

Can Europe still build cars into the 2030s?

Yes, but only those companies willing to make tough decisions.

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01 THE BURNING PLATFORM



The margin compression is real, the structural causes are now permanent, and the window to respond is closing

In our work with European OEMs, suppliers and other industry players, we have seen the same dynamic play out across boardrooms: leadership teams that know what needs to change, but whose organizations are not yet structured to make those changes at the pace required, while regulatory uncertainty hinders clear strategic direction. That gap - between diagnosis and execution - is the central risk for European automotive right now.

Our AlixPartners Global Automotive Outlook data frames the scale of the challenge precisely. It forecasts global light-vehicle sales to fall 6% this year, with Europe down 1%. Those volume numbers may be manageable. Many other numbers are not.

6.9%

European OEM EBITDA margin in 2025 - down from 13.2% in 2021

-1.2pp

Tariff impact on OEM margins in 2025 alone (~\$30B sector-wide)

18.7M

European light-vehicle sales forecast 2026 - flat, masking a 20% Chinese-brand share by 2030

37%

Plug-in powertrain share of global sales by 2030

For starters, the profitability collapse in Europe is not a cyclical blip. It is the convergence of four structural forces arriving simultaneously: **cost inflation** (both materials- and tariffs-related) that cannot be passed on to consumers; **Chinese OEMs gaining market share** with a cost structure 35% below European equivalents; **battery input costs—refined raw materials, recycling capacity, and industrial energy—that Europe cannot influence at scale today; and the cost of funding a software-defined vehicle (SDV) transformation that runs** to billions of euros per architecture-generation.

European interest-coverage ratios, meanwhile, are falling back toward post-Global Financial Crisis lows, reaching 9x for OEMs and 5x for suppliers—the “fortress balance sheet” era is over. The window for absorbing transformation costs from a position of financial strength is narrowing faster than most roadmaps assume.

The quickest and most effective way to decarbonize has been and will always be to cut emissions from the in-use vehicle fleet, which in Europe is aging as a consequence of weak new-car sales, economic stagnation, and regulatory uncertainty. A fleet averaging 12.7 years is a material drag on urgent environmental improvement.

The question is no longer whether European automotive needs to transform. It is whether the organizations built for a globalized, ICE-dominant world can transform fast enough to compete in a regionalized, software-defined one. In our experience, the answer depends almost entirely on whether leadership is willing to make decisions that are genuinely uncomfortable - not just to announce them.

None of this means European automotive is finished. The industry still employs 13 million people, generates more than €450 billion in annual revenue, and houses some of the world's most sophisticated engineering capability. That scale is also why the outcome is a public-policy question and not just a corporate one. **The assets are there. What is less certain is whether the operating model, the technology architecture, the speed of decision-making, and a clear strategic focus on the “reason why” can be rebuilt in the time available.** Parts of the industry are already doing it - consortium cell investment, brownfield conversion of auto-assembly sites to battery and electronics work, project-level authority replacing functional vetoes. None of what follows is theoretical. It is simply not yet widespread.

02 FOOTPRINT RATIONALIZATION



~2.5M units of stranded European assembly capacity must be resolved - not 'managed', resolved

Our Outlook identifies 15 European assembly plants currently operating below 60% capacity utilization, representing approximately 2.5 million units of underutilized capacity. This is not a temporary volume trough. It is the consequence of demand permanently migrating toward fewer, higher-specification platforms - and of Chinese OEMs who are actively circling a lot of that capacity as European entry points.

For instance: **Chery is in negotiations to produce at the Nissan Sunderland facility next year. Dongfeng and Stellantis signed a memorandum of understanding for a joint venture earlier this year. Others are in talks about other European plant acquisitions.** European idle capacity will not all stay idle. The question is: who fills it?



THE CASE FOR ACTING FIRST

European OEMs and suppliers that proactively rationalize underutilized footprints—through consolidation, repurposing for battery assembly, or structured exits—will control the terms. Those that wait will cede that control to regulators, trade unions, or incoming Chinese operators (who will restructure on their own timeline).

Brownfield EV powertrain integration is the most strategically coherent repurposing option for many sites. The structural advantage of existing grid connections, logistics infrastructure, and a trained workforce is real—conversion preserves skilled manufacturing employment on sites that would otherwise close - and the capital requirement to convert is significantly lower than greenfield gigafactory

WHAT RATIONALIZATION ACTUALLY REQUIRES

Effective footprint rationalization requires three things, simultaneously, that most companies are not currently structured to achieve: transparent site-level P&L accounting, which shows the true loaded costs of underutilized capacity (current and future booked business); board-level authorization to act ahead of -

and then work through - union and works-council consultation; and a parallel investment thesis for what replaces the closed capacity—and the employment that results.

