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The Impact of the EU's Clean Corporate Vehicle Regulation and Industrial Accelerator Act on the Electric Vehicle Industry

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Executive Summary

With the Clean Corporate Vehicles Regulation (CCVR) and the Industrial Accelerator Act (IAA), the European Commission has proposed two complementary policy instruments that address demand and industrial value creation in the European automotive sector. Starting in 2030, the CCVR would set binding targets at the Member State level for zero- and low-emission vehicles in new registrations by large companies. Corporate vehicles are particularly relevant, as they account for around 60% of new passenger car registrations in Europe; for battery electric vehicles (BEV), their share is already over 60% today. The market is particularly significant in the compact and luxury segments.

The IAA would complement this demand stimulus with industrial policy requirements regarding the origin of vehicles for the corporate market. For corporate battery electric vehicles (BEVs), this applies in particular to vehicle assembly as well as key battery, e-powertrain, and electronics components. Together, the CCVR thus primarily influences which vehicles are in demand, while the IAA influences where vehicles and key components are produced. Both proposals are still undergoing the legislative process; in order to assess the economic impact of the Commission's proposals in terms of additional job effects, value creation and investments in the automotive and supplier industry, this study models potential market developments triggered by this legislation.

Model Approach

The modeling is based on a comprehensive supply-chain mapping of the current EU27 corporate BEV market. Vehicle registrations are linked to production sites and model-specific supplier relationships. They are supplemented with announced production capacities and future supply relationships. The focus is on BEV assembly as well as the key battery components and selected powertrain components. For the study, made-in-EU is defined as the EU27 plus European Free Trade Association (EFTA) and the United Kingdom. This definition is broader than the EU27 but significantly narrower than a potential "made with Europe" approach, which would include all free trade agreement (FTA) partners.

The model compares two future pathways for 2030 and 2035. The baseline scenario projects current market and supply chain structures, while the policy scenario additionally implements the modeled requirements of the CCVR and IAA and takes into account strategic decision-making options available to original equipment manufacturers (OEMs). Manufacturers can utilize different permissible compliance paths, employ multi-sourcing, and establish additional localization where it incurs the least additional effort. The results should therefore be understood as a realistic least-effort impact rather than a theoretical maximum effect.

A Large and Rapidly Electrifying Corporate Market

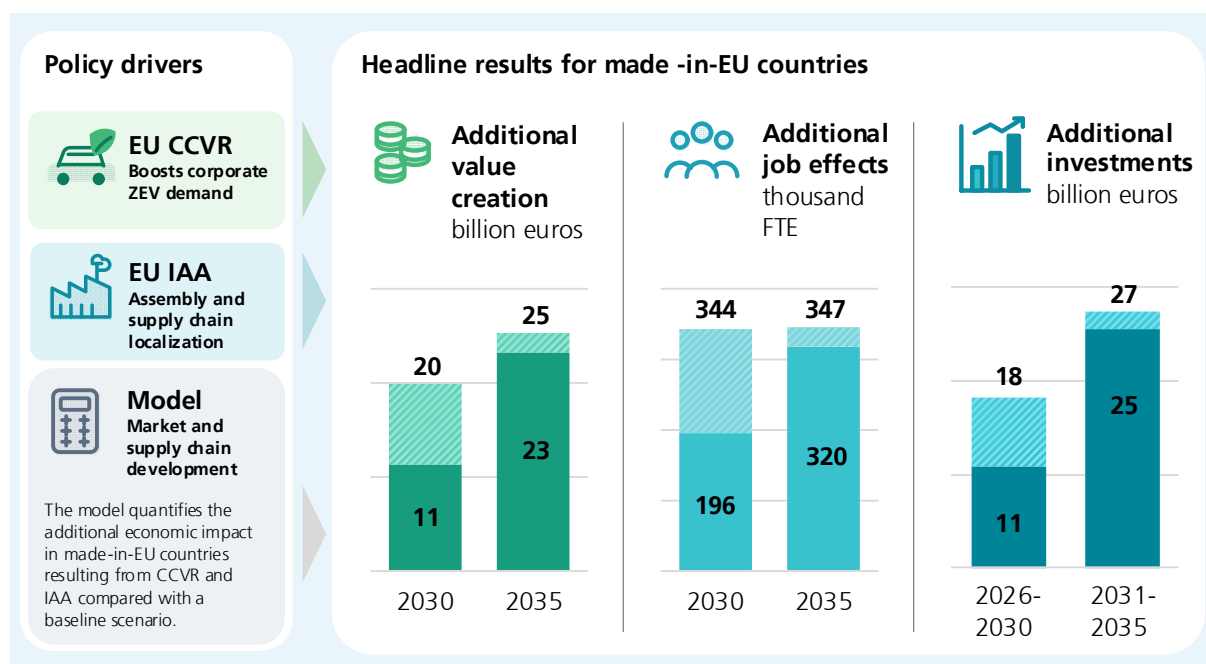
BEV penetration is increasing sharply in both scenarios. By 2035, the modeled corporate BEV market will reach approximately 5 million vehicles per year in the EU27. The CCVR targets alone generate only a limited additional impetus for electrification compared to the baseline. At the EU27 level, the resulting BEV shares are close to the trend that could already result from revised CO₂ standards. Depending on the strength of the CCVR's Article 4 approach to couple financial incentives for corporate cars to a zero or low-emission drivetrain, the real effects of the CCVR on the corporate BEV market could, however, be significantly higher than the CCVR's minimum target values. But regardless of these possible interpretations and implementations of the CCVR, the greater economic significance of the policy package stems less from additional BEV demand alone than from the combination of demand and made-in-EU requirements.

The localization of BEV production and the supply chain is already taking place in Europe today. Approximately 70% of the corporate BEVs registered in the EU27 in 2025 were assembled in made-in-EU countries. There is already a significant European production base for battery cells, pack manufacturing, and several powertrain components. Additional plants are under construction or have been announced.

However, the starting point differs significantly between OEMs and component suppliers. Even though the BEV assembly base in Europe is strong, only about 30% of corporate cars could meet the short-term IAA compliance requirements today due to lack of made-in-EU supply of key components, especially battery components. Due to their production locations and historically established supplier networks, European OEMs often have a better starting position than manufacturers with predominantly Asian or North American supply chains.

Substantial additional value creation, employment, and investment

Even without the new policy instruments, the economic significance of the European BEV supply chain is growing significantly. In the baseline scenario, estimated annual **value creation from BEV assembly and component production** generated by production activities located in made-in-EU countries will exceed 40 billion euros by 2035. The model results estimate the additional **policy impact of the CCVR and IAA at 23 to 25 billion euros per year in 2035**.



