

Reaching 20% manufacturing share of EU GDP needs a combination of maintaining and decarbonising existing companies, of developing future technologies, and of creating overall favourable frame conditions

Joint EACN comments to the European Industrial Accelerator Act (IAA)

Mulhouse, France - 29 May 2026

Contexte of this joint EACN answer

On 4 March 2026, the European Commission published the 'Industrial Accelerator Act' (in the following: IAA)¹. It aims at increasing the European industrial manufacturing share from 14,3% of European GDP (2024) to 20% in 2035 while at the same time accelerating industrial decarbonisation to comply with the European goal of climate neutrality in 2050.

The IAA is now in the legislative process with the European Parliament and the Council, with a final adoption expected in 2027-2028. As part of this legislative process, two public consultations have been launched to gather feedback from stakeholders as part of the improvement process: The first one from the European Commission², open from 11 March to 18 June 2026, and a second one from MEP Christophe Grudler, ITRE Rapporteur in the European Parliament³, launched on 26 March 2026 and closing on 31 May 2026.

The European Automotive Cluster Network EACN welcomes the intentions of the EU Industrial Accelerator Act to improve competitiveness and decarbonisation of strategic European industrial sectors and the consideration of the automotive industry as a such. The IAA correctly states that, *"the competitiveness of the European automotive industry has significantly decreased, with the average profitability of European automotive suppliers dropping from 7.4 % in 2017 to 5 % in 2023 and more than 100,000 job cuts announced in 2024/2025. Recent surveys show that half of the European automotive component suppliers plan to reduce production capacity in the EU in the next years. This decline threatens hundreds of thousands of jobs and the integrity of Europe's industrial future."* This is a strong argument for including the automotive sector in the IAA.

Nevertheless, EACN considers the IAA can be further improved to better respond to strategic and economic constraints of the European industry as a whole. This document represents the joint answer of EACN member clusters (see last chapter). It will be submitted to both above-mentioned public consultations.

¹ Proposal for a Regulation of the European Parliament and of the Council establishing a framework of measures for the acceleration of industrial capacity and decarbonisation in strategic sectors and amending Regulations (EU) 2018/1724, (EU) 2024/1735 and (EU) 2024/3110. [COM\(2026\) 100 final](#)

² https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14505-Industrial-Accelerator-Act-speeding-up-decarbonisation_en

³ Feedback on the Industrial Accelerator Act (<https://tally.so/r/VL8Zzl>)

The IAA: A relevant and necessary initiative

European manufacturing industry's GDP globally declined from 17,4% in 2000 to 14.3% in 2024 (with the lowest value of 13,8% in 2009)⁴. It must also be considered that this reduction is also influenced by the evolution of other sectors, such as, e.g., services.

The IAA is thus a relevant and necessary initiative to address the acceleration of industrial decarbonisation without causing deindustrialisation. This needs robust, predictable and realistic industrial policies aiming at creating value in Europe. In this context, the objective of increasing the share of manufacturing industry in the European Union's GDP from 14.3% in 2024 to 20% in 2035 is highly welcomed. But strengthening Europe's industry requires to maintain and develop existing companies while facilitating in parallel the development of new ones.

EACN fully seconds the highlighted objective of the IAA. Nevertheless, the focus of the IAA must be twofold:

(1) Maintain and develop existing industries while accompanying decarbonisation

European manufacturing industry's share of GDP diminished over the last 25 years due to, e.g., political decisions in some European countries to focus their economy on services and high administrative burdens, creating unproductive costs. Strong environmental, security and social regulations create uneven market conditions compared with many competitors from outside the European Union, lead to higher costs and weaken competitiveness.

(2) Strengthen the implementation of (new) industrial sectors and products on future and strategic technologies (green technologies, carbon free energy, artificial intelligence, autonomous vehicles...)

Beside ensuring the maintain and development of existing companies, strong support for the development of new industrial sectors and companies in future-relevant and strategic sectors is important to reach the IAA's objective.

