

Press Release

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Mario Draghi sounds the alarm

Yesterday, Mario Draghi presented his report 'The future of European competitiveness', commissioned by the President of the European Commission, Ursula von der Leyen.

Mario Draghi's long-anticipated report on Europe's competitiveness, delivers a stark warning: **Europe must take immediate action** to avoid compromising its welfare, environment or freedom. Draghi emphasized the urgency of addressing Europe's economic slowdown, calling for a decisive break from years of delay in necessary reforms.

As regard the automotive sector, the report illustrates the consequences of the EU's inconsistent planning in aligning climate and industrial policies. Despite the EU's ambitious target of zero tailpipe emissions by 2035, aimed at phasing out internal combustion engine (ICE) vehicles, there has been **insufficient coordination in converting the supply chain**. One major gap is the late launch of the European Battery Alliance in 2017, leaving Europe lagging behind in building a competitive battery value chain. In contrast, China began investing in the full electric vehicle (EV) supply chain as early as 2012, allowing it to lead in EV technology and production efficiency. The absence of synchronized EU policies, particularly regarding charging infrastructure, exacerbates the problem. China's early and large-scale investments have given it a significant technological edge, with European companies now losing market share. From 2015 to 2023, the market share of Chinese EV manufacturers in Europe grew from 5% to nearly 15%, while European carmakers' share fell from 80% to 60%. **The EU's failure to fully implement the principle of technology neutrality in the automotive sector also hinders progress**. While the push for zero-emission vehicles is crucial for the climate, a comprehensive industrial policy supporting the transition, especially in the supply chain and infrastructure, remains lacking. This oversight risks Europe's competitiveness in the global automotive industry.

CECRA has continuously advocated Europe to implement the principle of technology neutrality in the automotive sector which would not only foster innovation but also provide operators with a range of options (low emission technologies, including hydrogen and e-fuels) to effectively reduce emissions in a way that's both affordable and feasible.

For more information

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