Executive Summary Figure:

Economic impact of the policy instruments CCVR and IAA in made-in-EU countries under moderate (solid) and strong (hatched) policy effect assumptions.

In the baseline scenario, more than 545 thousand direct, indirect, and induced full-time equivalents (FTEs) are associated with the corporate BEV and BEV-component production under consideration by 2035. **CCVR and IAA create job effects of an additional 320-350 thousand FTEs.** A large portion of the additional employment is generated in the automotive industry and closely related production stages. This study is limited to employment effects caused by corporate BEV production in made-in-EU countries and does not assess net employment effects considering the employment impact of the transition to electric vehicles.

By 2035, the baseline scenario requires cumulative investments of more than 55 billion euros along the BEV value chain. **In the policy scenario, additional cumulative investments through 2035 of 36-45 billion euros are added.** The expansion of the battery supply chain is particularly capital-intensive, especially for cell and cathode active material production. In vehicle assembly, a portion of the additional BEV volume can be accommodated through the retrofitting and continued use of existing production sites.

The modeled investment figures are on a similar scale to projects already announced for BEV assembly, battery cells, and cathode active material. In the past, however, many of the investment announcements were subsequently withdrawn due to a lack of demand. The modeling results estimate that for individual components, the additional investment demand even exceeds the announced figures, although the study focuses exclusively on the corporate-car market and does not include any production for the private car market. This shows that a powerful CCVR and IAA design with made-in-EU local content criteria and market incentives would not only help secure the announced investments but would also attract additional investments to made-in-EU countries.

Existing industrial regions are best placed to capture much of the impact

In the model, the geographic distribution follows the existing and announced industrial base. Additional production will primarily be established where OEMs and suppliers already have plants, supply relationships, and industrial expertise. Particularly high additional potential arises for established automotive and battery supply chain locations in Germany and Spain, as well as for several Central and Eastern European countries. Poland, Hungary, the Czech Republic, and Slovakia benefit from both the growing battery supply chain and additional vehicle assembly. The effect stems not only from the development of new greenfield capacities but also from the utilization of existing plants and the transition from combustion engine-powered cars to BEV production.

Several billion euros in additional annual value-added potential, particularly in the battery supply chain, cannot be attributed to any specific country in the model because the corresponding location decisions have not yet been announced. This unallocated potential represents an additional opportunity for made-in-EU countries to tap into.

To look at specific impact examples in more detail, three case studies illustrate these mechanisms at different levels: the first focuses on a relevant vehicle model with production and a supply chain that have so far been largely non-localized; the second focuses on a major European OEM with the potential to utilize existing plants through corporate BEV production; and the third focuses on an already established BEV supply chain country that can attract additional investment and employment in technologically sophisticated activities.

Strong localization effect, but not fit for encouraging a strong supply chain sovereignty

Besides the significant economic impact, the results reveal a clear limitation of the policy architecture. If OEMs base their sourcing decisions exclusively on the necessary compliance criteria, additional localization occurs primarily in the explicitly required production stages. This applies in particular to battery cells, cathode active materials and battery management systems as well as selected assembly and powertrain activities. For other parts of the battery supply chain, the additional incentive may be significantly lower once the required number and value share of made-in-EU components have been reached. The policy instruments do not create a BEV value chain that is fully sovereign or fully resilient to global supply chain disruptions. This would require a broader strategy that addresses not only selected compliance-relevant components but all critical stages and key components of the BEV supply chain.

1 Introduction

1.1 Policy context

For many years, European countries have maintained a strong commitment to climate neutrality, seeking to leverage the demand for decarbonization to mobilize investment and to build a competitive green industry. This ambition is embodied in the European Green Deal, the EU's overarching strategy for achieving climate neutrality by 2050, and in Europe's Competitiveness Compass, its strategic roadmap for relaunching economic growth, closing the productivity gap with other global economies, and implementing the main findings of Mario Draghi's report on European competitiveness "The future of European competitiveness", published in September 2024.

However, despite large-scale investment and sustained policy efforts, the EU's capacity to supply net-zero technologies to the global market is still lagging behind, amid intensifying global competition, in particular from China. The Draghi report warned that the absence of an industrial strategy equivalent to other major regions, such as China and the United States, is a threat to Europe's position in clean technologies. The report also noted that the manufacturing targets specified at the time were not backed by explicit minimum quotas for local products and components, and that the EU's demand is therefore not fully channeled towards EU clean-tech outputs [Ref 1].

The automotive industry is particularly critical to the EU's green growth, as it provides 13 million jobs and accounts for 7% of the EU's GDP [Ref 2]. Passenger cars and light commercial vehicles together account for around 19% of the total CO₂ emissions in the EU [Ref 3]. The Automotive Package, presented in December 2025, requires car manufacturers to reduce tailpipe emissions by 90% from 2035 onwards [Ref 3]. While demand for electric vehicles continues to grow globally, the European industry is struggling to keep pace: the share of EVs in the produced fleet of European manufacturers is still only 17%, whereas Chinese producers manufacture already more EVs than combustion engine vehicles (60%) [Ref 4]. European OEMs are losing global market shares and the European automotive industry is shrinking, leading to losses in value creation and jobs [Ref 5]. At the same time, Chinese players are emerging globally and on the European market, partially taking over production sites of European OEMs [Ref 6]. The production of batteries—the key component of the EV value chain—faces the same challenge: although numerous manufacturers have announced gigafactory projects across Europe, several major projects have been delayed or cancelled, amounting to more than 700 GWh of planned capacity in total [Ref 7]. Further upstream, in particular cathode and anode active materials, are still largely supplied by Asian actors, notably by China [Ref 8]. Strengthening the sector's competitiveness and resilience along the entire value chain is therefore an urgent priority for value creation and employment in Europe.

Against this backdrop, the European Commission is currently preparing two regulatory measures intended to support the sector: **The Clean Corporate Vehicles Regulation (CCVR) and the Industrial Accelerator Act (IAA)**. While the CCVR is designed to accelerate the uptake of zero- and low-emission corporate vehicles through national targets and fiscal incentives, the IAA introduces local content requirements intended to strengthen European manufacturing industry and reduce strategic dependencies in key clean-technology value chains. Taken together, both initiatives could create a new demand-side policy framework in which public support for corporate vehicles is increasingly linked to whether vehicles and core components are produced in Europe.

