

## Energy crisis: Impact on competitiveness of EU auto sector

Brussels, 21 October 2022

### AUTO SECTOR: A BACKBONE OF THE EU ECONOMY

The automotive sector and its whole value chain is a backbone of the European economy. It represents:

- Jobs for 13 million Europeans
- 11.5% of EU manufacturing employment
- €374.6 billion in tax revenue for European governments in major markets
- €79.5 billion trade surplus for the EU
- 8% of the EU's GDP
- €58.8 billion invested in R&D annually, or 32% of total EU spending

---

### IN SUMMARY

Rising energy prices and increased production costs are putting the entire automotive ecosystem under strain.

High inflation rates, unprecedented concerns about energy prices and supply, and lower incomes for Europeans are alarming the whole value chain, from the largest manufacturers to the smallest SMEs, as well as the aftermarket.

The sector appreciates recent policy initiatives at the national and European levels. However, uncertainties about the implementation and effectiveness of these measures persist. A structured dialogue with the sector is therefore urgently needed.

### WHAT ARE THE ISSUES?

- **Rising energy prices**, coupled with high costs of raw materials and other components, are negatively impacting the automotive sector as well as its customers.

- **Costs of production** are therefore skyrocketing, undermining profitability and putting investments and the very survival of critical industries within the automotive ecosystem at risk. Industry cannot absorb such high costs in the long-term, especially in the face of competition from other major markets like the US or China.
- As Commissioner Breton pointed out, energy prices in Europe are currently seven to eight times higher than in the US. This clearly undermines the **global competitiveness of the EU industry** and requires a comprehensive and coordinated policy response. We need a global level playing field.
- Cost increases will have to be passed on along the supply chain and to customers, at a time where high inflation is already limiting the incomes of European households. **Affordability** of new vehicles is a concern, as it will impact **fleet renewal**, and ultimately the **speed of decarbonisation**. Indeed, sales of new vehicles are already down by almost 10% so far this year.
- High costs for industry also jeopardises **employment**. Industry is doing its utmost to re- and up-skill its employees but cannot do so alone. This also requires active labour market measures from member states.
- Equal conditions must be ensured across the EU. Single market and state aid rules must not undermine **fair competition between production sites in different member states**. Here, the European Commission has an essential role to play.

## THE NEED FOR STRONG POLITICAL ACTION

The whole automotive value chain – represented by the European Automobile Manufacturers' Association (ACEA), the European Council for Motor Trades and Repairs (CECRA), the European Association of Automotive Suppliers (CLEPA), European Tech & Industry Employers (CEEMET) and the European Tyre and Rubber Manufacturers' Association (ETRMA) – is concerned that, without significant political action, it will become increasingly difficult to make the case for manufacturing and investments in the EU.

Additional political initiative is urgently needed to avoid new import dependencies and to ensure access to affordable energy. All energy carriers have a role to play.

We need strong and coordinated EU-wide action that supports both the sector and consumers.

We stand ready to work together with policy makers to ensure the success of the mobility transition.