Joint statement: An ambitious Industrial Accelerator Act for all the EU vehicle component value chain

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The European associations representing the vehicle component value chain call for a targeted and ambitious Industrial Accelerator Act (IAA) that builds on the industrial footprint, employment, and production capacity of the automotive components industries in Europe.

Europe's automotive suppliers, tyre manufacturers and upstream industries involved in the value chain are at the heart of the green and digital transitions, and of Europe's economic security. They employ hundreds of thousands of people, hold industrial know-how with a historical footprint and investment into the European economy. The IAA is not about closing the European market. It is about making sure European public money creates European added-value, jobs and growth. But it goes beyond that: it is a question of strategic autonomy and industrial competitiveness, ensuring that the EU keeps control of the fundamental assets that keep its economy and society moving.

As the European Parliament and the Council shape their positions, ambitions need to remain high for the European automotive sector. Our key asks strike a realistic balance for the entire value chain:

1. Higher ambition means higher thresholds and specific criteria for critical technological products in the automotive value chain market and industrial evidence supports them

We call for a minimum 75%-80% Union-origin threshold (at component level) calculated on the basis of the aggregate ex-works price of all vehicle components excluding the battery, rather than on the ex-works price of the vehicle as a whole, in line with the calculation methodology proposed by the European Commission. Vehicle-level thresholds alone do not guarantee where value is created. Therefore, for critical components including tyres, electric powertrain, electronics systems, and automotive glazing, we ask for specific separate requirements, increasing over time, that reflect the strategic importance of these components. Furthermore, the fleet-booster threshold should remain at 85%, while small BEVs should have cumulative criteria.

2. Certainty for businesses and partner countries requires a product by product and country specific approach to the Union-origin definition

Third countries may be recognised as trusted partners, and products originating in them treated as equivalent to products of Union origin, on the basis of objective reciprocity criteria and of their contribution to the Union's competitiveness and strategic autonomy. This assessment should be carried out on a product-by-product basis, taking into account effective reciprocity, economic security, and security of supply. Such recognition must rest on the evidence of the assessment and be limited to third-

country products that genuinely meet these criteria, in order to safeguard the integrity of the policy objectives of the IAA.

3. Circumvention is best addressed by fit-for-purpose rules of origin and effective market surveillance

A horizontal 50% value-added requirement risks adding significant compliance costs for companies and workload for market authorities, without preventing circumvention more effectively. Where existing EU customs rules already work, a product-by-product approach should apply instead. It better reflects the specificities of different goods and enables stronger, yet simpler, market surveillance. For steel used in components, the country of origin should be determined by where the steel was 'melted and poured', rather than the country of 'last substantial transformation' via downstream processing.

4. Cheap supply is not cheap if it creates dependency

Resilient supply chains require an economic effort, and that effort pays back in EU investment, jobs, GDP and stronger competition among European producers. Public procurement should therefore move beyond price as the only criterion. This is especially true in markets where enough EU producers compete and supply is available. There, competition already keeps prices in check, so public buyers can accept some flexibility on price without paying an unjustified premium. Beyond price, keeping manufacturing capacity in the EU preserves circular value chains under high environmental standards and delivers sustainable products to the market.

5. We welcome competition and investment of a fair basis

Foreign direct investment can strengthen Europe's industrial base when it anchors lasting value here. The FDI framework should ensure that investment contributes genuinely to European resilience and economic growth, rather than providing a means to circumvent the IAA's objectives by relocating production to Europe without sufficient European value creation. Stronger conditions should remain focused on investments associated with significant manufacturing concentration and strategic dependencies. FDI conditions for automotive components considered as emerging strategic sectors in scope of Article 17 of the proposal, should be triggered at a threshold much lower than 100 million for automotive components and include 5 out of 6 criteria to ensure that investment complements European industrial capacity rather than replacing it.

The IAA alone will not be sufficient to restore the competitiveness of Europe's automotive industry. It must go hand in hand with a broader set of competitiveness measures addressing Europe's structural challenges, including high energy costs, regulatory burdens, access to raw materials and investment conditions.

The signatories stand ready to work with the European Parliament, the Council and the Commission on an IAA that keeps automotive value creation and jobs in Europe.