CCVR proposal

The Clean Corporate Vehicles Regulation (CCVR) [Ref 9], proposed in December 2025 as part of the Automotive Package, would establish binding targets for Member States regarding the uptake of zero- and low-emission vehicles (ZLEVs) within corporate fleets. Corporate fleets account for around 60% of the 12 million new car registrations in 2025. Furthermore, due to the fast turnover of corporate vehicles to the second-hand market, regulating corporate fleets is also expected to lead to an increasing supply of cheaper ZLEVs into the market. Consequently, a regulation targeting corporate cars could have significant potential for the clean-tech market.

The regulation, as currently proposed, would set minimum national targets per Member State for the share of ZLEVs among newly registered corporate cars and vans. The target share is defined for the corporate vehicles registered by large companies, excluding those by SMEs. According to the estimation by T&E, around 37% of all new cars in the EU are registered by large undertakings for corporate cars, indicating that the current scope covers a substantial share of the market.

In the proposal of the regulation as of December 2025, the minimum target shares of zero-emission vehicles (ZEVs) and the sum of ZLEVs in passenger cars are presented (see the Annex for details), collectively leading to the Union share of 69% ZLEVs, of which at least 45% with ZEVs, in 2030. To reach the targets, Member States are expected to implement national measures to incentivize the shift to ZLEVs in corporate fleets by large companies, while retaining full flexibility over the implementation pathway. However, as from 1 January 2028, Member States may not provide any financial support for the purchase, lease, rent, hire-purchase or operation of corporate cars and vans other than ZLEVs (CCVR proposal, Article 4). In addition, financial support for corporate cars and vans would be limited to vehicles that are "made in the European Union", whose definition would be set out later through delegated acts¹, to align with the Industrial Accelerator Act.

IAA Proposal

The Industrial Accelerator Act (IAA) [Ref 10] is a legislative proposal presented by the European Commission in March 2026, aiming to strengthen the EU's competitiveness and industrial resilience. It sets a target to raise the share of all industrial manufacturing to 20% of the EU's GDP by 2035 (up from 14.3% in 2024). The core ambition of the IAA is to boost demand for clean and made-in-EU products by introducing low-carbon and Union-origin requirements for public procurement and support schemes in specified sectors. The key sectors covered by this act encompass energy-intensive industries, the automotive industry, and net-zero technologies, including battery technologies.

The current IAA proposal includes the definition of "Union origin requirements" for providing public financial support for the uptake of corporate cars and vans in the Annex as follows:

- a. the vehicle is assembled within the Union;
- b. the ratio between the total ex-works price of vehicle components - excluding the vehicle battery - originating in the Union and the total ex-works price of all vehicle components – excluding the battery – is equal to or greater than 70%;
- c. (level 1) the vehicle's traction battery contains at least three main specific components of batteries, among which the battery cells, originating in the Union;

¹ In the IAA proposal published in March 2026, the Union origin requirements are set out in Annex III. The explanatory memorandum states: "Accordingly, the proposals of 16 December 2025 should be adapted to refer to the horizontal approach adopted in this Regulation, rather than to delegated acts, in order to ensure consistency of the legal framework."

- d. (level 2) the vehicle's traction battery contains at least five main specific components of batteries, among which the battery cells, the cathode active material (CAM), and the battery management system (BMS), originating in the Union;
- e. the ratio between the total ex-works price of e-powertrain components originating in the Union and the total ex-works price of all e-powertrain components is equal to or greater than 50%;
- f. the ratio between the total ex-works price of main electronic systems originating in the Union and the total ex-works price of all main electronic systems is equal to or greater than 50%.

Requirements d), e), and f) would take effect three years after the IAA comes into force. For simplicity, if a manufacturer demonstrates that at least 85% of their vehicles registered in the EU in the previous year were assembled by them and compliant with the requirements, all their vehicles can be considered compliant for a period of twelve months.

These requirements apply to supporting instruments for the purchase, lease, rent, or hire-purchase of new pure electric vehicles (PEV), off-vehicle charging hybrid electric vehicles (OVC-HEV), or fuel cell vehicles (FCV). For small electric vehicles of category M1E², less stringent criteria are imposed: assembly within the Union (a) and one of the two criteria — vehicle component criteria (b) or battery component criteria (c) — must be met.

In the current IAA proposal, the Union-origin requirement applicable to the CCVR does not explicitly extend the "content equivalent to Union origin" treatment to third countries that have concluded an agreement establishing a free trade area or a customs union, unlike the requirements for public procurement (Article 8) and other forms of public intervention (Article 9). Thus, the standard of the local content requirements for the CCVR can be understood as "made in Europe", rather than the broader "made with Europe" approach.

1.2 Introduction to this study

The objective and significance of this impact study

The two regulatory proposals are expected to deliver tangible benefits for the EU's economy and strategic resilience. However, quantitative evidence on **the impact of local content requirements for corporate cars** on employment, investment, and value creation across Member States remains limited.

Our impact assessment seeks to quantify the industrial benefits, such as additional jobs and value creation, due to the EU local content requirements for corporate fleets under the IAA and the CCVR. Using a model-based approach linking different data sources, it aims to compare a baseline scenario without both instruments and a policy scenario in which both instruments are implemented, and to provide a robust evidence base to support policymakers. In this study, we evaluate only the effects of BEV corporate vehicles and do not model the effects of PHEVs.

The following is a brief overview of the two scenarios used for the analysis. A more detailed description of the methodology can be found in the Annex.

² A new sub-category for vehicles proposed as part of the Automotive Package, referring to a pure electric vehicle that belongs to category M1, having a length not exceeding 4.2 meters. The category M1 means "motor vehicles with not more than eight seating positions in addition to the driver's seating position and without space for standing passengers, regardless of whether the number of seating positions is restricted to the driver's seating position" (Regulation (EU) 2018/858)

The baseline scenario. The baseline scenario assumes that the BEV market for corporate cars will continue to grow while production capacity in made-in-EU countries also increases, following current trends and already implemented policies. The localization of key BEV components in made-in-EU is already underway; in particular, additional production capacity for battery cells is currently being established. The baseline scenario projects this trend based on existing production capacities as well as publicly announced production and supply relationships.

The policy scenario. In the policy scenario, it is assumed that the CCVR will have the intended effect on the affected market—that is, the portion of the corporate-car market accounted for by large undertakings. The remainder of the corporate-car market (unaffected) is treated in the same manner as in the baseline scenario.