The politics of plant closure in places such as Germany, France, and Italy is genuinely difficult but not impossible if well planned and coordinated. Rationalization plans that pair site exits with reinvestment and redeployment—retraining, transfers, and new battery or electronics work - are clearly the ones most likely to win support from national governments and works councils, but they require more sophisticated thinking than pure rationalization. There is a matching policy opportunity: co-funded retraining and site-conversion instruments, targeted at plants moving from powertrain work to battery or electronics work, would turn closures that governments must otherwise resist into conversions they can actively support.

~2.5M

Units of stranded annual capacity in Europe (plants below 60% utilization)

15

Low-utilization European plants - targetable by Chinese entrants

20%

Chinese-brand share of European sales forecast by 2030 - up from 12% today

For suppliers, this is not a smaller version of the OEM problem - it is a harder one. Suppliers carry roughly three-quarters of vehicle content, entered this cycle with thinner margins and weaker interest coverage, and have no consumer brand or pricing power to retreat into. Most Tier-1 and Tier-2 suppliers built their European network around ICE-powertrain volumes that are becoming a thing of the past. **The question of which plants to keep, which to “fix”, and which to close must be answered on a 24-month horizon, not the old 60-month one of past model planning. The financial case for that timetable is already visible in the returns: European powertrain suppliers earned just 3.2% EBIT in 2025, down 2.1 percentage points year-over-year, while European body structures and multi-product suppliers sat near break-even at 4.0% and 2.3%, respectively. At those levels, the asset base no longer earns back its capex, and a decision cycle geared to model planning moves slower than the assets are losing value.**



Our Outlook shows that the strategic imperative is not to minimize footprint disruption. It is to control the timeline before external pressures force rationalization on unfavorable terms.

03 THE SDV AND PLATFORM OPERATING MODEL



Catching up on technology is necessary but not sufficient - the bigger gap is organizational, and it is widening

European OEMs have made significant technology investments to close the technology gap with Tesla and leading Chinese competitors. Architecture transitions toward central and zonal are underway at every major OEM. That progress is real. It is also insufficient if the organization delivering software cannot operate at sufficient speed.

AlixPartners' SDV-maturity assessment places European incumbent OEMs firmly in the lower-left (i.e., not-great) quadrant: improving on tech platform readiness but lagging significantly on operating-model maturity. **And in several cases the gap has widened, because adding software organizations on top of hardware-era structures compounds rather than resolves the underlying problem.**

Meanwhile, artificial intelligence (AI) has moved from experiment to infrastructure in vehicle development, and it is now the single-largest source of speed available in that department. Generative design, AI-assisted code generation and machine-learning-based simulation are compressing engineering cycles that were previously bounded by physical prototypes and test capacity. Validation campaigns that consumed months of road testing are increasingly run virtually in weeks, and calibration, requirements-management, and software-integration work that once occupied entire engineering functions is being substantially automated. And critically, SDV-native players and many Chinese competitors have embedded these tools inside their core development process rather than alongside it—which is a material part of how they achieve 24- to 30-month program cycles. Adopting AI tooling without changing the decision rights, gate structures, and validation philosophy around it converts what could have been a step change in speed into merely a marginal efficiency gain.

Dimension	Legacy European OEM (Current State)	SDV-Native Competitor (Target State for Legacy OEMs)	Gap
Decision velocity	Function-level approval; 6-12 week gate cycles	Project-team authority; 1-2 week iterations	Critical
Software/Hardware coupling	Integrated per ECU; change requires hardware release	Decoupled; SW updates independent of HW cycle	Critical
Model-refresh cadence	22-28% of volume from models launched in last 3 years	76-100% of volume from models launched in last 3 years	Critical
Validation approach	Physical-first; long sequential road testing	Virtual-first; physical as final confirmation only	Significant
AI in the development toolchain	Pilot-level; tools adopted function by function, outside the core process	Pilot-level; tools adopted function by function, outside the core process Embedded end-to-end; design, code generation and simulation measured on cycle-time reduction	Critical
Supplier integration	Late-stage; tier-based sequential involvement	Early; co-development and parallel workstreams	Significant
OTA capability	Partial; feature-level updates, limited fleet scope	Full; all systems, continuous deployment	Significant

