

Europe's green shift needs factory floors, not just showrooms

Brussels, 29 October 2025 - Europe's automotive industry finds itself in a tight spot. Tariffs are biting, energy costs are high, and access to rare earths is under extreme pressure. [Jobs](#) are vanishing at an alarming rate - tens of thousands of losses were announced last year alone. These warning signs tell us clearly that, if we don't act fast, we won't just fail in achieving climate neutrality - we'll lose our economic edge and future growth. Yet, European governments struggle to agree on the right solutions.

In a rare initiative, a group of 19 European leaders adopted a bold call to the President of the Council, urging a return to Mario Draghi's reform proposals and renewed efforts to enhance European competitiveness. Their focus on simplification of sustainability policies and strengthening of the Single Market is spot on. Yet, it's worth recalling that Draghi's report also includes an entire chapter on the automotive sector, calling for a technology neutral revision of the CO2 regulation – a step that remains just as essential. At the same time, France and Spain have launched a paper which largely confirms the existing CO2 regulation, even with some flexibilities. Supporting both is, frankly, a contradiction in itself.

Europe has the tools - let's put them to use

While the debate continues, in high level meetings, and struggling with unresolved structural challenges, global competition has shifted gears. China and the U.S. have embraced open, flexible strategies that meet consumers where they are. Plug-in hybrids? Still going strong. AI and data? Central to their mobility playbooks.

Consumers still want hybrids. Suppliers are ready to invest. Policies should help users drive efficiently and affordably. CLEPA has tabled concrete proposals to address consumer behaviour in plug-in hybrids, ensuring that electric driving is accessible and maximised in all practical situations.

Freezing the utility factor (required share of electric driving) isn't about taking a completely different path - it's about adapting it to an evolving reality. Everyone must play their part in sync. Consumers need support and time to attune; policymakers should set the right tempo with enabling conditions, and industry will keep refining the instruments that make the transition possible.

Decarbonisation targets mean nothing if the vehicles are built elsewhere

The risk of any transition is to lose value chains. We have seen this with solar, where European money subsidised the buildup of a thriving industry - elsewhere. Robust local content rules can address this risk and prevent this from happening again. Europe must be more than a showroom for clean tech - it must be the factory floor. Local production isn't just about jobs; it's about resilience, innovation, and ensuring that the green transition strengthens our industrial sovereignty rather than outsourcing it.

At the same time, neither the U.S. nor China, have a market ban on the combustion engine, and our ambition alone won't be enough to afford a hard cut in 2035. A flexible, phased approach is needed to avoid derailing industrial momentum and consumer adoption.

The clock is ticking

If we zoom out for a moment and look at the broader picture, we can clearly see that this is about whether Europe leads the next chapter of mobility - or watches it unfold from the passenger seat. With key political decisions looming, we have a rare chance to fix the structural cracks before they widen into chasms.

Let's take the lessons of recent years with us and design a feasible CO₂ review that puts Europe's strategic interests and the citizens' priorities at the centre of the mobility transition. It's time for the European Commission to bring us closer to that path - to make the road ahead clear and ensure we have the capacity to drive it.

About CLEPA

CLEPA, the European Association of Automotive Suppliers based in Brussels, represents over 3,000 companies, from multi-nationals to SMEs, supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over €30 billion yearly in research and development. Automotive suppliers in Europe directly employ 1.7 million people in the EU.