Article 4 of the CCVR is of particular importance in this context: In the model, linking financial incentives to zero- or low-emission vehicles—that is, BEVs or PHEVs—is interpreted as an incentive for all corporate operators to purchase an electric vehicle. The strength of this incentive, and whether it favors BEVs or PHEVs, may vary across different industries and company sizes. However, if a market participant decides to purchase a BEV, the model assumes that, for all corporate operators—large or small—only the purchase of a vehicle that is made-in-EU as defined by Article 4 is an option in order to benefit from the financial incentives. The model assumes that the made-in-EU requirement of Article 4 of the CCVR corresponds to the specifications set forth in the IAA.

Regarding OEM behavior in response to the policy, it is assumed that OEMs will meet the localization requirements to continue serving the economically relevant corporate-car market. Only in isolated cases where an OEM's existing or announced made-in-EU localization is very low, it is assumed that the manufacturer will not undertake the additional localization efforts required for compliance and will withdraw from the affected market segment. The market shares thus vacated are taken over by competitors accordingly. Made-in-EU is interpreted as made in the EU27 or EFTA countries (Iceland, Liechtenstein, Norway, Switzerland) or the United Kingdom.

The policy scenario reflects the requirements of the CCVR and the IAA but allows OEMs a certain degree of flexibility regarding their specific compliance strategy. In particular, it does not assume that the made-in-EU localization required for the corporate market is transferred to the private car market.

The policy impact results from the difference between the baseline and the policy scenario and is presented in the following sections. Since the results depend to a large extent on assumptions—both regarding the specific design of the legislation and the OEMs' supply relationships and their strategic response to regulatory requirements—the key assumptions are explained directly in connection with the respective results.

2 Results

2.1 Market Development Battery Electric Vehicles

The study considers the EU27 to be the relevant market. It should be noted that the scope of the “made-in-EU” requirements extends beyond the EU27; however, for the purposes of modeling, the underlying legislation is treated as binding exclusively on the EU27 market.

The total passenger car market in the EU27 has fluctuated between approximately 10 and 11 million vehicles per year over the past five years (see Figure 3). At the same time, the market share of battery electric vehicles (BEVs) has increased significantly: it stood at around 5.5% in 2020 and reached approximately 20% by 2025. Belgium, Denmark, Finland, the Netherlands, and Sweden have particularly high BEV market shares, while market penetration remains lower in several Eastern and Southern European Member States. In the corporate car segment, BEV models with especially high registration numbers in 2025 include the Tesla Model 3 and Model Y, the Volkswagen ID.3, ID.4 and ID.7, the Audi Q4 e-tron and Q6 e-tron, the Škoda Enyaq and Elroq, the Volvo EX30 and EX40, and vehicles from the Polestar brand.

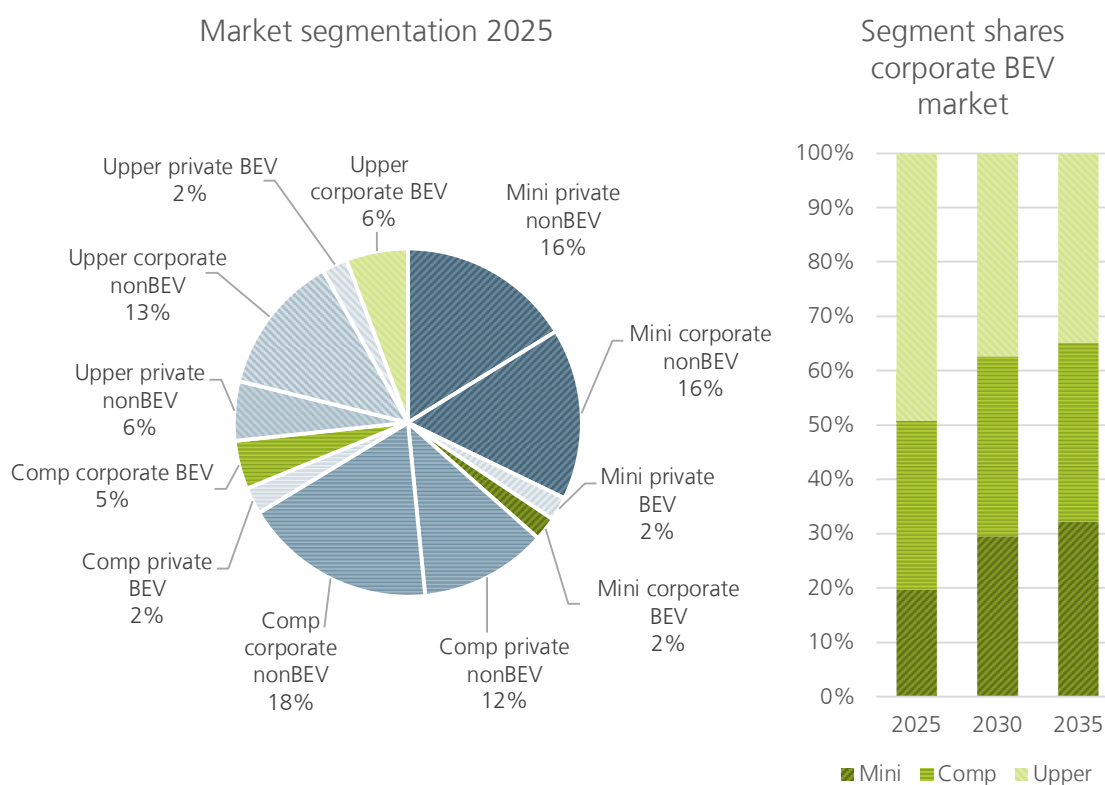


Figure 1: Passenger car market segmentation: On the left, the market breakdown by private and commercial operators, as well as BEVs and non-BEVs for 2025. On the right, the projected breakdown of the BEV market across the three segment groups through 2035.

For modeling purposes, three segment groups are distinguished: “Mini” comprises vehicles in the A and B segments, “Comp” the C segment, and “Upper” segments D through G. The Upper segment group, with a market share of just under 30% in the total passenger car market, is the smallest of

the three groups overall but shows slightly higher growth than Mini and Comp. The latter groups experienced a slight decline, especially between 2021 and 2024.

As Figure 1 shows, in the corporate car market, the Upper group holds a significantly higher market share than in the overall market. The comparatively lower sales figures in the overall market are accordingly attributable to the fact that private buyers are significantly more likely to purchase vehicles from the Comp and Mini segment groups.