The path forward requires three structural shifts that must be executed in parallel, not sequentially. First, **compressed decision paths with single-point ownership**—not by just reorganizing reporting lines, but by explicitly removing function-level veto authority - for example, an engineering division insisting on a new design for a particular feature or vehicle attribute. **Second, decoupled hardware- and software-release cycles to allow for speed in the software space.** In practice, this is the staged-maturity release model Chinese and software-native OEMs run: not all content has to be mature at start of production, software comes off the critical path, and over-the-air (OTA) updates, telemetry, and rollback capability carry the remainder. The hardware counterpart is visible in Xiaomi's YU7, whose four-in-one controller cuts controller count by 75% and controller weight by 47%, from 6.85kg to 3.6kg. Consolidation on that kind of scale is what makes independent software-release cycles physically possible. Third, a **"build-learn-iterate" release model** with AI embedded in the core development toolchain rather than piloted at its edges—a deliberate break from the zero-defect mindset that defines most European OEM engineering cultures.

The operating model change is harder than the technology change, and it takes longer. OEMs that start now with genuine structural intent—not a new digital division bolted onto the existing organization—will have a 24-to-36-month advantage over those that treat SDV transformation as primarily a technology-procurement exercise.

And incompatibility between Chinese, European and North American platforms now exists in the software and connected car space. In the US, the BIS ICTS Connected Vehicles rules prohibit vehicle connectivity and automated-driving software with a PRC or Russian nexus from model year 2027, and the equivalent VCS hardware from model year 2030. In Europe, UNECE R155 and R156 make a certified cybersecurity management system and software update management system a type-approval condition for every new vehicle, while GDPR and the EU Data Act dictate where vehicle-generated data may be hosted and who must be granted access to it. In China, the Automotive Data Security Provisions and PIPL require important and personal vehicle data to be stored onshore and cleared through a security assessment before any cross-border transfer. The practical consequence is that no single solution can satisfy all three regimes—the effective end of the "Global Car". The connected car platform therefore becomes three regional platforms, and European OEMs should size capital, software headcount, and homologation timelines against that reality.

For European Tier-1 suppliers, the SDV transition presents a stark and ultimately existential choice: become a platform provider with genuine software depth or become a hardware-component supplier competing only on cost. **European Tier-1s have roughly a three-year window to make that strategic choice, and they need to make it through investment, partnership, or M&A. The architecture timetable sets it: time-to-SOP (start of production) runs two to three years for a domain architecture and only about three years for a ground-up zonal one. So, suppliers that have not committed within these short periods will not be designed into the platforms carrying 2030's volume. Partnering opportunities are unlikely to improve with waiting, either. Automotive M&A is at a historic low, with only 20 closed transactions in 2025, representing an 8% annual decline in deal count since 2018.**



04 THE ELECTRIFICATION COST-STACK



The battery and electrification cost-stack - cells, raw materials, recycling, energy, and the systems around them - is where Europe's structural disadvantage will be decided

One of the most consequential cost problems in European automotive is not a component shortage or a pricing cycle – it is the battery cost-stack, and very little of that cost currently sits inside European control. Cell cost, refined raw-material inputs, recycling capacity, and industrial energy prices together account for the bulk of the delivered cost of every electric vehicle and hybrid that Europe builds. On each of the four, Europe starts from a structural disadvantage that operational improvements alone cannot close.

The raw-material layer is the least visible and the most binding. Cathode-active material, battery-grade graphite, and refined lithium and nickel processing are concentrated in a small number of non-European jurisdictions. European cell projects can be financed, built, and commissioned while remaining wholly dependent on refined inputs that are priced and allocated elsewhere—which means cell localization on its own does not localize cost.

Recycling is the only real material new source of European-located supply. The EU battery regulation's recycled-content thresholds make this a commercial requirement rather than just a sustainability initiative, yet European black-mass processing and cathode-recovery capacity remains well below the level those thresholds imply. Layered on top is industrial energy: cell, cathode, and component manufacturing are energy-intensive, and European electricity and gas prices structurally exceed Chinese and US equivalents. That differential is a permanent line in the cost of every European-made cell, not a market condition to be waited out.

