European Auto Parts Industry Faces a Bitter Winter

Driven by sluggish market demand and intensifying competition, the European automotive parts industry has announced over 100,000 job cuts in the past two years. According to the European Association of Automotive Suppliers (CLEPA), the sector shed approximately 54,000 jobs in 2024, with a further 50,000 reductions in 2025, indicating that the industry's predicament is far from over. Benjamin Krieger, Secretary General of CLEPA, pointed out: "The current situation is unprecedented, with over 100,000 jobs cut in just two years... and the industry's downward trend has yet to bottom out."

In a longitudinal comparison, suppliers collectively laid off around 53,700 workers during the pandemic years of 2020 and 2021. However, European auto market demand has still not recovered to pre-pandemic levels, and electric vehicle (EV) market penetration has fallen short of expectations. Sluggish vehicle sales have forced numerous automakers to scale back production in Europe, transmitting the pressure upstream to parts suppliers. Meanwhile, the sector is also bearing fierce competitive pressure from companies outside Europe.

In September 2025, global automotive parts giant Bosch announced plans to cut 13,000 jobs by 2030 due to an annual cost gap of €2.5 billion. Previously, companies such as Valeo, Forvia, and Schaeffler had already laid off thousands of employees in 2024. Last year, Continental's automotive parts division also announced further job cuts; this division has since been spun off to operate as an independent brand, Aumovio.

Arnd Franz, CEO of German supplier Mahle, stated that it is currently difficult to determine whether the industry has reached its lowest point, and 2026 may still face challenges. Mahle announced plans in November of last year to cut approximately 1,000 jobs, primarily in Europe and North America. Franz admitted, "The industry originally had more optimistic expectations for 2025," but the comprehensive tariff policies implemented by the U.S. led to lower-than-expected demand for parts. He further noted that industry pressures mean "an integration wave and capacity adjustments will occur in the next two to three years."

Although the rollout of EVs in Europe is slower than anticipated, the transition from traditional internal combustion engine (ICE) vehicles to new energy vehicles continues to exert pressure on European companies focused on ICE component production. The European Commission is considering introducing "Made in Europe" protective measures for key industries, which would require a certain proportion of automotive parts to be manufactured locally. Relevant policies are expected to be released by the end of this month. Suppliers like

Valeo have urged setting the localization ratio at around 75% to maintain the existing industrial system, but automakers oppose this, worrying that the mandatory use of more expensive European parts will weaken their market competitiveness.

The structural challenges facing the industry are not only reflected on the demand side. During the technological transition, traditional parts manufacturers need to make massive investments to adapt to the trends of electrification and intelligence, yet their profit margins are being squeezed. Rising supply chain costs, trade barriers brought about by geopolitical factors, and increasingly stringent environmental regulations have all made the situation even more difficult for European parts manufacturers. Furthermore, Asian competitors hold significant advantages in emerging fields such as batteries and electronic components, further carving up market share.

Against this backdrop, many companies have initiated strategic adjustments, including business restructuring, factory closures, and increased R&D investment to pivot toward high-value-added products. However, these measures are difficult to offset the impact of the overall market decline in the short term. Analysts believe that the European automotive parts industry is undergoing a deep adjustment period, and more corporate mergers, capacity optimizations, and job reductions may occur in the coming years. Whether the industry can maintain its competitiveness during the transition depends not only on the adaptability of the companies themselves but is also closely tied to the intensity of policy support and the global market environment.