All Member States of the European Union should embrace the development of net-zero technologies, from energy production, storage and distribution to technologies allowing reducing energy consumption or replacing fossil fuels with low-carbon/zero-carbon energies. These technologies can also replace manufacturing sectors in decline, ensuring future employment.

Favourable frame conditions: A prerequisite for successful companies

Strategic sectors do not stand alone, and maintaining or creating new (more) sustainable industrial businesses needs a global approach:

Ensure competitive carbon-free energy

Greening industry generally means the transition from fossil energy sources to electricity, or in some cases to hydrogen energy that must be produced with (sustainable) electricity to contribute to Europe's climate goals. The IAE states that *"EU electricity prices for energy-intensive industries stayed elevated in 2025, again averaging over twice US levels and nearly 50% above those in China, similar to 2024, adding competitive pressure"*⁵.

⁴ Eurostat (23/04/2026). [Gross value added and income by main industry \(NACE Rev.2\) - annual data](#) (accessed on 16/05/2026)

⁵ IEA. [Electricity 2026 Prices. Affordability and competitiveness take centre stage](#) (accessed on 14/05/2026)

It is therefore important that

- ▲ companies are enabled to purchase low-carbon/carbon-free electricity at comparable rates as global competitors,
- ▲ future electricity systems are designed to be resilient against natural phenomena and geopolitical impacts.

Remove administrative burdens within the European Union

The Draghi report⁶ estimates administrative burdens inside the European Union to EUR 150 to 200 billion a year; these costs reduce the competitiveness of European companies. Creating a real single market by removing or at least massively minimising legal and administrative burdens for business between Member States are one of the key conditions to maintaining or creating new companies.

Focus on scaling up national companies to European champions

The European Union counts about 240.000 medium-sized enterprises (SMEs, 50 – 249 employees) accounting for 0.8% of all 32,2 million European companies, whereas large companies (250+ employees correspond to only 0.2%⁷.

SMEs cannot compete against foreign conglomerates backed up with state support. Thus, at the background of unfavourable demographic changes and the speed of technology progress and capital intensiveness of changes, the main goal should be to support the consolidation of SMEs towards mid-cap companies (SMCs), and bigger, instead of essentially focusing on new company creations.

The main measures to maintain and increase European manufacturing industry share must therefore be

- ▲ to accompany medium-sized companies to grow and to acquire the economic strength they need to succeed in global competition, including on the European home market,
- ▲ to support mid-cap companies (SMC, 250 – 749 employees⁸),
- ▲ to assist SMEs and SMCs on “declining markets”, e.g. suppliers producing parts for combustion engines, in entering “new future markets”, e.g., in net-zero product manufacturing.

With this in mind, all measures targeting SMEs should consequently include SMCs.

Decarbonisation as competitive advantage

European companies are already submitted to multiple and complex regulations. Companies cannot be expected to invest in cleaner production processes, lower-carbon raw materials, electrification, energy efficiency, circularity and digitalisation if they do not get advantages out of those investments. Decarbonisation obligations thus must not lead to further degradation of their competitiveness as this will result in further losses of production, jobs, economic growth and in fine living conditions in Europe.

Companies that decarbonise production or contribute via their products to Europe’s climate neutrality must clearly have a competitiveness advantage compared to companies that do not respect such criteria, whether they are from inside the European Union or from abroad.

⁶ Draghi, M. (2024). [The future of European competitiveness – In-depth analysis and recommendations \(Part B\)](#).

⁷ Eurostat (2024). [Micro & small businesses make up 99% of enterprises in the EU](#) (accessed on 16/05/2026)

⁸ COMMISSION RECOMMENDATION on the definition of small mid-cap enterprises. [C\(2025\) 3500 final](#)

Support concomitant (traditional) industrial sectors ensuring lead markets' success

Decarbonising existing and future technologies rely on complementary transversal strategic technologies that must be as well developed and supported and should be addressed through the IAA.

