



# DOING BUSINESS WITH AUTOMOTIVE SECTOR IN EUROPE

## LEVERAGE ON SKYMINDER SOLUTIONS

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### Automotive Sector Overview



The automotive industry comprises a wide range of companies and organizations involved in the design, development, manufacturing, marketing, selling, repairing, and modification of motor vehicles. It is one of the world's largest industries by revenue.

The word automotive comes from the Greek autos (self), and Latin motus (of motion), referring to any form of self-powered vehicle. This term, as proposed by Elmer Sperry (1860–1930), first came into use to describe automobiles in 1898.

This industry is comprised of various sectors, including production, sales, and marketing, and generates substantial global revenue. It demands significant resources from other supply chains, such as oil, steel, plastics, and rubber. Additionally, it plays a vital role in developing roads, fuel stations, and transportation systems, which contribute to growth in other regions. The automobile industry is evolving globally, with advancing technologies and newly designed eco-friendly vehicles leading the way.

SOURCE: Wikipedia, Library of Congress

# Facts and Figures: Europe

The automotive industry is crucial for Europe's prosperity.

- It provides direct and indirect jobs to 13.8 million Europeans representing 6.1% of total EU employment.
- 2.6 million people work in direct manufacturing of motor vehicles, representing 8.5 % of EU employment in manufacturing.
- The EU is among the world's biggest producers of motor vehicles and the sector represents the largest private investor in research and development (R&D).
- To strengthen the competitiveness of the EU automotive industry and preserve its global technological leadership, the European Commission supports global technological harmonisation and provides funding for R&D.

However, this is now being challenged. The industry is in the middle of deep structural shifts, driven by technological changes and competitive forces including digitalization, decarbonization, new competitors and a changing geopolitical context.

Historical competitive advantages and traditional leadership of European automotive firms are eroding, and the European automotive industry could fall substantially behind new international competitors on production costs and mastery of key technologies, such as batteries, software-enabled cars and autonomous driving.

The European automotive industry is facing a challenge of a magnitude unprecedented for decades, and only decisive and concerted action can deliver a turn-around and avert substantial losses of employment and value creation. This will require close coordination and collaboration between the public and private sector, and within the European automotive value chain.

Due to its strong economic links to many other industrial sectors, it has an important multiplier effect in the economy. At the same time, road transport emissions continue to represent a main source of air pollution. The aim of the EU's policy in the automotive sector is to establish an internal market for vehicles, ensure a high level of environmental protection and safety, strengthen competitiveness, and provide a stable level playing field for the industry.

## Competitiveness of the automotive industry

To enhance competitiveness in the EU's automotive industry, the Commission has been focusing on improvements in 4 main areas

- smart regulation
- international harmonisation
- bilateral regulatory dialogues
- access to finance and market access support for small and medium-sized enterprises

### Smart regulation

Automotive products are regulated through EU laws for vehicle type-approval. To improve the level playing field, increase the trust of consumers, and reduce administrative burden, all policy proposals are subject to competitiveness proofing.

### International harmonisation

Global technical harmonisation is a key factor in strengthening the competitiveness of the EU's automotive industry. Common technical requirements, like those under the UNECE framework, reduce development costs and avoid the duplication of administrative procedures.

### Bilateral regulatory dialogues

Bilateral regulatory dialogues help ensure coherent regulations between Europe and non-EU countries. The EU focuses on promoting a common approach to saving energy, reducing emissions, and mitigating the impact of burdensome certification measures.

### Access to finance and market access support for SMEs

Small and medium-sized enterprises (SMEs) and larger firms in the automotive sector can benefit from improved access to debt and equity finance

SME instrument - provides finance for research undertaken by highly innovative automotive SMEs

*SOURCE: European Commission*



# Environmental aspects

Protection of the environment and improvement of air quality is an important objective of the European Commission. In the automotive industry, EU legislation and standards aim to reduce the emission of CO<sub>2</sub>, NO<sub>2</sub> and particulate matter. The Commission also works on noise reduction and the elimination of fluorinated greenhouse gases used in mobile air-conditioning systems.

## Emissions

Road transport is a major source of greenhouse gas emissions, producing around 15% of the EU's CO<sub>2</sub> emissions. The Commission focuses on the reduction of emissions from the following vehicle categories in particular:

- light-duty vehicles (cars and vans)
- heavy duty vehicles (coaches, buses, trucks)
- non-road mobile machinery (excavators, bulldozers, front loaders)

Binding emission limits were already introduced for light and heavy-duty vehicles. Environmental requirements for agricultural and forestry tractors, and two or three-wheeled vehicles will be included in future regulations.

The protection of air quality and reduction of greenhouse gas emissions is a priority for the European Commission. Emission standards are currently in place for light-duty (cars, vans) and heavy-duty vehicles (lorries, buses), and for non-road mobile machinery. The Commission also encourages technological development to help protect the environment and reduce air pollution.

## Noise reduction

Reducing the noise of vehicles is another priority for the Commission.

Despite increased traffic, EU noise emission limits have not changed since 1995. As greater numbers of people are being affected by traffic noise, the European Commission has proposed to reduce the noise produced by passenger cars, light commercial vehicles, buses, light trucks, coaches, and trucks. The new Regulation for this was adopted in April 2014 and it will help reduce noise by around 25%.

## Mobile air-conditioning systems (MACs)

To reduce emissions of fluorinated greenhouse gases used in mobile air-conditioning systems (MACs), the European Directive on MACs introduced a gradual ban on these gases.

