



Edition #18– DATA DIGEST is CLEPA’s bi-monthly publication shedding light on the health and resilience of the European automotive supply industry through latest facts and figures

Job losses escalate as demand stays below expectation

The European automotive supply industry faced a difficult year in 2024, marked by a decline in demand and lower production levels. Car production continues to be **20%** (or 3 million units) below pre-pandemic levels. Furthermore, high energy prices and overall inflation since 2020 have eroded Europe’s competitive edge against China and North America.

The consequences are severe: A record 54,000 jobs cuts were announced in the automotive supply industry in 2024 alone. Investment in electric vehicle projects, such as in electro-mobility components or batteries has plummeted, with many projects either postponed, downsized or cancelled entirely. Additionally, over two-thirds of automotive suppliers report margins below the level needed to sustain crucial investments in new technologies and production modernisation.

Unless demand picks up and Europe regains competitiveness, the wave of job losses will continue well into the coming years, leaving the industry and its workforce in a precarious position.

What you will find in this edition

- 1 – 2024 job cuts surpassed combined losses of pandemic years**
- 2 – EU production remains 3 million cars below pre-pandemic levels**
- 3 – Profit margins fall short, hindering critical investments**
- 4 – Investments in EV components production falls to historic low**

“2024 was a difficult year for European suppliers, with low production levels and rising costs. These companies have an impressive pipeline of technological innovations, but many projects are being delayed or scaled back due to market pressures,” says **Nils Poel**, CLEPA’s Head of Market Affairs.

1 - 2024 job cuts surpassed combined losses of pandemic years

In 2024 alone, automotive suppliers announced that 54,000 jobs will be cut, with most of these in the next two to five years. This surpasses the job cuts which were announced during both the COVID-19 pandemic years 2020 and 2021 combined, when 53,700 job cuts were declared. Since 2019, automotive suppliers have announced a total of 145,000 job cuts, while only 51,000 new jobs have been created.

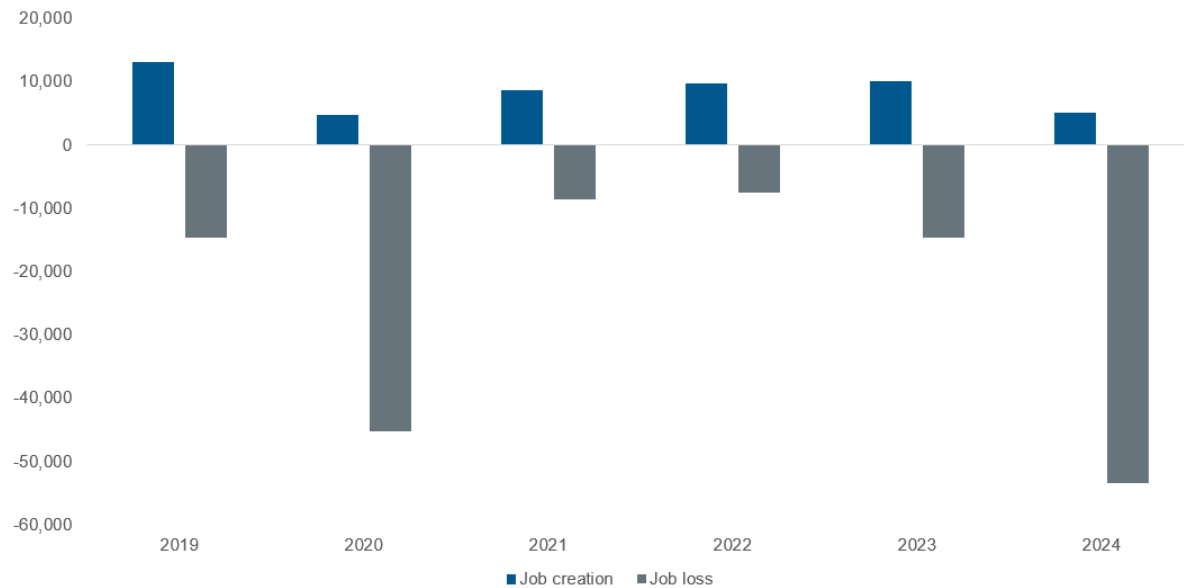
A significant 20% decline in annual vehicle production across the EU, coupled with rising energy and production costs has hit demand and weakened the competitiveness of European-made components. The ongoing shift to electrification is adding pressure. A [PwC Strategy&](#) study released in 2021, looking

specifically at EV employment impact in the automotive supply industry, had up to 500,000 job losses in the next 15 years linked to the transition, despite the potential creation of 226,000 new positions.