This includes traditional industries such as chemical industry, steel mills, ferrous and non-ferrous metal production, glass, plastics, construction, etc. as well as further sectors that are the basis for successful decarbonised future companies, such as, e.g.:

- ▲ Batteries,
- ▲ Electronics and semiconductors,
- ▲ Digital technologies (European data centres, AI for production, cybersecurity, high-speed digital communication, industrial software...),
- ▲ Advanced and automation of manufacturing technologies,
- ▲ Supply chains/logistics,
- ▲ Circular economies (incl. remanufacturing, recycling...),
- ▲ Machining and industrial technologies

Given the current geopolitical context and increasing focus on European resilience and strategic autonomy, sectors such as defence, aerospace and aviation, or agrifood processing should also be considered in the IAA.

Avoid new dependencies

Today's economy massively depends on fossil fuels, raw materials and components (rare-earth elements, uranium, semiconductors...) that are imported from other global regions, with critical dependencies on several materials or parts. The IAA must not end up with the creation of new dependencies: EU wide agreements with governments and companies around the globe on critical materials availability, critical technologies availability, sources of energy including nuclear energy are indispensable.

Promote research and development

The regulation should recognise the importance of maintaining research and development capacities within Europe, as innovation remains one of the main strengths of the European (automotive) industry. It should include cooperation measures between universities and R&D centres and SMEs/SMCs.

Stimulate STEM education and the attractiveness of industrial workplaces

Reindustrialisation needs qualified employees at all levels: From shopfloor workers to highly trained engineers. Many industrial companies face difficulties to recruit technical staff, qualified ones as well as apprentices, as industry is often not considered as an attractive working environment by young people.

Innovation is key to successful industries. Therefore, many countries have tried to increase the number of graduates in science, technology, engineering and mathematics (STEM)⁹. A McKinsey report¹⁰ states that Asia is the world leader with a total share of 76% of global STEM graduates, followed by Europe at 8 percent and North America at only 5 percent (averages 2016-2018). A similar situation can be observed in ICT education. In addition, many European graduates move abroad due to more

⁹ World Economic Forum (2023) [Which countries' students are getting most involved in STEM?](#) (accessed on 14/05/2026)

¹⁰ Seong et al. (2023) [Asia on the cusp of a new era](#). McKinsey Report (accessed on 14/05/2026)

interesting working conditions, further weakening European competitiveness. This represents a critical situation for Europe.

The IAA states that there is “*an area of concern is the lack of technology know-how and manufacturing expertise in the EU for certain key net-zero and digital technologies.*” (p. 3), a statement that seems questionable as European technical universities offer strong and high-quality engineering studies including in the mentioned fields.

The main barriers for transferring scientific knowledge into industrial products are very stringent legal and administrative burdens, difficulties to access traditional and venture capital to start industrialisation, as well as higher costs for labour, energy, taxes....

IAA measures: Some comments

The four proposed measures are constructive with regard to reindustrialisation. Nevertheless, EACN suggests the following precisions/amendments:

Chapter I: General provisions

Add ‘clusters’ to Chapter I, Article 3 ‘Definitions’ (I.3)

“clusters’ mean regional ecosystems of related industries and competences featuring a broad array of inter-industry interdependencies. They are defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialised expertise, services, resources, suppliers and skills.”¹¹

Clusters are seen as natural operators, moderators, or federators of Industrial Acceleration Areas as described in chapter 5 of the IAA. See comments to chapter V of the IAA.

Precise definition (4) ‘permit-granting procedure’

The given definition does not clearly specify whether the permit/certification process for making a product available on the market is included. It is this process (administrative burdens, long procedural times) that often stops companies from providing new products on the market. Also, these long procedures put extra risk on projects hindering external investors to invest in such projects.

Chapter II: Enabling conditions for industrial production and decarbonisation

Single access points (II.4)

The idea of national single access points for submissions for industrial manufacturing projects is interesting but should only be a starting point before including other sectors and submissions beyond those described in the IAA.

