

Automotive Suppliers Demand Fair Play: EU Must Set Clear Content Targets

The European automotive industry is facing the most significant transformations in its history. Technologies, production methods, markets and players are rapidly evolving.

In the face of this revolution, we have substantially invested in the shift to electric and software-defined vehicles, and we are already providing solutions for a more sustainable mobility, including solutions powered by hydrogen or e-fuels.

We welcome new entrants with confidence. As global players, we already work with non-European car manufacturers, and we welcome new competitors as they drive us to innovate further and find solutions to make new vehicles more affordable.

However, competition must be on a level playing field.

The automotive industry is a mass production industry that plays an important role in national and regional economies. It is not limited to car manufacturers but involves a whole network of suppliers and indirect contributors responsible for 75% of the content value of vehicles. In Europe, this ecosystem of suppliers represents 8% of GDP and 13 million jobs, with a similar impact observed in other regions of the world.

In recent years, the geopolitical shifts and successive global crises have altered the competitive balance between regions. Since COVID, the competitiveness gap between China and Europe has widened by a striking 25 points. As a result, countries around the world have introduced measures to promote fair competition and retain added value locally. For instance, the United States revised the USMCA with Canada and Mexico to introduce a measure that requires products from manufacturers to include a mandatory threshold of 75% local production content. This approach not only protects the car manufacturers, as with a tariff-only policy, but also the entire automotive ecosystem, ensuring that products are not only assembled in North America but also include significant added-value produced in the region.

It is time for Europe to take similar action and implement comparable regulations which require added-value content in Europe. This will strengthen European sovereignty while protecting fair competition. Without such a mechanism we risk a major loss of value among automotive suppliers and equipment manufacturers which would significantly weaken the whole sector.

As we strive to drastically reduce CO2 emissions, it is also essential to avoid focusing solely on the cost of materials and equipment. Importing equipment from low-cost countries without considering the climate impact of their transport and production is counterproductive and undermines fair global competition.

Today, we urge the European Union to set, within a global industrial strategy, clear targets of regional content for the automotive industry, and leverage all tools to achieve them. We think it is urgent to have a clear industrial policy for the key intermediate value chain, the biggest contributor in jobs and innovation.

Automotive suppliers are delivering the innovations that make the transformation a reality. The focus must now shift to making the transition work for our industry in Europe.

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