To reduce emissions of fluorinated greenhouse gases from mobile air-conditioning systems (MACs), the European Directive on MACs introduces a gradual ban on these gases in passenger cars. Fluorinated greenhouse gases with a global warming potential (GPW) higher than 150 will no longer be used in MAC systems. By reducing these emissions, the Directive contributes to the EU's strategy for climate action.

*SOURCE: European Commission*



## March 2025 updates: Commission boosts European automotive industry's global competitiveness

The European automotive sector is at a critical turning point, challenged by rapid technological changes and increasing competition.

To maintain a strong European production base and avoid strategic dependencies, European Commission will make available €1.8 billion to create a secure and competitive supply chain for battery raw materials, which will help support the growth of the European automotive industry.

### Accelerating Innovation and Clean Mobility Transition

EU automotive companies are falling behind on key technologies. To help the industry lead in the transition towards AI-powered, connected and automated vehicles, the Action Plan presents a gear-shift. A dedicated European Connected and Autonomous Vehicle Alliance will bring together Europe's automotive stakeholders to shape the development of next-generation vehicles and help develop the shared software and digital hardware needed to bring this technology to life. The Commission will further develop the regulatory framework for autonomous vehicles.

Today's Action Plan is accompanied by the Decarbonise Corporate Fleets Communication highlighting best practice examples and encouraging Member States to take further actions to green corporate fleets, which account for around 60% of new car registrations.

## **More flexibility for CO2 Standards compliance**

The Commission has taken note of the clear demand for more flexibility in relation to CO2 targets and is committed to addressing this issue in a balanced and equitable manner. The Commission will propose a focused amendment to the CO2 Standards Regulation for cars and vans this month. The amendment, if adopted, would enable car manufacturers to meet their compliance targets by averaging their performance over a three-year period (2025-2027), allowing them to offset any shortfalls in one or two years with excess achievements in the other year(s), while keeping the overall ambition on the 2025 targets. The Commission will also accelerate work on the preparation of the foreseen review of the CO2 Standards Regulation for cars and vans.

In parallel, the Commission is working on ways to boost the demand for European zero-emission vehicles. The Action Plan includes measures that will provide incentives to switch to zero-emission vehicle and strengthen consumer trust through concrete measures, such as improved battery health and repairability.

The Commission will actively work with Member States to optimize these incentive schemes for consumers.

## **Supporting Supply Chain Resilience and Workers in the Sector**

It is crucial that Europe achieves cost-competitive EU cell production that would cover a large part of the supply of batteries and generate European value-added along the supply chain. The Commission will further support the EU battery industry and help it maintain a strong European production base, with financing under the Innovation Fund. The Commission will also look into direct production support to companies producing batteries and non-price criteria for components such as resilience requirements.

To help the EU automotive sector address the challenges related to skills shortages, mismatches and an ageing workforce, the European Fair Transition Observatory, as launched with the Clean Industrial Deal, will develop and collate data, to help pinpoint expected future “hot spots” of employment dislocations and skills gaps. The Commission will expand the European Globalisation Adjustment Fund for Displaced Workers (EGF) support to make it faster and broader, allowing companies to trigger support and supporting workers threatened by immediate redundancy. Additionally, the Commission will work with social partners and Member States to increase European Social Fund Plus (ESF+) funding for the automotive sector, supporting workers who want to reskill and look for new job opportunities.

## Boosting the Industry's Resilience to Compete Successfully on a Global Stage

To make the EU automotive industry more resilient to fierce competition from overseas, the Commission will ensure a level playing field by using trade defence instruments, such as anti-subsidy measures, to protect European companies from unfair competition. At the same time, negotiations with partner countries will continue, to enhance market access and sourcing opportunities for the automotive industry. Additionally, the Commission will propose measures to ensure that foreign investments in the EU automotive sector contribute to the industry's long-term competitiveness, while working to reduce the administrative burden on European automakers through regulatory simplification.

*SOURCE: European Commission*

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SkyMinder is the worldwide CRIF platform helping you to take decisions based on high-quality information. If you are required to evaluate a business partner in the Automotive Sector, a customer or a supplier, in a risk evaluation process or for compliance requirements or a cyber risk assessment, SkyMinder is the right solution.

Requirement	SkyMinder Solution	Description
Know business partners and risk level <ul style="list-style-type: none"> <li>- have on board new suppliers</li> <li>- understand in depth customers creditworthiness</li> </ul>	<b>Full Report, Slim Report, Quick Report</b>	Information, with different level of details, related to all companies in the world, including firmographics, credit limit, risk indicator, management, shareholders, negative events etc.
Receive immediate notification with related details if a change affects a company	<b>Full Monitoring</b>	Detailed information about changes affecting a company as soon as happened. Combined possibility to request for free updated report.
Be alerted if there is change in company's information	<b>Alert</b>	Information related to the area involved by a change as soon as an event happened.
Periodically checks if there are changes involving companies	<b>Planned Revision</b>	Scheduled revision with updated report including company's changes if applicable
Obtain documents from Official Registry and LEI repository	<b>Official Registry and LEI</b>	Product range including documents coming from public sources or from LEI Registry
Company ownership overview	<b>Verification Report</b>	List of shareholders to understand company's structure
Compliance requirements and fraud checks	<b>Compliance Report and Extended Check Report</b>	Anti-Bribery and Money Laundering lists checks related to financial crimes.
Risk of Cyber attack	<b>Cyber Risk Report</b>	Assess the level of risk related to a business partner in being involved in a cyber attack