



Commission boosts European automotive industry's global competitiveness

Brussels, 5 March 2025

The European automotive sector is at **critical turning point**, challenged by **rapid technological changes** and **increasing competition**. To address the changes ahead, President **von der Leyen** in January launched a [Strategic Dialogue on the Future of the European Automotive Industry](#), a collaborative and inclusive process designed to tackle the sector's most pressing challenges. The Commission today puts forward an Action Plan, which builds on the Strategic Dialogue, and presents concrete actions that will ensure a robust and sustainable automotive sector and help unleash its innovative power. To maintain a strong European production base and avoid strategic dependencies, we will make available €1.8 billion to create a **secure and competitive supply chain for battery raw materials**, which will help support the growth of the European automotive industry.

Commission President Ursula **Von der Leyen** said:

"There is so much untapped potential at the global market, when it comes to innovation and clean solutions. I want to see our European automotive industry taking the lead. We will promote domestic production to avoid strategic dependencies, especially for batteries production. We will stick to our agreed emissions targets, but with a pragmatic and flexible approach. Our mutual aim is a sustainable, competitive, and innovative car industry in Europe that benefits our citizens, our economy, and our environment."

Accelerating Innovation and Clean Mobility Transition

EU automotive companies are falling behind on key technologies. To help the industry lead in the transition towards AI-powered, connected and automated vehicles, the Action Plan presents a gear-shift. A **dedicated European Connected and Autonomous Vehicle Alliance** will bring together Europe's automotive stakeholders to shape the development of next-generation vehicles and help develop the shared software and digital hardware needed to bring this technology to life. Large-scale testbeds and regulatory 'sandboxes' will provide innovators with the freedom to test and refine their technologies for autonomous vehicles. The Commission will further develop the regulatory framework for autonomous vehicles. These actions will be supported by joint **public-private investments of around €1 billion** backed by the Horizon Europe Programme over the 2025-2027 period.

Today's Action Plan is accompanied by the **Decarbonise Corporate Fleets Communication** highlighting best practice examples and encouraging Member States to take further actions to green corporate fleets, which account for around 60% of new car registrations.

More flexibility for CO2 Standards compliance

The Commission has taken note of the clear demand for more flexibility in relation to CO2 targets and is committed to addressing this issue in a balanced and equitable manner. The Commission will propose a **focused amendment to the CO2 Standards Regulation** for cars and vans this month. The amendment, if adopted, would enable car manufacturers to meet their compliance targets by averaging their performance over a three-year period (2025-2027), allowing them to **offset any shortfalls in one or two years with excess achievements in the other year(s)**, while **keeping the overall ambition** on the 2025 targets. The Commission will also accelerate work on the preparation of the foreseen review of the CO2 Standards Regulation for cars and vans.

In parallel, the Commission is working on ways to boost the demand for **European zero-emission vehicles**. The Action Plan includes measures that will provide incentives to switch to zero-emission vehicle and strengthen **consumer trust** through concrete measures, such as improved battery health and reparability.

The Commission will actively work with Member States to **optimize these incentive schemes for consumers**.

Supporting Supply Chain Resilience and Workers in the Sector

It is crucial that Europe achieves **cost-competitive EU cell production** that would cover a large part of the supply of batteries and generate European value-added along the supply chain. The Commission will further support the EU battery industry and help it maintain a strong European production base, with financing under the Innovation Fund. The Commission will also look into direct production support to companies producing batteries and non-price criteria for components such as resilience requirements.

To help the EU automotive sector address the challenges related to skills shortages, mismatches and an ageing workforce, the **European Fair Transition Observatory**, as launched with the [Clean Industrial Deal](#), will develop and collate data, to help pinpoint expected future “hot spots” of employment dislocations and skills gaps. The Commission will **expand the European Globalisation Adjustment Fund for Displaced Workers (EGF) support** to make it faster and broader, allowing companies to trigger support and **supporting workers threatened by immediate redundancy**. Additionally, the Commission will work with social partners and Member States to increase European Social Fund Plus (ESF+) funding for the automotive sector, **supporting workers who want to reskill and look for new job opportunities**. The Commission will also use the mid-term review of ESF+ to incentivise Member States to reprogramme **more funding for the automotive sector**. Furthermore, as announced in the **Pact for Skills**, the Commission will propose a reinforced initiative to support workers in strategic sectors like the automotive industry, focusing on upskilling and reskilling programs.

Boosting the Industry's Resilience to Compete Successfully on a Global Stage

To make the EU automotive industry more resilient to fierce competition from overseas, the Commission will ensure a level playing field by **using trade defence instruments**, such as **anti-subsidy measures**, to protect European companies from unfair competition. At the same time, negotiations with partner countries will continue, to enhance market access and sourcing opportunities for the automotive industry. Additionally, the Commission will propose measures to ensure that foreign investments in the EU automotive sector contribute to the industry's long-term competitiveness, while working to reduce the administrative burden on European automakers through regulatory simplification.

Background

Today's Action Plan is the result of an **inclusive and collaborative process**, which involved multiple discussions and stakeholder engagement initiated through the [Strategic Dialogue on the Future of the Automotive Industry](#) launched by President Ursula **Von der Leyen** on 30 January 2025. The plan also drew on insights from an [open public consultation](#) on the future of the European automotive industry, as well as the work of [several Working Groups](#) led by Commissioners **Šefčovič, Hoekstra, Séjourné, Virkkunen, Mînzatu** and **Tzizikostas**.

For More Information

President **von der Leyen** [Political Guidelines](#)

[Communication: Industrial Action Plan for the European automotive sector](#)

[Communication: Decarbonise Corporate Fleets](#)

[Questions and answers - Commission unveils Action Plan to drive innovation, sustainability, and competitiveness in the automotive sector](#)

[Factsheet - Action Plan on the future of the automotive sector](#)

[Factsheet - Decarbonise Corporate Fleets](#)

[Competitiveness Compass](#)

[Clean Industrial Deal](#)

Quote(s):

"There is so much untapped potential at the global market, when it comes to innovation and clean solutions. I want to see our European automotive industry taking the lead. We will promote domestic production to avoid strategic dependencies, especially for batteries production. We will stick to our agreed emissions targets, but with a pragmatic and flexible approach. Our mutual aim is a sustainable, competitive, and innovative car industry in Europe that benefits our citizens, our economy, and our environment."
Ursula von der Leyen, President of the European Commission - 05/03/2025

"The future of Europe's automotive industry must be competitive, connected, and clean. With this Action Plan, we are taking decisive steps to strengthen Europe's industrial base, accelerate digitalisation and drive clean mobility. Our goal is clear: to ensure that the next generation of vehicles is not just made in Europe, but innovated in Europe, powered by European technology, and built on European values."
Apostolos Tzitzikostas, Commissioner for Sustainable Transport and Tourism - 05/03/2025

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