Permit granting procedure (II.4, II.5)

The final regulation should further define whether each Member State establishes its own single permit-granting procedure based on national laws or whether there will be a standardised permit-granting procedure set on European level? A European-wide coordinated permit granting procedure

¹¹ Delgado, Mercedes/Porter, Michael E./Stern, Scott, 2013: [Defining Clusters of Related Industries](#), Working Paper 20375 of the National Bureau of Economic Research. DOI [10.3386/w20375](#), also used by the [European Cluster Collaboration Platform](#)

avoids that companies considering investments in several countries face different procedures (See II.4 (1) and II.5 (1)).

The regulation should include enforceable timelines and accountability mechanisms for permitting processes, otherwise the intended acceleration will remain ineffective. In this regard, II.5 (3) lacks precision: The described procedure renders possible that the competent authority requests one single further document at day 44, and then one additional one every 29 days, making the global granting procedure period as long as it is today. An avoidance option could be that the competent authority must request all missing documents/information for the granting procedure latest at 45 days after receipt of the application. Then, within 30 days, only such documents/information may be requested that are necessary to precise or clarify the newly submitted documents. Through such an approach, the competent authorities are obliged to realise an in-depth analysis of the documents/information initially submitted and cannot artificially delay the permit granting procedure.

Energy-intensive industry decarbonisation projects (II.6)

It is not understandable why only *“energy-intensive industry decarbonisation projects shall be considered strategic projects contributing to resilience and decarbonisation or resource efficiency for the purpose of [Art. 14 of Proposal for a Regulation on speeding-up environmental assessment]”*¹² (II.6 (2)). As one of the objectives of the IAA is to contribute to decarbonisation of industry, decarbonisation projects from automotive and net-zero technology manufacturer, and potentially other underlying strategic technology manufacturers, should be included in these streamlined permit granting process, as this is explicitly foreseen in the second paragraph of the above-mentioned Article 14 of Proposal for a Regulation on speeding-up environmental assessment.

Investments should also be considered to modernise production, namely automation, robotics, digitalisation, industrial artificial intelligence, equipment with sensors, energy efficiency, predictive maintenance, traceability and data integration across the value chain as strategic projects when they contribute to decarbonisation, reduction of waste, water or energy consumption.

Chapter III: Strengthening the Union’s strategic industrial value chains

The ‘Made in EU’ label

The “Made in EU” approach is principally correct to increase manufacturing of products and parts within the European Union, to strengthen economic sovereignty, to reduce dependency on external suppliers (e.g. from China) and to encourage local investment. It should align towards a comprehensive product strategy for European sovereignty and its regained industrial dominant position based on technology progress. But attention: Made in EU requirements will not stimulate innovation and technology development within the European Union!

The definition of “European content” needs clear and realistic criteria, it must be precise, measurable, and implementable in practice. Requirements must reflect the reality of globalized value chains, especially in sectors like automotive, where relocalization of production or suppliers to Europe is not feasible in the short term. If this is not given, the implementation reality will be difficult, and the label becomes a supplementary administrative burden. One important question is how is the trace-back of original parts coming from various countries (e.g. raw material coming from one country, being

¹² Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on speeding-up environmental assessments. [COM/2025/984 final](#)

assembled in another one and then sold as components in a third country) is practically ensured to avoid similar difficulties as with, e.g., the CSDDD?

The label should have a supportive and not a restrictive design to incentivize European production rather than to introduce rigid constraints that could disrupt supply chains or increase costs. The approach should have pragmatic flexible local content thresholds and offer flexibility. Overly complex or ambiguous criteria will create compliance risks and discourage participation.

The “Made in EU” requirements risk creating higher costs (e.g. batteries, solar PV) and may trigger reactions from trade partners leading to trade tensions. Therefore, it must be compatible with international trade rules and avoid risks of protectionism and trade retaliation that may weaken export competitiveness from European companies.

An option to handle the ‘Made in EU’ label might be to include the product’s origin in the digital product passport¹³, where clear indications are needed to define a product’s origin with multiple parts from across the world (starting from which level of ‘Made in EU’ share in the final product the latter is considered as ‘Made in EU’?).