BEV penetration is currently highest in the Upper group, where it is accompanied by a high proportion of corporate-use vehicles. In the Mini group, by contrast, the distribution between private and corporate use is significantly more balanced, with lower overall BEV penetration. There is uncertainty regarding the share of the corporate-car market that is directly addressed by the CCVR and thus belongs to the "affected market". A reliable data set on the distribution of corporate cars by company size is currently unavailable. Therefore, the study uses data from France as a proxy for the overall EU27 market [Ref 11]. According to this data, large companies account for approximately 63% of corporate cars.

For modeling the corporate BEV market through 2035, it is assumed that the three segment-specific trends in passenger car sales figures will continue. Overall, the total passenger car market has been declining slightly since 2010. Consequently, the total EU27 market in 2035 is projected to be 10 million vehicles. The baseline scenario is built on calculations by Transport & Environment (T&E) [Ref 12] regarding the revision of the Car CO₂ Regulation proposed by the European Commission in 2025. Based on the Commission's proposal, T&E projects an overall BEV share in the EU of approximately 47% by 2030 and 85% by 2035. This is not an official market forecast by the European Commission, but rather a compliance path derived by T&E under the assumption of extensive or full utilization of the flexibilities provided for in the Commission's proposal.

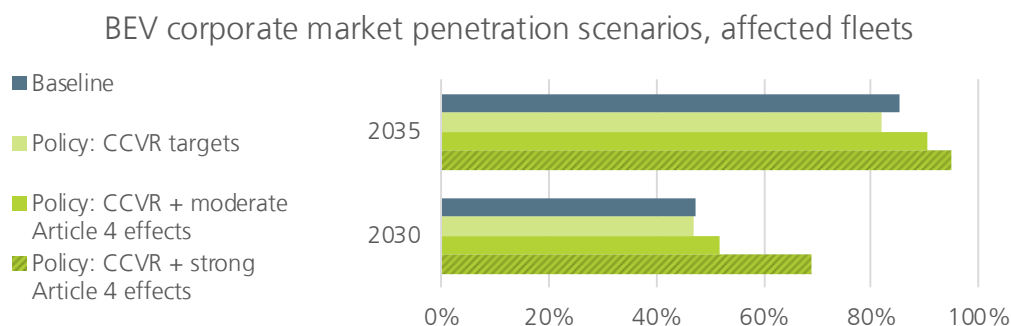


Figure 2: BEV market penetration for corporate cars in various scenarios in 2030 and 2035.

If only the target values specified in the annex to the CCVR are used as a basis and weighed with the projected national market shares, the required BEV penetration at the EU-27 level is approximately 47% for 2030 and approximately 82% for 2035. The value derived from the CCVR targets for 2035 is thus below the 85% reference used in the baseline scenario (see Figure 2). For the purposes of this study, we however assume a positive effect of Article 4, especially the coupling of financial incentives to a corporate car being either zero-emission or low-emission, on BEV penetration that exceeds the reference chosen for the baseline.

Accordingly, the policy scenario assuming moderate Article 4 effects results in a BEV penetration of the overall corporate market of 52% in 2030 and 90% in 2035. Assuming strong Article 4 effects and thus strong financial incentives for zero and low emission vehicles, cars with an internal combustion engine and no electric drive train might get pushed out of the corporate market much faster than specified as the legislative floor in the CCVR. In this strong policy scenario, which is more

oriented toward BEVs than PHEVs, we anticipate BEV penetration of approximately 69% in 2030 and 95% in 2035.

By 2035, according to the forecasts used, the “Comp” and “Mini” segment groups will have significantly caught up in terms of BEV penetration, so that the current predominance of BEVs in the “Upper” segment will largely disappear (see Figure 1, right).

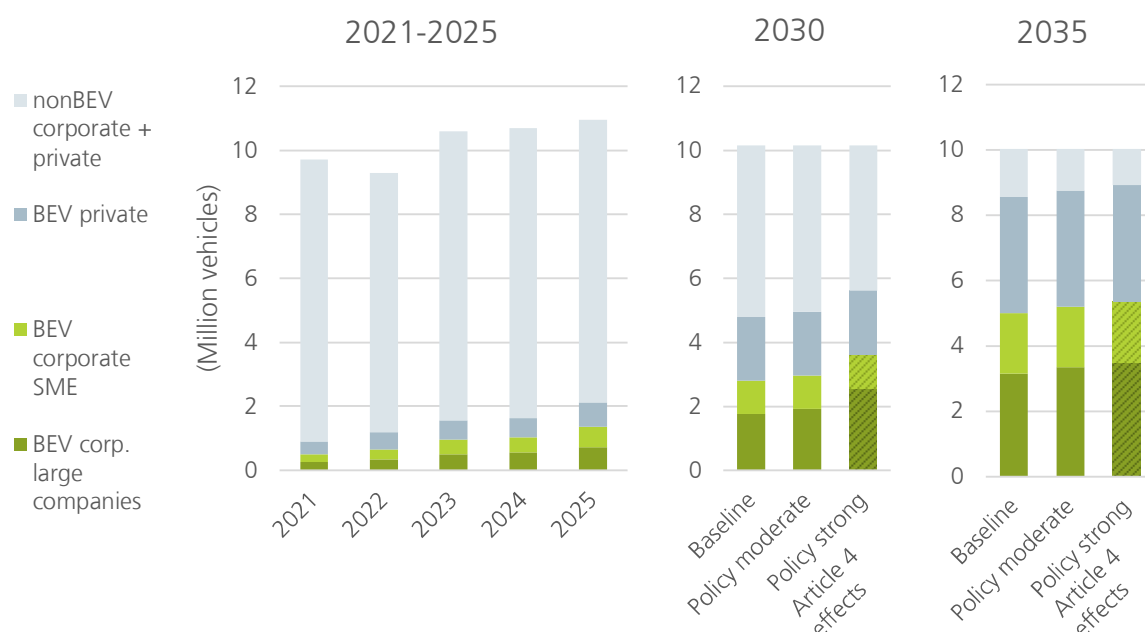


Figure 3: Vehicle market trends in the EU27: On the left, historical trends in the passenger car market through 2025. On the right: Market shares for corporate and private BEVs under the baseline and policy scenarios in 2030 and 2035 assuming moderate and strong Article 4 effects.

Under these assumptions, corporate BEV sales amount to approximately 2.8 million passenger cars in 2030 and approximately 5.0 million in 2035 in the baseline scenario (see Figure 3). In the moderate policy scenario, the corresponding figures increase to just below 3.1 million vehicles in 2030 and approximately 5.3 million vehicles in 2035. Under strong Article 4 effect assumptions, these numbers are 4.1 million vehicles in 2030 and 5.6 million vehicles in 2035. The effect of Article 4, which is supposed to come into force in 2028, is therefore mainly an acceleration of BEV penetration in the medium term.

