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## The Future of EU Leadership in the Car Industry: Still Global

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**Brussels, Belgium, 14th December 2021** - This study considers how best to maintain a globally thriving EU car sector in the face of several interrelated challenges. The climate emergency necessitates a dramatic reduction in emissions to net-zero impacting across the economy, which leads to a fundamental shift in automotive products and therefore manufacturing, given electrification and digitalisation. Moreover, there is a greater emphasis on the need of preserving and restructuring the auto industry in the face of increased competition from the emerging markets, not least China and India. In trade policy, Europe feels the need for a more assertive and autonomous trade policy to protect against perceived imbalances in the current models of globalisation.

Automotive is Europe's key export industry, an important contributor to the EU economy, from balance of payments to employment, and a manufacturing base to global and European brands. Balancing the EU's climate ambitions (and its implied economic transformation) with a successful EU car industry is therefore crucially important. The car industry is at the forefront of new initiatives to tackle the climate emergency, shaped by these new regulations its products and infrastructure will be radically different in just a few years.

*"The Green Deal and an open economy must not become a binary choice for Europe. The automotive industry is today global, digitised and electrified by default. The EU cannot mass-produce locally unless it can also compete globally – which entails facilitating industry transition, minimising retaliatory risks and understanding the biggest transition the industry is facing since Henry Ford's invention of the assembly line,"* says David Henig, one of the authors of the study.

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