The definition of ‘Union origin’ given in III.8 (1) allows manufacturing, e.g., in Türkiye, Morocco, Ukraine, the Balkan countries, Ukraine, or Moldavia while maintaining the eligibility criteria for Union origin. This will negatively impact the industry and industry transformation in Europe.

Through this loophole, the IAA contributes to the destruction of automotive employments across Europe and especially in the former ‘low-cost-countries’ in Central and Eastern Europe. The automotive sector is already experiencing massive relocations and vehicle production in these countries¹⁴. This weakens European manufacturing shares and destroys labour, especially in the production sector. It does less impact “high-quality” jobs in Europe mentioned in the document.

Union origin requirements for vehicles (IAA Annex III)

Part I of Annex III of the IAA specifies the requirements towards vehicles eligible for public procurement and other forms of public intervention and financial services for corporate vehicles:

- ▲ Requirement (b) of at least 70% component’s ex-works price – excluding the battery – six months after entering into force of the IAA is unrealistic as all European OEMs purchase globally with long-term contracts.
- ▲ Requirement (c) imposing *at least three main specific components of batteries, among which the batter cells, originating in the Union* six months after entering into force of the IAA is also unrealistic as European battery cell production is developing very slowly. OEMs need binding purchasing conditions and this sudden concentration on European-made battery cells will increase prices.

EU companies source materials globally to stay competitive, sourcing in EU only may have a cost impact as needed capacities will not always be available, e.g., if recycled material is not available in sufficient volumes. This can lead to supply chain disruption creating disadvantages for EU companies. Material sourcing restrictions for ‘Made in EU’ products shall therefore be very carefully used.

¹³ [EU's Digital Product Passport: Advancing transparency and sustainability](#)

¹⁴ E.g., https://www.lemonde.fr/en/economy/article/2025/12/22/in-turkey-renault-s-vast-factory-anchors-a-booming-auto-hub-geared-toward-europe_6748737_19.html#

A more gradual implementation phase approach over a longer period, e.g., 5 years, is necessary to ensure industrial realism and to allow industry to adapt and invest accordingly.

Low-carbon products

Regulations on low-carbon products (III.10 (2)) should be streamlined with the list of materials and products in annex I of Regulation 2023/956¹⁵ that introduced the EU's Carbon Border Adjustment Mechanism. In the same context, the European Union should adopt a common (branch) methodology and data base for carbon footprint calculation.

Counting and monitoring methods should be streamlined in order to avoid different counting methods for CSRD, CBAM, public support programmes etc. and minimise administrative burdens for companies (one method fitting for all regulative purposes).

Chapter IV: Foreign investment contribution

Foreign Direct Investments (FDI) are one option to implement new manufacturing industries in Europe. Europe should remain open to such external investments when they generate industrial, technological and social value for the European Union and create a favourable environment for major FDI in strategic sectors, particularly when they request genuine technology transfers, R&D, qualified employment, the integration of European suppliers and the creation of production capacities in the European Union as it is defined in IV.18 (2). In this context, "from the Union" in IV.18 (2) (f) must be further specified. For example: Are batteries produced in Hungary with 60% of components coming from China considered as 'from the Union'?

Harmonising the fragmented national approaches to a European-wide approach makes FDI more consistent across the Union and reduces inequalities.

Permitting FDI projects must also include the consideration of energy efficiency of new manufacturing facilities as well as energy delivery constraints, especially in peripheral regions, to align FDI with the European Union's objective of industrial decarbonisation.

Industrial Manufacturing Acceleration Areas (Chapter V)

The creation of industrial acceleration areas should build on existing ecosystems, such as industrial clusters (see definition p. 5) where cross-company synergies, technology centres, universities, public authorities and interface organisations can be valued.

Industrial Acceleration Areas must be linked with sufficiently powerful energy infrastructures and grids. They should also enable investors (and existing companies) to access highly skilled workforce, clean and competitive energy, industrial infrastructures, testing laboratories, advanced vocational training, and European and national funding instruments.

V.25 (1) of the IAA should also clarify connections between the Industrial Acceleration areas and the European/regional S3 policies.