Overall, the policy effects on the corporate BEV market—whether resulting from a moderate or strong Article 4 effect—are relatively modest compared to the T&E reference scenario. As will be shown in the following sections, the significantly greater impact of the two instruments stems from the localization of vehicle manufacturing and the supply chain.

2.2 Assembly of Battery Electric Vehicles

BEV assembly plays a particularly important role in the interplay between the CCVR and the IAA, as the IAA explicitly requires, as a criterion of origin, that vehicles are finally assembled within the Union. BEVs assembled outside the Union cannot compensate for this criterion through a high level of European component localization. Already today, approximately 1 million BEVs are assembled for the corporate market in made-in-EU countries (see Figure 5). The share of local assembly is thus already comparatively high: in 2025, just under 70% of the corporate cars placed on the market in the EU27 were finally assembled in a made-in-EU country. This applies not only to the major

European OEMs. US manufacturers such as Tesla and Ford are already serving the European corporate BEV market with made-in-EU production on the scale of several tens of thousands of vehicles per year each.

A key finding of the modeling is that this trend toward a high made-in-EU assembly rate for corporate cars is likely to continue, at least in the medium term, even in the baseline scenario (see Figure 4, left). This is supported by recent production announcements from both European and international OEMs regarding the future manufacture of key BEV models in made-in-EU countries. If these production announcements are combined with expected market demand, up to 80% of the models in demand in the corporate car market could be covered by made-in-EU production by 2030. By 2035, this share declines again in our model. A key reason for this is the assumption of rising market shares, particularly of Chinese OEMs, of which some have not announced any plans to localize assembly in made-in-EU countries.

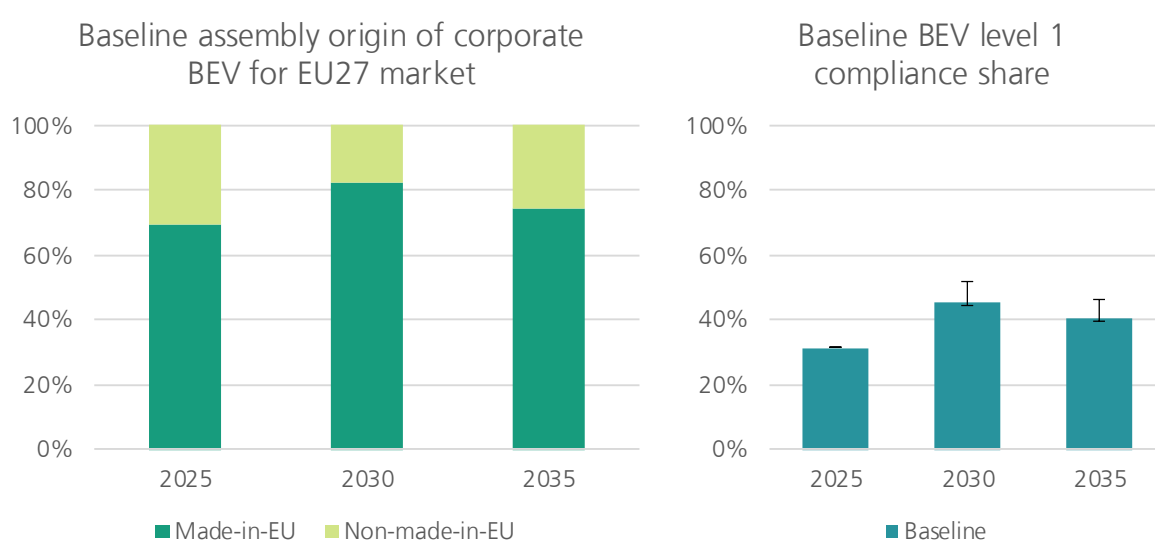


Figure 4: Baseline scenario for BEV assembly: On the left, the share of made-in-EU-assembled vehicles in the corporate BEV market; on the right, the share of IAA-compliant BEVs (level 1, set of short-term requirements) is shown.

However, the made-in-EU assembly of a BEV represents only one element of regulatory compliance. If the origin requirements for components are also considered, the proportion of vehicles that can be produced in compliance is significantly lower in the baseline scenario. Assuming that today's supplier structures largely persist (see also Annex), OEMs could, at best, manufacture less than 40% of their vehicles in compliance with level 1 requirements—which must be applied just six months after the IAA takes effect (see Figure 4, right). By 2030, this share will increase slightly, primarily due to the expansion of additional cell and cathode material production in made-in-EU countries.

A certain degree of uncertainty arises from unresolved issues regarding the specific policy design, particularly regarding which components will be considered “battery main components” and whether compliance must be demonstrated at the individual vehicle level or at the model level. Note that the level 1 compliance share for 2035 in Figure 4 is purely hypothetical since by then, level 2 requirements will have to be fulfilled on top of level 1.

In line with the growth of the corporate BEV market projected in section 2.1, more than 2 million BEVs will be assembled in made-in-EU in 2030 and more than 3.5 million in 2035 under the baseline scenario. If the requirements of the CCVR and the IAA are implemented, these figures in the policy scenario assuming moderate Article 4 effects will increase by approximately 650 thousand vehicles

in 2030 and by approximately 1.4 million vehicles in 2035 compared to the baseline. This corresponds to an increase of almost 30% in 2030 and almost 40% in 2035 (see Figure 5).

Assuming strong Article 4 effects, BEV assembly numbers will increase by 1.3 million vehicles in 2030 and 1.6 million vehicles in 2035 compared to the baseline. An increase of more than 50% in 2030 in made-in-EU BEV production.