~2×

European industrial-electricity cost vs. the Chinese equivalent - a permanent input to cell cost

~80-85%

Non-European share of global cathode and battery-grade material refining capacity

-35%

Chinese OEM BEV cost advantage vs. Europe equivalent - battery, energy, refined raw-material inputs

At a vehicle level, the whole cost-stack shows up in one number. **A Chinese-branded EV made in China costs about \$20,000 to produce versus \$31,000 for a European equivalent**—a 35% gap that no amount of operational improvement on the European side can close without fundamentally different battery sourcing and architecture choices.



The response to this cannot be purely defensive. European OEMs, suppliers, and governments need to treat battery-cell localization not as an industrial-policy aspiration but as a strategic commercial and societal necessity with a defined capital commitment and timeline. The US's IRA (Inflation Reduction Act of 2022) playbook—direct manufacturing incentives tied to domestic content—has demonstrably accelerated cell investment in America. But the European constraint is now more subtle than a shortage of announced capacity. Installed EU cell capacity was already technically sufficient for 2025 demand and still ran well below its potential output, because the demand outlook was uncertain, ramps proved difficult, and European cells were priced above imported equivalents. Europe's cell problem has quietly shifted from building plants to filling them. Europe has the regulatory framework, the Carbon Border Adjustment Mechanism (CBAM), battery regulations, and others—but has been slower to deploy investment incentives at the same scale. A similar gap applies to recycling capacity and to industrial-power costs: both are policy-addressable in Europe, and neither is currently being addressed at the pace the cell-investment case requires. Framed correctly, this could also be the most direct route to new European manufacturing employment: localized cell, cathode, and recycling capacity could create industrial jobs in precisely the regions where internal-combustion-powertrain employment is contracting. While cell investment is critical, it is not the only area where investment should be prioritized. Other systems such as thermal management, energy management, and recharging infrastructure should be the focus of OEMs', suppliers', and policymakers' investment decisions.

For policymakers, that means three asks. On subsidies: pay against qualifying output, not construction - the EU's €1.5bn Battery Booster Facility funds market entry, not the utilization ramp where European cell economics are actually failing. China, by comparison, invested orders of magnitude more to take its cell industry from development to competitive scale. On energy cost: cut the regulated share of the bill and speed grid connection and permitting for all manufacturers. On the energy transition: cell investment cases are underwritten by demand certainty, so the revised 2035 trajectory needs to be set at new and realistic levels and to then stop moving.

- 1 Contract refined raw-material supply, not just cells:** Lithium, nickel, and battery-grade graphite exposure sits with refiners concentrated outside Europe. Multi-year contracted volume on refined inputs—with indexation the buyer understands—is now a larger determinant of BEV production economics than cell assembly location. This is as much a Tier-1 decision as an OEM one: cathode, cell, and power-electronics suppliers carry the same refined-input exposure with materially less balance sheet to absorb it.
- 2 Treat recycling as a supply source, not a compliance obligation:** The EU battery regulation's recycled-content thresholds will bind in the early 2030s. OEMs and suppliers that secure black-mass and cathode recovery capacity now convert a regulatory cost into a hedged, Europe-located source of cathode material. For a supplier, recovered-material access is also a route to differentiated content rather than a compliance line—one of the few available in a cost-down segment.
- 3 Co-invest in European battery-cell capacity through consortium structures:** No single European OEM has the balance sheet or volume guarantee to underwrite cell gigafactory investment on commercially viable terms alone. The Stellantis-Total Energies-Mercedes-Benz (and now European Union-supported) Automotive Cells Company consortium might be a good template: shared capital across multiple OEMs, committed offtake from each, and a single operating entity accountable for delivery.
- 4 Treat industrial energy cost as a design and siting input, not an overhead line:** Energy costs around Europe vary drastically. Cell, cathode, and component manufacturing are energy-intensive enough that power procurement - long-term power purchase agreements (PPAs), on-site generation, and site selection against grid cost—belongs inside the platform business case rather than in plant overhead.
- 5 Treat powertrain localization as a strategic imperative for the EU, on the model of the USMCA (the United States-Mexico-Canada free-trade agreement) rules of origin:** This direction is already set rather than prospective: resilience criteria have been mandatory in new EV subsidy schemes since January 2026, and the Industrial Accelerator Act is expected to attach Made-in-EU content conditions to public support for batteries and their components. The politics remain unresolved - France has explicitly offered flexibility on the CO2 trajectory in exchange for European-content preference, while the German industry position is that location attractiveness comes from competitive framework conditions rather than local-content rules. OEMs and suppliers that build compliance into sourcing architecture now avoid a forced and costly restructuring later.
- 6 Treat thermal, energy-management, and charging systems as the next cost-and-differentiation battleground:** The battery is the largest single line in the cost-stack, but it is not the only one moving. Thermal management is converging with vehicle energy management, and charging hardware and software increasingly determine real-world usable range and residual value. These are systems where European suppliers still hold design authority—and where OEM investment, not policy alone, will decide whether that authority converts into cost and product advantage.

