims to contribute to the public consultation as part of the Strategic Dialogue by sharing the conjoint point of view of EACN clusters.

Introduction

As correctly stated in the Automotive Concept Note, the European automotive industry must undergo a challenging transformation process; all stakeholders must align with global market needs and face rude competition, without reducing environmental ambitions.

The European automotive sector is composed of OEMs, Tiers-1 and lower with different starting situations and challenges: Whereas some are still successful in generating benefits, the large majority are suffering, making modernisation, greening or transformation of production lines impossible.

When reflecting on the action plan, EACN suggests

- ▲ considering the heterogeneity of the automotive sector and ensuring the different actions will serve all European companies
- ▲ looking on the automotive industry with all its interdependencies with other sectors (steel, energy, ...)

¹ [Concept Note: Strategic Dialogue on the Future of the European Automotive Industry, AC/25/297](#)

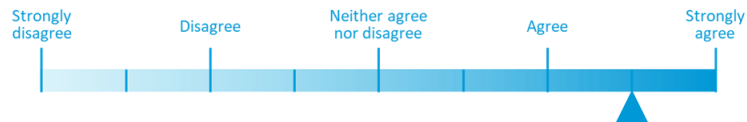
EACN position toward identified potential themes² to be included in the EU industrial action plan for the automotive sector

EACN clusters agree to strongly agree to the inclusion of all five topics suggested in the public consultation:

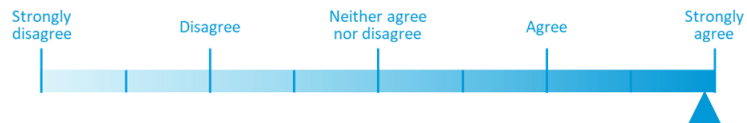
Innovation and leadership in future technologies and capabilities



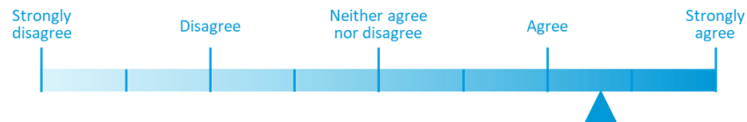
Clean transition and decarbonisation



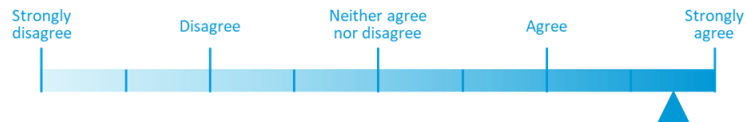
Competitiveness and resilience



Trade relations and “international level playing field”



Regulatory streamlining and process optimisation



Additional suggestions for the upcoming EU industrial action plan

Interdependencies between the automotive and other industries

The automotive industry heavily depends on other industries such as, e.g., energy, steel, and others. Only an overall approach allows creating significant impact for the automotive industry.

The Industrial Action Plan for the Automotive Industry should therefore consider

- ▲ support measures in connected industries
- ▲ taxes and regulations to be applied in a way that production in Europe is not disadvantaged compared to production abroad, e.g., taxes on imported raw materials but not on finished products

Stop the decline of the European supplier network as backbone of the automotive industry

Many suppliers at all levels are suffering from harsh condition imposed by their customers with very low margins. Many key actors feel obliged to relocate production to or to increase their purchases from suppliers in low-cost countries outside Europe for economic reasons and diminish by that the volumes ordered from European suppliers. The overall rush competition also makes some suppliers reflecting on leaving the automotive sector for economic reasons. This situation contributes to weakening European suppliers or may lead to complete supply chain disruptions in Europe. Also, these

² As described in ¹ and asked in the public consultation open from 30 January – 13 February 2025 (midnight Brussels time)

conditions do not allow investing in modernisation or greening production lines, thus forcing declining competitiveness.

The Industrial Action Plan for the Automotive Industry should therefore

- ▲ support European Tiers-2 and lower through, e.g., higher volumes, simplified access to financing for modernisation/greening production or innovation projects, support measures to open new markets for traditional “ICE” part suppliers, or reducing/simplifying bureaucracy and reporting requirements
- ▲ encourage Foreign Direct Investments aiming at setting up new productions and at creating value inside the European Union

Create incentives to boost sales of vehicles with local European content

The European automotive market is suffering from very low vehicle sales that are at about 80% of pre-Corona time, mainly due to high prices for new vehicles and to customers’ uncertainty in the choice of a motorization technology, with, e.g., strong lobbying against electric vehicles in some member states.