¹⁵ [Regulation \(EU\) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism](#)

The automotive sector: The most global value chain

The automotive industry counts for approximately 13 Mio. employees, of which about 3,12 Mio are directly involved in vehicle manufacturing (NACE C29) (2024). OEMs represent about 45% (1,4 Mio) and suppliers 55% (1,7 Mio) of the above-mentioned employments. Vehicle manufacturing represents an average of 1,5% of total employment across the European Union, with much higher shares in Central and Eastern Europe (Slovakia: 5%, Czechia: 4,4%, Romania: 3,1%; Hungary: 3% or Poland: 1.9%). Eastern Europe also shows a total increase of vehicle manufacturing jobs in the last 15 years, due to production relocation from Western European countries to these then ‘low-cost-countries’¹⁶.

The sector is facing several challenges at the same time, making the current period particularly complex and stressful: Vehicles are undergoing a profound transformation from “Hardware boxes” with basic functions (driving, steering, breaking) towards rolling multimedia devices, similar to the transition from cell phones to smartphones. This product evolution is overlaid by the necessity of vehicle electrification¹⁷, the trend towards automated and autonomous vehicles, and the need for the green and digital transition of production means.

The main automotive research centres and innovation development teams are concentrated in Germany, France, the Netherlands, and Belgium, while production is also located in Poland, Hungary, Rumania, Slovakia. Therefore, striving for technology leadership is rather a European contextual issue and not a specific acceleration area issue.

These different transitions also require massive efforts in re- and upskilling of the existing workforce as new and different skills and competencies are needed in research, development, production and other domains (the same applies to suppliers reorienting towards other/new markets). A strong cooperation between companies and vocational education trainings must be searched to train the existing workforce for new/modified jobs as already pursued by the Automotive Skills Alliance¹⁸.

The automotive ecosystem is built around two major groups of stakeholders:

Car manufacturers (OEMs)

OEMs design and develop, produce and sell vehicles to the end customers. OEMs are nearly exclusively large groups. As of today, most OEM manage having benefits every year, even if the situation is worsening or getting more challenging.

OEMs are ruled by long-term relationships and contracts with global suppliers. Supply chains cannot be changed immediately, as new suppliers must be evaluated and validated before the start of a cooperation. Despite intensive discussions on resilience and risks of supply chain disruptions, e.g. after COVID or the Russian invasion in Ukraine, reality shows that OEMs mainly consider costs when contracting with suppliers. This leads to purchasing strategies in Asia as well as in growing relocation trends towards countries such as Morocco, Türkiye or Tunisia, especially in labour-intensive automotive activities. This weakens the situation of European Tier-2 suppliers and represents major structural risks for whole European supplier base.

¹⁶ [Employment in the EU’s automotive sector](#). Published 27.01.2025, accessed 29.505.206.

¹⁷ Vehicle electrification is the main technology for decarbonisation during use, whereas other low-emission technologies are also evaluated/developed by some actors.

¹⁸ [Automotive Skills Alliance](#)

Suppliers (Tier-1 & Tiers-2 and lower)

About 9.100 suppliers are present in the European Union with a fragmented company structure (250+ employees: 900 companies; 50 – 249 employees: 1.250 companies; <50 employees: 7.304 companies), employing roughly 1,2 Mio people. Suppliers are much smaller than OEMs; big supplier companies employ an average of 1.100 people, where this figure is nearly 9.000 for big OEMs (2023 figures)¹⁹.

The supplier sector can be divided into two subgroups:

- ▲ Tiers-1 develop main car elements on behalf of the OEMs or on their own initiative. They rely on parts produced by Tiers-2 and lower to assemble car elements for OEMs. Tiers-1 are generally big companies and have similar functioning and purchasing strategies as OEMs. Tiers-1's economic situation is inhomogeneous with some managing to create benefits and others struggling more.
- ▲ Tiers-2 and lower are characterised by many small, but also medium-sized and smaller big companies¹⁹. They are very much suffering from strong and cheaper global competitors, strict commercial conditions, raising energy and raw material costs, very low margins, and an urgent need for modernisation and adaption of products. Continuous pressure on (already low) margins, compliance burdens and upcoming debt repayments pose existential threats to many suppliers. They face enormous difficulties to follow up on technological evolutions or to invest in decarbonisation projects. Many Tier-2 and lower suppliers do not have the size and strengths to compete on global markets.

