Edition #26 – DATA DIGEST is CLEPA's bi-monthly publication shedding light on the health and resilience of the European automotive supply industry through latest facts and figures

Europe's EV transition at risk as China outspends EU suppliers by 57%

Europe's high production costs and fragmented supply chains slow industrial scale-up and widen the gap with global competitors

Europe's ambition to lead the global electric vehicle (EV) transition is facing a structural investment drought. New data reveals that between 2021 and 2026, investment by EU automotive suppliers remained entirely stagnant. In stark contrast, Chinese investment in the sector surged by 57%, creating an asymmetrical global playing field that threatens Europe's industrial backbone.

On top of that, current forecasts show European battery electric vehicle (BEV) production in 2032 has been revised down from more than 10.3 million vehicles to around 8.2 million - resulting in a cumulative shortfall of roughly 10 million vehicles by 2032 compared with projections made a year earlier.

While European suppliers have consistently committed capital to the transition, they are hitting an economic wall. Unprecedented structural production costs, fragmented supply chains, and regulatory headwinds in Europe are choking the

ability to scale innovation competitively. This is also due to a regulatory and economic environment that currently penalises local scaling while global competitors accelerate with massive state backing.

What you will find in this edition

1. **EU investment does not keep pace with sales, while China accelerates spending to support growth**
2. **The gap in BEV production forecasts between EU and China keeps widening**

1 – EU investment does not keep pace with sales, while China accelerates spending to support growth

According to Oxford Economics, EU automotive suppliers kept annual spending on factories, machinery, and technology largely flat at around US$42–43 billion between 2021 and 2026. China moved in the opposite direction, increasing investment by 57% over the same period to reach roughly US$115 billion by 2026.

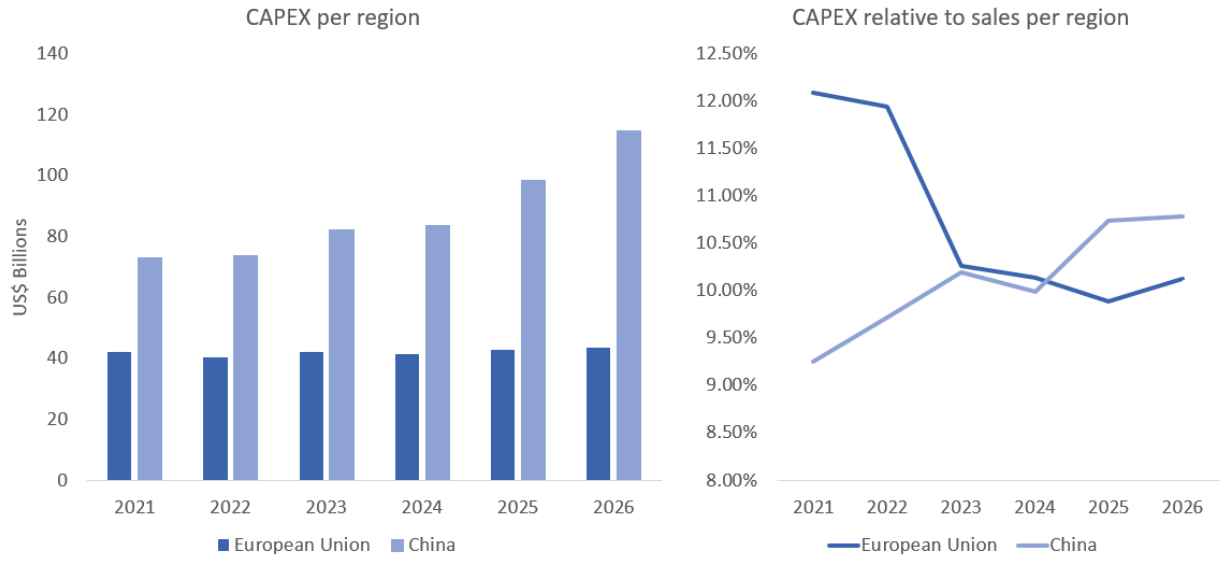
Revenues grew in both regions, but China widened the gap. Chinese revenues rose by 35%, compared with 23% in the EU, pushing China's automotive supplier market beyond US$1 trillion — 2.5 times larger than the EU market.

The gap becomes even clearer when comparing investment to sales. In the EU, investment as a share of revenues fell from around 12% in 2021 to close to 10% in 2026. In China, it rose from around 9% to roughly 11%, overtaking EU levels by 2026.

Figure 1

Capital investment by the automotive supply industry

Source: Oxford Economics & CLEPA analysis



CLEPA Data Digest #26 – May 2026

2 – The gap in BEV production forecasts between EU and China keeps widening

Current forecasts show a clear downward revision for battery electric vehicle (BEV) production in Europe compared with expectations a year ago. In the Q1 2026 outlook, LMC Automotive expects European BEV production to reach around 8.2 million vehicles in 2032, down from more than 10.3 million in the Q1 2025 forecast. That is a drop of over 2 million vehicles in 2032 alone. Across the 2026–2032 period,

the cumulative downward revision reaches around 10 million vehicles.

China shows the opposite trend. One year ago, forecasts expected around 9.5 million BEV vehicles in 2032. Current projections now exceed 10.9 million. This means expectations for Chinese production have risen, with an upward revision of more than 1 million vehicles in 2032 alone and nearly 7 million vehicles cumulatively over 2026 - 2032.

Figure 2

Cumulative BEV forecast revisions

Source: LMC Automotive, a GlobalData company and CLEPA analysis