05 RESPONDING TO CHINESE COMPETITION



Tariffs buy time; they do not buy competitiveness - European OEMs and suppliers must use this window to close the cost and product gap

The EU's BEV countervailing duties—reaching more than 35%, on top of the existing 10% most-favored-nation tariff - have not slowed Chinese-brand volume growth in Europe, but they have visibly reshaped how that volume is supplied. Chinese brands reached 10.7% of the Western European market in Q2 2026, up from just under 6% a year earlier, and roughly 15% in the UK, where no additional duties apply at all. The rate differential split the field rather than the total: SAIC, at the top rate, saw EU sales roughly halve from its 2023 peak, while BYD, at the lowest, more than doubled. The duties moved the sourcing, not the share. Our Outlook forecasts Chinese-brand sales in Europe growing 25% year-over-year, to 2.3 million units this year, and reaching 3.8 million units by 2030—even with tariffs in place. Even more telling for Europe, Chinese automakers are on track for roughly 3.4 million units of assembly capacity outside China by 2030, up from 1.2 million last year—with plants already operating or planned in Hungary, Spain, the UK, and France.

Chinese OEMs have demonstrated they can route around tariffs through local-assembly partnerships. **Within three to five years, the tariff moat will be significantly lower as Chinese OEMs localize more and more European assembly.** The structural cost advantage—35% at the vehicle level today - will narrow at the assembly layer as Chinese labor and logistics cost advantages erode with their move into Europe. But the battery, refined-material, and energy components of the gap will be untouched by localization and will persist. Localization erodes the part of the advantage Europe could have competed on anyway; it leaves the part Europe cannot.

For suppliers, that localization is also a threat. Chinese-owned European assembly typically arrives with some of its own supply base: Chinese cell, power-electronics, and thermal-system suppliers are localizing alongside their customers, and the programs being sourced now will set the content split for the rest of the decade. A European Tier-1 that is not designed into them does not simply lose share to a Chinese rival—it loses access to the fastest-growing volume in its home market. Winning that work is achievable, but it means competing on the terms Chinese OEMs source on: shorter development cycles, earlier co-development (based on functional attributes rather than detailed specs), and cost targets set against Chinese incumbents rather than legacy European benchmarks.

Recent market-share results from China are themselves a preview of what European OEMs face at home if they do not accelerate. Non-Chinese OEMs have effectively missed the NEV (new-energy-vehicle) transition in China: Volkswagen, BMW, Mercedes-Benz, and Toyota all sit at near-zero NEV share relative to their ICE legacies. The same outcome in Europe is not a theoretical risk - it is the base case if European OEMs do not accelerate their own NEV portfolio and software development.



WHERE EUROPEAN OEMS CAN COMPETE

Brand equity, safety regulation familiarity, established dealer and service networks, and proximity to the customer remain genuine advantages—for now. AlixPartners' January 2026 survey of 8,000 consumers in 11 countries around the world found roughly a third of respondents actively avoid vehicles of Chinese origin, and that reluctance is a measurable asset. It is weakest among buyers aged 18–34 in Germany and the US. These advantages are durable in the premium segment, where Chinese-brand acceptance rates are lower and where software-defined differentiation can command margin. The volume segment is structurally more vulnerable.

WHERE THE MODEL REFRESH GAP IS DECISIVE

Chinese OEMs derive 76–100% of their volume from models launched in the previous three years. European OEM equivalents—Volkswagen at 34%, Stellantis at 24%, Hyundai-Kia at 22%—reflect a development cadence that is structurally slower. This is not explained by scale or market position. It reflects operating model choices.

Closing that gap requires operating model change, not just engineering process improvement—which is why it has resisted a decade of process initiatives.

Another factor calling for bold decisions and consistent execution is product innovation. While cost-out has always been a focus in the industry, to close the gap and find a sustainable “reason why” OEMs and suppliers need to restart investing in product innovation and content that genuinely matters to users - even more so in a market where vehicle prices continue to rise against flat or unfavorable economic growth.

Betting big on R&D, on product content that matters to customers, and on disciplined product cost-out is essential to sustaining Europe's remaining advantage.



