EUROPEAN INDUSTRIAL FASTENERS INSTITUTE

EXECUTIVE SUMMARY

Industrial Accelerator Act (IAA) – Making "Made in EU" Work for the Entire European Automotive Value Chain

1. THE INDUSTRIAL CHALLENGE

1.a. Unprecedented Chinese Expansion

The European automotive industry is facing unprecedented competitive pressure from China, threatening its manufacturing base and strategic autonomy.

Between 2019 and 2024, Chinese automotive exports to Europe increased by 347%. The EU trade balance in passenger cars with China has shifted from a €15 billion surplus in 2022 to an estimated €15.6 billion deficit in 2026.

The pressure extends well beyond finished vehicles, increasingly affecting European component manufacturers:

- Tier 1 suppliers: Chinese imports increased by 105% between 2019 and 2026, reaching an estimated 3.78 million tonnes.
- Tier 2 suppliers: Imports increased by 55%, excluding fasteners partially protected by anti-dumping measures.
- ICE-related Tier 2 suppliers: Imports increased by 95% over the same period.

Unlike finished vehicles, automotive components remain largely exposed to Chinese competition without equivalent tariffs, quotas or local-content requirements.

1.b. The Limitations of the Current IAA Framework

The Industrial Accelerator Act aims to strengthen European industrial resilience, reduce strategic dependencies and introduce European preference in strategic manufacturing sectors.

However, the proposed framework risks protecting vehicle manufacturers without adequately safeguarding their European suppliers.

At vehicle level, the Commission's proposed "Made in EU" requirements would cover only approximately 23% of current European sourcing in 2027, compared with an estimated 88% European content in vehicles currently manufactured in the EU.

At component level, the situation is even more critical. The Commission's proposal does not establish specific European-content requirements for automotive parts. Existing rules of origin would effectively cover only around 9% of current EU sourcing by Tier 1 suppliers in 2027.

This creates a significant risk that European OEMs will maintain vehicle assembly in Europe while progressively replacing EU-manufactured components with imported alternatives.

The IAA must therefore protect industrial value creation throughout the entire automotive supply chain, including Tier 1, Tier 2 and Tier 3 suppliers and the manufacturing SMEs that form its backbone.

2. POLICY RECOMMENDATIONS AND STRATEGIC IMPLICATIONS

2.a. Four Priorities for an Effective IAA

To ensure that "Made in EU" becomes an effective industrial safeguard, four key measures are recommended:

1. Extend the IAA to HEVs and Euro 7 ICE vehicles, ensuring that European suppliers across all relevant powertrain technologies benefit from the framework.
2. Establish a minimum 80% "Made in EU" requirement for vehicles, preventing the progressive substitution of European components with imported alternatives.
3. Introduce an average 70% "Made in EU" requirement for automotive components, or an equivalent EU added-value mechanism, extending effective protection throughout the supply chain.
4. Strengthen foreign direct investment screening across the automotive sector, beyond green technologies, to safeguard European industrial capabilities and reduce strategic dependencies.

2.b. Economic Evidence and Expected Benefits

International experience supports the potential effectiveness of local-content requirements.

According to the US International Trade Commission's assessment of the USMCA automotive rules of origin, the measures were associated with:

- 478% growth in annual investments by automotive parts suppliers.
- $3.5 billion in additional suppliers' revenues.
- 7,850 net jobs created in automotive parts and steel manufacturing.
- A limited estimated consumer price impact of $207 per vehicle (less than 0.4%).

These findings suggest that appropriately designed local-content requirements can stimulate industrial investment and employment without disproportionately affecting vehicle manufacturers or consumers.

3. STRATEGIC CONCLUSION

The IAA represents a decisive opportunity to preserve European manufacturing capacity, employment, technological expertise and industrial competitiveness.

Its effectiveness will depend on its ability to protect not only OEMs but also the extensive network of component manufacturers and SMEs supporting European automotive production.

The proposed 80% European-content requirement for vehicles and 70% for automotive components are essential to ensuring that "Made in EU" protects the entire value chain.

The automotive IAA will also establish an important precedent for future European industrial policy initiatives in other strategic manufacturing sectors.

Add a stronger policy call to action Clarify the SME impact throughout

Source: GERPISA – Industrial Accelerator Act, 2 November 2026. 2026 trade figures are estimates based on extrapolated data.