

No Local Content – No more European Industry! **EUROFORGE position on why Europe Must Act Now to Secure Automotive and Machinery Value Chains**

Europe is facing an accelerating deindustrialization of its core manufacturing base. Automotive and mechanical engineering – pillars of European prosperity – are under extreme pressure from subsidized imports, primarily from China and increasingly India. Without binding European local content requirements, Europe risks losing not only jobs and value added, but also strategic control over critical industrial ecosystems.

Automotive suppliers already report an unprecedented deterioration: Chinese vehicle market share in the EU has almost tripled to 7% by 2025; imports of automotive components from China have increased by 67% since 2021, while the EU automotive trade balance with China turned negative for the first time in 2025 (€-2.3 bn)

Studies warn that 30–50% of European automotive production could be at risk within five years if current trends continue

This is not a cyclical downturn. In the absence of strong and prompt decisions by the EU, it could very quickly lead to structural destruction of the European value chain as three main dynamics are converging:

- Massively subsidised imports from China, combined with overcapacity, are eroding European suppliers' market share across automotive, steel processing and machinery
- “Screwdriver” investments: Chinese OEMs are building assembly plants in Europe while importing the bulk of components, equipment and subassemblies from low-cost countries, in the absence of local content obligations
- Capital drain: \$16 bn in European automotive supplier assets have been acquired by US and Chinese investors, while European firms invested only \$1.6 bn abroad, accelerating loss of technological sovereignty

The consequence is evident: shrinking domestic value chains, job losses (350,000 by 2030 in automotive alone due to studies), delayed decarbonization and future technology investments, and rising geopolitical dependency

EUROFORGE aligns with other European industry associations in calling for a **European Local Content framework** that is clear, enforceable and compatible with EU industrial initiatives.

This is not protectionism. It is the European equivalent of “Buy American”, “Made in China” or “Make India” – applied in a proportionate way through public policy leverage.

Any industrial policy measure, any access to public funding, tax benefits, or investment opportunities in the EU must therefore be linked to meaningful value creation in Europe:

- Vehicles sold in the EU:
 - Minimum 80% European local content
- Automotive components and systems (including forged and other steel and metal processed parts):
 - Minimum 70% European local content on average
- Mechanical engineering and machinery:
 - Local content thresholds aligned with existing European value-added shares, not falling below current levels, with forged and steel-processed components explicitly included

These thresholds are realistic: today's average local content already exceeds these levels but is rapidly eroding under import pressure.

European Local Content must be embedded rapidly into:

- Automotive Action Plan and forthcoming Industrial Accelerator Act,
- EU and national state aid schemes,
- public procurement rules,
- investment incentives and transformation funding.

Without binding requirements, public money will continue to subsidize deindustrialization.

Europe is at a turning point. Open markets without reciprocal rules are dismantling Europe's industrial backbone. Local content is the fastest and most effective tool to stabilize value chains, secure skilled employment, protect SMEs such as forging and other steel and metal processing companies, and safeguard Europe's strategic autonomy.

Delay will destroy the European industry and make recovery impossible.
Only immediate action will keep Europe industrial and independent!

The forging industry (drop forging, open die forging, cold forging) is a global pioneer in innovation, occupational safety, environmental protection, energy efficiency and decarbonization, and an important economic factor in Europe with 70,000 employees. Our technology is the driving force for the transformation of key industries like vehicle construction, railway technology, shipbuilding, mechanical engineering, agriculture, energy and wind energy, medical technology as well as defense technology to climate neutrality by 2050. The predominantly small and medium-sized companies thus secure our autonomy against global competition from China, India, USA, etc.