The response to Chinese competition is not to out-tariff or out-subsidize. It is to out-execute on the dimensions that Chinese OEMs cannot yet replicate at scale in Europe: brand, safety certification depth, premium experience, and supply chain compliance. Concretely, that means picking two core platforms and running them on a 24- to 30-month refresh rather than attempting cadence change across an entire range and treating software content as a lever on bill of materials, warranty, and field-fix cost over time, rather than as a separate revenue stream. That window exists. It will not remain open indefinitely.

Policy can widen that window, but it cannot substitute for execution. Tariffs are most useful where they are explicitly transitional and conditional—tied to local content, local R&D, and joint-venture terms for inbound Chinese assembly - so that the protection buys European capability rather than simply higher European prices. An open-ended duty with no conditions attached passes cost to consumers without securing the industrial return that justified it.



Five decisions that will determine whether European players lead, follow, or exit in the next decade

Time is of the essence. Architecture decisions made today will define the vehicle programs on sale in 2031 and 2032. Footprint decisions deferred to 2028 will be made under conditions of far greater financial stress. The companies that will win in the future are those that make difficult, irreversible commitments now.

But none of the five decisions below can be funded in parallel from a balance sheet carrying low EBITDA margins and interest coverage at post-crisis lows. Sequencing is therefore part of the strategy, not an administrative detail. For suppliers, the same five decisions apply on a compressed timetable and a thinner balance sheet: the footprint and architecture commitments made in the next 24 months determine which 2030 platforms they are designed into, and interest coverage of 5x leaves far less room for a mistimed one. Footprint first—not because it is cheap or offers the quickest ROI, but because the charge is front-loaded and grows with every year of delay, and the balance sheet that can absorb it today may not in 2028.

- 1 Resolve the footprint:** Set a 24-month deadline for site-by-site decisions on every assembly and powertrain plant below 70% utilization—deliberately a wider net than the 15 sites already under 60%, because the plants approaching that line are the ones where action is still affordable. Convert viable sites to battery or electronics assembly, preserving employment where it can be made productive. Exit or transfer the rest on your terms, before the market forces the decision.
- 2 Commit to a single next-generation E/E architecture:** The \$500M-to-\$2B investment in domain architecture and the \$2B-to-\$10B investment in central/zonal architecture cannot both be right for the same vehicle program. Pick the architecture that matches your 2030s product and software ambition and stop funding the alternative. Do not rely on global platforms to carry the volume—the automotive market is regionalized.
- 3 Restructure the organization for software velocity, not software quality alone:** Create project-team authority, decouple SW and HW cycles, and adopt AI-enabled, virtual-first validation. Treat software KPIs - release frequency, defect escape rate, OTA uptake—as board-level metrics on par with EBITDA and ROCE.
- 4 Secure battery cell supply through committed capital, not offtake agreements:** OEMs and the larger Tier-1s that co-invest equity in cell production and architect their platforms around the cell chemistry they own will have a structural cost and supply security advantage through 2035 that pure purchasing relationships cannot replicate.
- 5 Define your Chinese competition response by segment, not by brand:** Premium and upper-medium segments can compete on software differentiation and brand. Entry-level volume segments cannot compete on hardware cost. Make the portfolio choice explicitly and do not invest to defend entry-level share that cannot generate acceptable returns.

The encouraging part is that all five decisions are companies' own to make. Three of the largest variables, though, are not: industrial energy costs, refining geography, and the pace of Chinese expansion will not be resolved without the policy interventions set out in section 04—which is why the corporate and policy agendas have to move on the same timetable. Companies that settle these five quickly will spend the rest of the decade competing rather than firefighting on a platform that is still burning.

CONCLUSION

European automotive can build competitive, profitable cars through 2035. The technology base, engineering talent, and market position to do so exist. What is absent—in most organizations—is the structural ability to make decisions at the pace and permanence the competitive environment now requires. Legislative uncertainty is a genuine complication, but it is not a reason to wait—none of these decisions become easier by being deferred.

The companies that will define European automotive in the future are already making those decisions. They are closing plants and reinvesting in the sites and workforces that can compete, committing to architectures, reorienting organizations, and investing in batteries—not just as responses to what could be an out-and-out crisis, but as deliberate strategic choices made from a position of relative financial strength that will not persist much longer.

The burning platform is truly burning. The way out is hard, but clear. The question is who has the leadership resolve to take it.

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These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

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