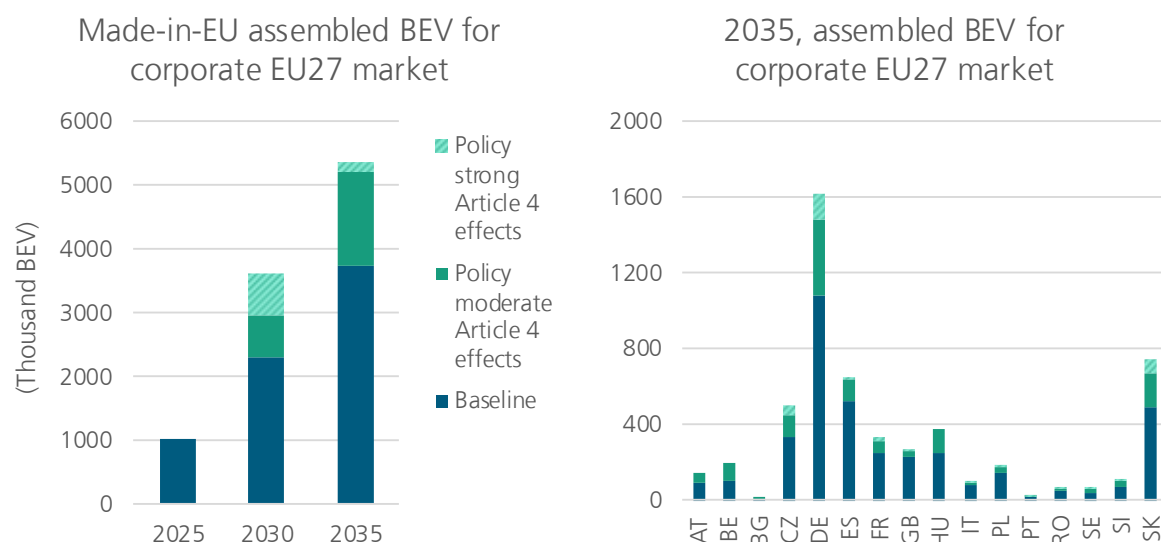


Figure 5: Made-in-EU BEV production figures: On the left, forecast through 2035; on the right, a breakdown of production figures by country for 2035.

Across current production sites, the modeling indicates an overall positive impact of the legislation on made-in-EU BEV assembly (see Figure 5, right). Relative to their made-in-EU assembly capacity available in the baseline scenario, Mercedes, Volkswagen, and Polestar, in particular, would need to build additional capacity. If the current geographic distribution of production capacity is used as the allocation key for this expansion, especially locations in Germany, Slovakia, Hungary and Spain could benefit.

An open question concerns the localization of those OEMs that have so far had only a limited presence in made-in-EU countries. This applies in particular to Chinese manufacturers such as MG, BYD, Xpeng, and Leapmotor, which already achieve single-digit market shares in the corporate car market, depending on the segment group. Initial concrete localization plans are now in place for these manufacturers: SAIC (which owns the brand MG) has announced a plant in Ferrol, Spain; BYD plans to start production in Hungary; in Spain, furthermore, Leapmotor is pursuing production entry in partnership with Stellantis at its Zaragoza and Madrid plants, Geely has entered a new manufacturing joint venture with Ford at its Valencia plant, and Ebro has entered a joint venture with Chery in Barcelona; while Xpeng is relying on a collaboration with Magna as a contract manufacturer in Austria [Ref 13].

These announced capacities have been factored into the forecast for new OEMs, even though some of the corresponding plants have not yet been built as of today.

2.3 Supply Chain Structure for Battery Electric Vehicles

To analyze component localization, we examined the origin of key battery components—battery cells, cathode active material (CAM), anode active material (AAM), modules, packs, and battery management systems (BMS)—as well as powertrain components, particularly motors, inverters, and DC/DC converters. The starting point is the status quo in 2025. The modeling is based on the OEMs' existing, model-specific supplier structures. For 2025, however, the available data does not allow for a reliable determination of what proportion of a single component actually came from made-in-EU production. Instead, it is possible to estimate what made-in-EU share would have been theoretically feasible based on known supply relationships and available production capacities.

When interpreting these values, a distinction must be made between production capacity and actual production. Existing capacity does not mean that a plant was operating at full capacity or that the production in question actually went into vehicles intended for the EU27 corporate car market. The analysis for 2025 therefore describes more of an ideal scenario of maximized made-in-EU sourcing and does not take into account possible underutilization of European plants. The projection of this baseline to 2030 and 2035 is based on announced localization measures as well as production and supply announcements.

European production of battery cells and battery materials is currently developing particularly dynamically. Therefore, the following section places special emphasis on these two areas. At the same time, battery components are especially affected by legislative requirements (see section 2.1). The sourcing of so-called “battery main components” therefore plays a central role in compliance.

Status quo of BEV component sourcing

The supply chain structure shown in Figure 6 (left) applies to the components of corporate BEVs in 2025. For battery cells, inverters, and motors, as well as for battery pack assembly, a made-in-EU share of approximately 50% would have been possible based on existing supply structures and capacities and may in fact have been achieved. The mere 20% and 30% for the BMS and DC/DC converters is a result of the low data completeness. For 58% and 38% of corporate cars, we do not know the BMS and DC/DC suppliers, so the made-in-EU share may have been significantly higher. For CAM, it can be assumed that in 2025, the proportion of made-in-EU-produced materials used in the battery cells was actually less than the capacity-based potential of approximately 50%.

Sourcing strategies in the baseline and policy scenarios

In the baseline scenario, the shares change only marginally overall by 2030 (Figure 6, middle). In line with the announced battery cell and CAM production capacities, the projected made-in-EU shares increase to about 60%. For other components, however, the made-in-EU shares decline slightly. This is primarily due to the increasing market shares of Chinese OEMs in the European corporate BEV market, as assumed in the modeling. These manufacturers often bring their own supply chains—which have so far been located predominantly outside Europe—into the market.

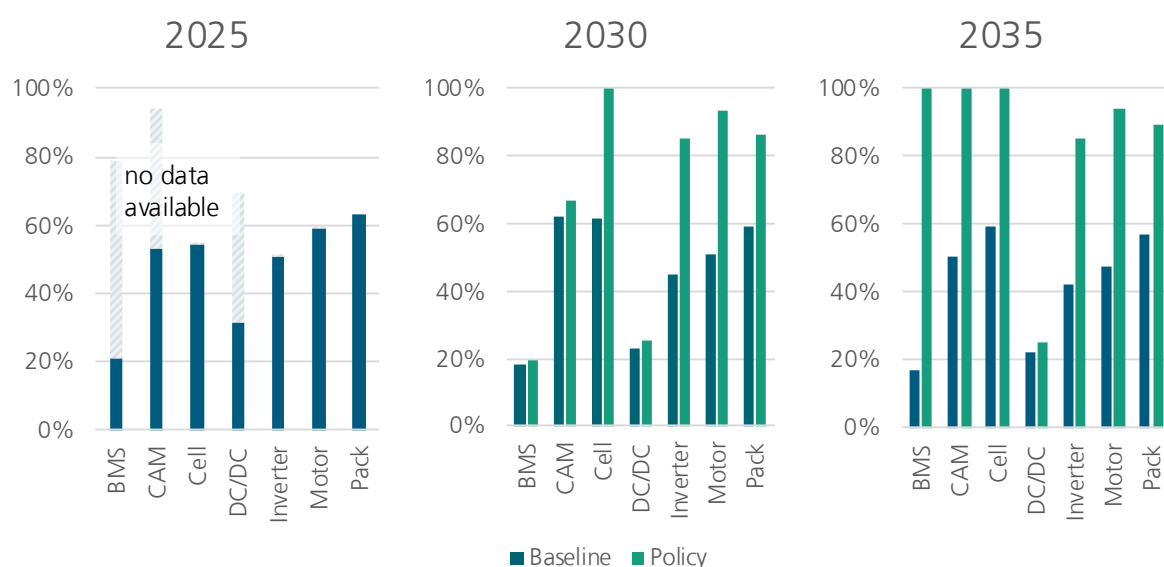


Figure 6: Made-in-EU shares for BEV components in 2025, 2030, and 2035 under the baseline and policy scenarios.