Figure 1

Employment announcements in the automotive supply industry

Source: Eurofound & CLEPA analysis



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2 – EU production remains 3 million cars below pre-pandemic levels

In 2024, the EU was likely to have produced roughly 700,000 fewer vehicles than in 2023 and 3.2 million fewer vehicles compared to pre-pandemic levels, according to GlobalData (LMCA)’s November forecast.

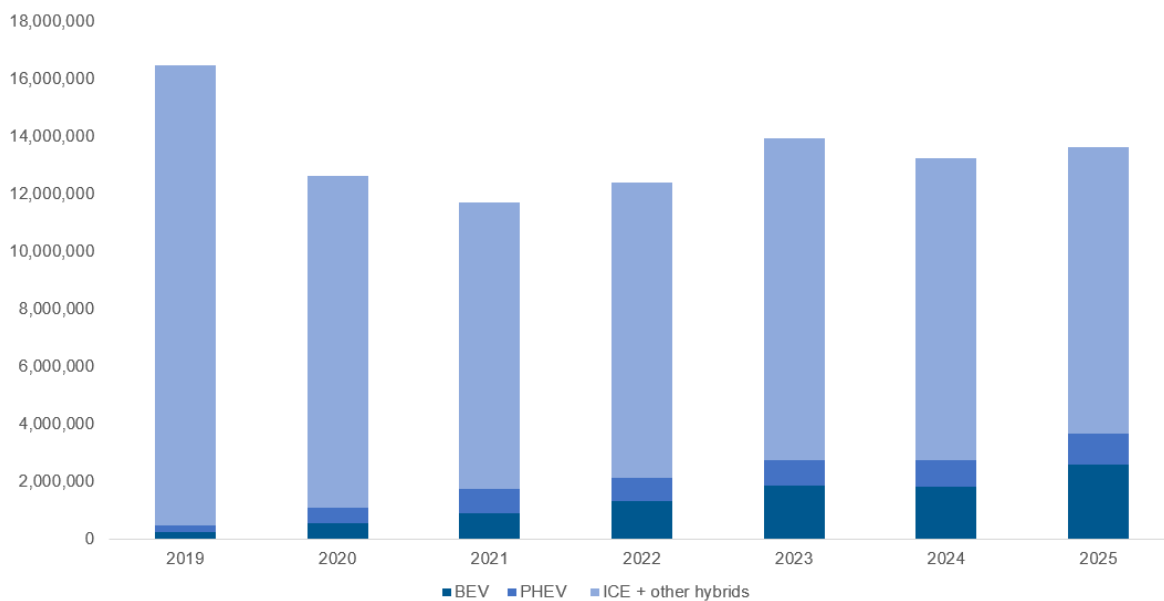
The anticipated growth in battery electric vehicle production for 2024 did not materialise. Production slightly declined compared to 2023. However, GlobalData (LMCA) expects a rebound for 2025, with electric vehicles—including battery electric vehicles and plug-in hybrid electric vehicles—forecast to account for up to 27% of total vehicle production, up from 20% in 2024.

Despite this, automotive suppliers remain cautious about the pace of the powertrain transition. As of October, 65% of CLEPA members expected BEV market penetration to remain below 50% by 2030. Broader market forecasts suggest a slightly higher uptake but also point to a slowdown, with EU EV production between 2025 and 2030 now revised downward by a total of five to six million units for the period.

Figure 2

Vehicles production forecast in the EU (Q3 2024)

Source: LMC Automotive, a GlobalData company



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3 – Profit margins fall short, hindering critical investments

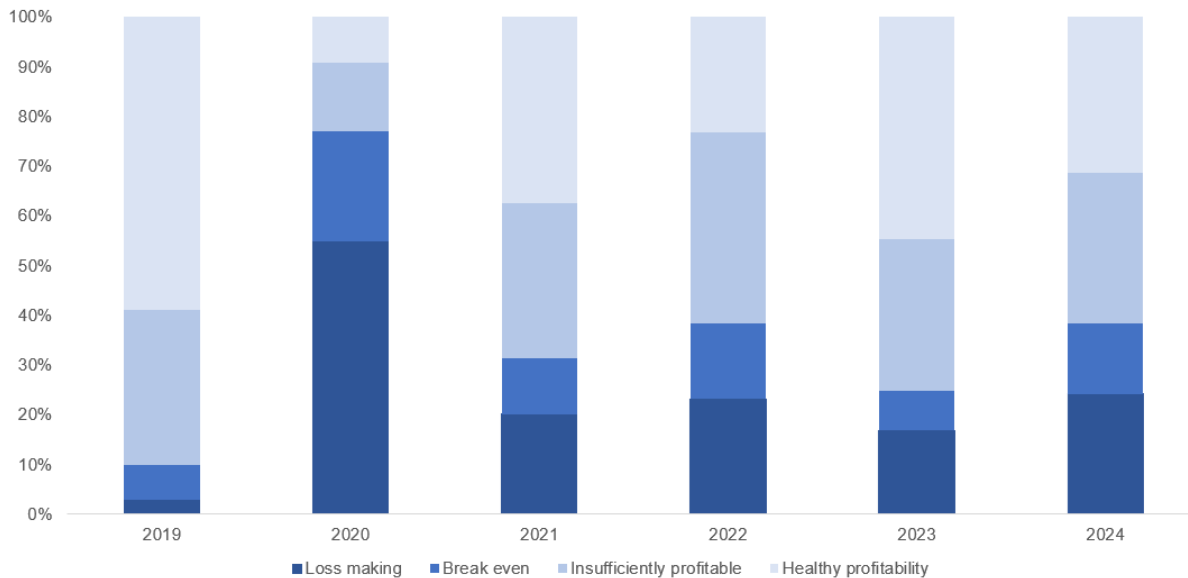
According to the latest [survey](#) by McKinsey and CLEPA, since 2020, only about a third of automotive suppliers have maintained healthy profit levels. Even more concerning, 38% of respondents expect negative or marginal EBIT in 2024, underscoring the persisting financial strain on the industry.