Tiers-2 and lower suppliers are the hidden backbone of the European Automotive Industry. This group represent a fundamental part of Europe's industrial ecosystem and innovation capacity; the erosion of this block is not only an economic issue but also a loss of industrial know-how, manufacturing resilience and production sovereignty within Europe.

Tiers-2 and lower must persist in global competition and against global competitors with asymmetric production conditions. They are the main target to satisfy 'Made in EU' requirements, need access to affordable energies, minimised administrative burdens and to financing opportunities, but also to the simplified permit granting procedures for decarbonisation or modernisation projects. The inclusion of FTA countries in the label (as stated in paragraph III.8 (1)) contributes/invites to further relocations of automotive parts' manufacturing towards such countries and thus the destruction of manufacturing inside the European Union.

Today, many lower tier suppliers are specialised in producing parts for combustion engines and must rapidly adapt to new products or open new markets. Many automotive suppliers already evaluate opportunities in the defence industry with production conditions being different. It should be of common European interest to accompany them in their transition approach to maintain jobs, competencies and added value, e.g., by ensuring easy and affordable access to expertise, (market) data, certification, financing, or plant modernisation/adaptation permit granting...

¹⁹ Eurofound (2025), [Crisis in the EU automotive industry: Remaining competitive amid the twin transitions](#), Publications Office of the European Union, Luxembourg.

The IAA should at a minimum ensure the following aspects:

- ▲ The IAA should contribute to create a similar level playing field compared to competing countries through (massively) reduced energy costs for manufacturing companies, minimised administrative burdens, environmental requirements applied to imported goods... This supports suppliers' competitiveness better than additional constraints (and administrative requirements) and increases their chances to be selected by Tiers 1 and OEMs.
- ▲ The IAA should more clearly address the issue of reciprocity and asymmetric market conditions. Europe cannot remain only an open market while expecting to preserve its industrial base and manufacturing sovereignty, while most major competitors actively use industrial policy instruments, localisation requirements, public procurement preferences and state-backed industrial support.
- ▲ The IAA should avoid unintentionally creating incentives accelerating the relocation of manufacturing capacities beyond EU borders. The "Union origin equivalence" should therefore not automatically apply for FTA countries when it comes to public support schemes and demand-side instruments under the IAA, but promote a combined reshoring, nearshoring and friendlyshoring strategy, avoiding excessive critical dependencies without falling into a logic of economic isolation that would reduce scale, efficiency and access to markets.
- ▲ The IAA should clearly consider the role and importance of Tiers-2 and lower for the European automotive and manufacturing industry and create clear incitation for OEMs and Tiers-1 to collaborate with them. The IAA should also contribute to facilitating their transition towards new products and markets when involved in manufacturing specific parts for combustion engines.
- ▲ The IAA should include a gradual set-up of local content thresholds for 'Made in EU' vehicles as a consequent approach to ensure decarbonation while maintaining/developing manufacturing industries, including in automotive.
- ▲ The IAA should ensure that all actors, at least in the targeted sectors including automotive, will benefit from accelerated permit granting procedures when implementing decarbonisation projects in their plants. Regarding automotive Tiers-2 and lower, additional regional and cluster-related support measures are needed, such as access to expertise (for decarbonisation and market reorientation), financing, or training.
- ▲ In general, the IAA should be guided by industrial realism to ensure the targeted objective of 20% manufacturing share in European GDP in 2035 can be reached while contributing to industrial decarbonation. The regulation should therefore ensure a very pragmatic and realistic approach to industrial transition, especially for the automotive sector and its supplier network. The pace of transformation must remain compatible with industrial realities, investment capacity and employment preservation across Europe.

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 automotive value network and include more than 2.600 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 the represented local ecosystems.



EACN members on 01 January 2026

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