Stimulating the market seems the best way to support the European automotive industry. Consequently, the Industrial Action Plan for the Automotive Industry should therefore include

- ▲ incentives and strong EU wide promotion for the purchase of electric vehicles produced in Europe
- ▲ actions to speed up the deployment of a publicly accessible charging infrastructure

Stimulation of next generation automotive technologies

The development of next generation automotive technologies where OEMs are not in competition but can reduce development costs should be accelerated and supported. This can include autonomous driving, development of a standardised conjoint European Car Operating System Protocol, in-car cybersecurity, new battery generations, hydrogen technologies, synthetic fuels, improved charging points, new vehicle concepts to fit changing customer’s behaviours and others. Such developments ensure Europe can catch up in the race for tomorrow’s vehicles, but they also need an industrial sector-overlapping approach.

EACN suggests that the Industrial Action Plan for the Automotive Industry includes

- ▲ strong and focussed applied innovation and technology development support measures for industrial, academic and R&D actors
- ▲ clusters’ reinforcement as facilitators of innovation and technology development

Strengthen re- and upskilling of the workforce

The need to transit to clean mobility and enhance technological leadership underscores the urgency for decisive action to safeguard European jobs and ensure that the automotive industry remains competitive. This profound transformation results in a need of completely new and often higher-level skills and competencies in industry and academia. Hence, the transformation and stability of the European automotive industry can only be ensured when competent employees are available in sufficient numbers.

The Industrial Action Plan for the Automotive Industry should therefore address

- ▲ measures to ensure a rapid and efficient re-/upskilling of employees so that they can continue bringing added value to their companies
- ▲ initiatives to develop industry-specific vocational training
- ▲ support actions for the Automotive Skills Alliance and clusters' training activities

Ensure effective protection against unfair commercial practices

Non-European companies often benefit from very favourable working conditions created through, e.g., unfair subsidization, very favourable tax systems, or lower environmental and social requirements, causing threat of economic injury to European companies. The European Commission decided in October 2024 on duties on fairly subsidised vehicles from China, but companies are already relocating production to EU neighbouring countries such as Morocco, Egypt, and others, to bypass these duties.

The Industrial Action Plan for the Automotive Industry should therefore

- ▲ reopen the discussion to include all vehicles from OEMs benefitting from such subsidies that are produced outside the European Union

Additional proposals

Deduct projects to green production from CAFE penalties

New vehicle models are always getting heavier and bigger, nullifying emission reduction efforts on ICE vehicles; and the focus of European OEMs on high-pricing electric vehicles minimised the sales shares of such 0-emission vehicles in the past. This results in a situation where many European OEMs are not able to reach the CO₂ emission limits valid since the beginning of 2025.

These limits are important to reach the European environmental goals fixed in the EU Green Deal. EACN suggests that OEMs can average fleet emissions over, e.g., 5 years or deduct investments in projects leading to concrete CO₂ emissions reduction in production from their penalties. By that, they contribute to reaching the European environmental objectives and preparing a green European automotive industry for a future in Europe.

Reform the European Emission Trading System ETS and make benefits from allowances' sales accessible to fund projects contributing to reaching EU Green Deal's objectives

Within the EU ETS, companies get allowances for free or can trade them in auctions. Since 2013, the EU ETS has raised over EUR 175 billion³. And with the ETS2 to start in 2026, new sectors and companies will be subject to allowances generating even more benefits. With allowances being traded, the ETS becomes a financial speculation tool and does not contribute to greening European industry as it should.

Therefore, the system should be revised to ensure this money is invested in green transition projects to boost the reduction of GHG emissions, water consumption, waste generation... and to create a self-reinforcing spiral. Especially transferring revenues from sold free allowances outside Europe should be prohibited.

³ See: https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/what-eu-ets_en

About the European Automotive Cluster Network EACN

EACN is the leading network of European automotive clusters, bringing together 32 clusters from 17 countries. EACN clusters represents more than 5.000 companies, academic and research institutions, and other stakeholders. Companies represent the whole value network and include more than 2.600 are SMEs.

EACN members are cooperating to excel in cluster management, to identify and share good practices among the clusters' members, to support European initiatives and projects, or to develop joint services and offers. EACN also engages in exchanges with European institutions to share experiences and insights from 32 local ecosystems.



EACN members on 01 January 2025

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