Profitability challenges continued to weigh heavily on the sector in 2024, with 65% of automotive suppliers struggling to maintain profit margins above 5% – the minimum threshold needed for sustainable investments in future technologies.

Figure 3

Automotive supply industry profitability radar

Source: CLEPA McKinsey Pulse Check



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“While the decline in demand reflects serious structural challenges for Europe’s automotive industry, it also underscores the need to unlock the region’s full potential for mobility innovation. Access to funding, investment support, and technology-neutral regulation are essential to maintaining Europe’s global leadership in automotive technology”, says CLEPA’s Secretary General **Benjamin Krieger**.

4 – Investments in EV components production falls to historic low

After years of steady growth, investments in electric vehicle components across the EU have sharply declined in 2024. From 2020 to 2022, direct investments in EV components surged, with capital investment peaking at an estimated €18.15 billion in 2022.

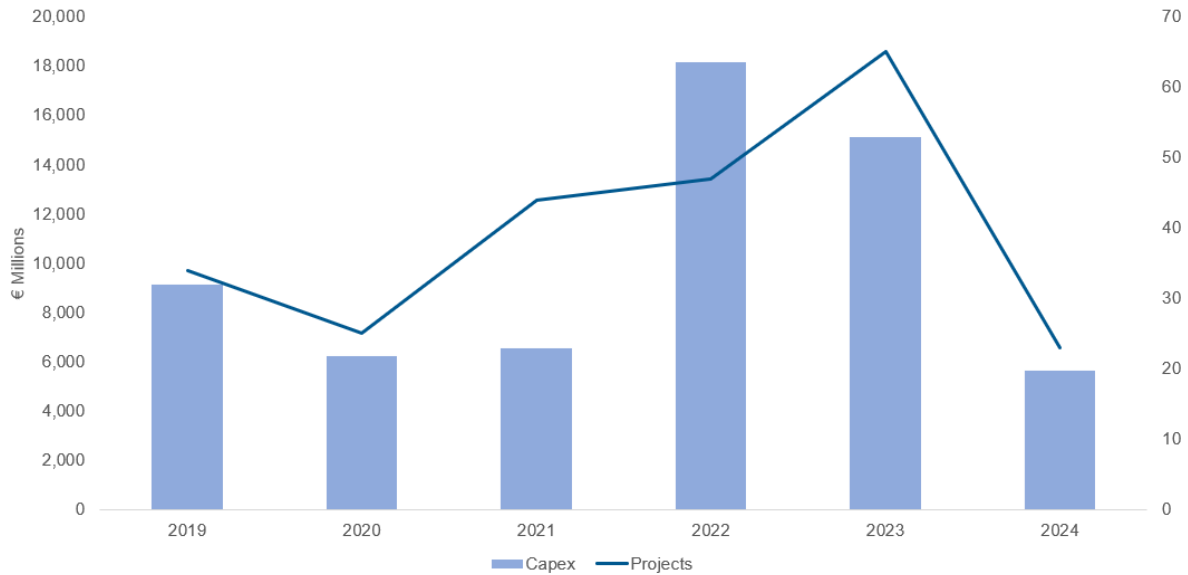
While EV-related investments remained strong in 2023, they have plummeted in 2024, falling to €5.64 billion – the lowest level since 2019.

A key factor behind this downturn is weaker-than-expected demand for electric vehicles, which has had a significant impact on investment decisions. Moreover, at least eight companies have either postponed or abandoned European EV battery projects in 2024.

Figure 4

FDI projects and capital investments in EV-related components in the EU

Source: FDI Markets & CLEPA analysis



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Contact CLEPA Communications Team at communications@clepa.be