In the policy scenario, the OEMs would face an optimization challenge that we explicitly model: What combination of localized production and existing sourcing allows regulatory requirements to be met with as little additional effort as possible? For some components, the answer follows directly from the legislation: For example, battery cells must originate from made-in-EU as early as six months after the IAA takes effect—according to our assumptions before 2030. Three years after the IAA takes effect—which, according to our estimated timeline, is after 2030 and before 2035—this requirement also applies to CAM and BMS. For the remaining battery main components and powertrain components, however, the regulation allows OEMs flexibility in choosing their specific compliance strategy.

Since this choice has a significant impact on the model results, a key assumption in the model should be indicated clearly: OEMs will prioritize localizing production primarily for those components that already have a high proportion of made-in-EU sourcing today. This is based on the assumption that expanding an existing supply chain generally requires less additional effort than completely reorganizing a supply chain that has previously been located predominantly outside Europe.

In addition, the question arises as to whether OEMs can strategically leverage existing made-in-EU supply relationships to achieve compliance as efficiently as possible. In our modeling, therefore, not all produced vehicles of a given model need to feature the same combination of made-in-EU-sourced components. In the case of existing made-in-EU/non-EU multi-sourcing, OEMs can utilize different compliance pathways and configure individual vehicles or production batches differently. For the purposes of our modeling, we assume that the legislation permits such differentiation.

Under these assumptions, the made-in-EU shares of battery cells, inverters, motors, and pack production will increase significantly by 2030 in the policy scenario (Figure 6, middle).

Based on our reasoning that, in light of Article 4, purchasing a BEV only makes sense if financial incentives can be obtained, the only BEVs that are viable options for large companies and SMEs are those that are compliant under the IAA. Consequently, the share of made-in-EU cells for the corporate market will reach 100% in 2030, with CAM and BMS following by 2035 (Figure 6, right).

Due to its already high level of localization today, pack manufacturing is a natural candidate as another battery main component, as is module manufacturing. It remains unclear, however, how a module should be classified for regulatory purposes in the case of cell-to-pack batteries. Since the loss of a generally available main component option would represent a significant disadvantage for OEMs, we assume a less restrictive interpretation for the modeling: In cell-to-pack architectures, made-in-EU pack manufacturing is simultaneously considered to fulfill the corresponding module manufacturing requirement. Together with cell, CAM and BMS production, this would fulfill the requirements for a total of five battery main components.

Overall, the made-in-EU local content requirements have an extremely strong impact on the value chain across these components and the powertrain components examined. If the legislation aligns with this interpretation, the IAA would however provide only limited additional incentives for the localization of further battery components. This applies in particular to anode materials, electrolytes, and other components that could potentially be classified as battery main components.

Battery cell demand and supply

There have been numerous announcements regarding the build-up of additional production capacity for battery cells in Europe. These announcements come from both established cell manufacturers—particularly Asian ones—and new market entrants. Larger production sites are already in operation, especially in Eastern Europe, and are supplying the European automotive sector. It is not possible to determine exactly from the available data how many of the BEVs sold to companies in the EU27 in 2025 were equipped with a European battery cell. However, if the OEMs had fully utilized their existing model-specific supply relationships with European cell plants, approximately half of all corporate cars could have been equipped with a made-in-EU battery cell.

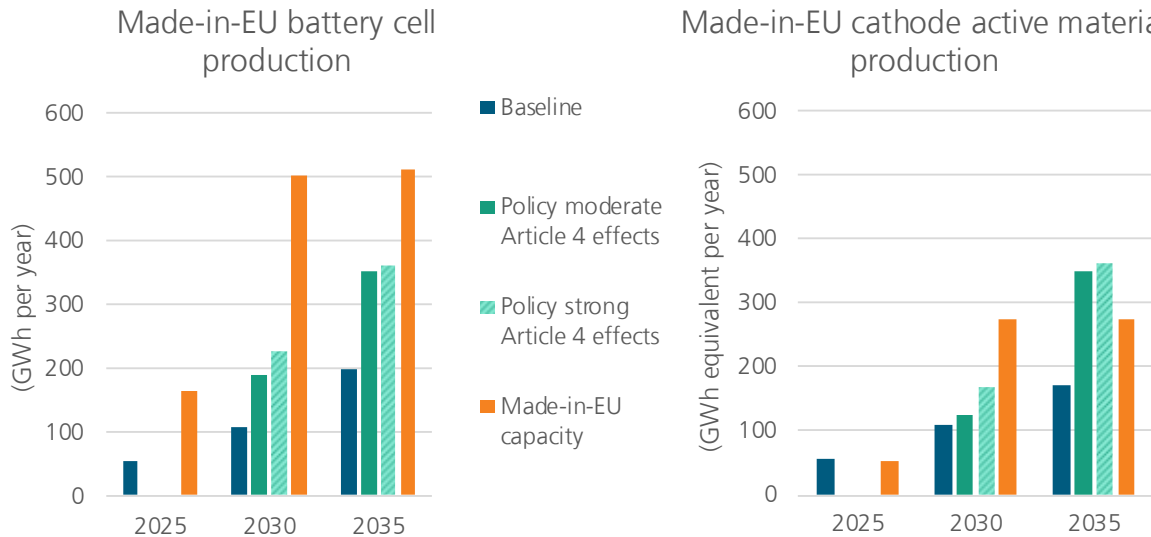


Figure 7: Cell (left) and cathode material production (right). The chart shows the announced made-in-EU capacities and the made-in-EU production volumes for use in corporate cars.

The European cell production capacities announced through 2030 total approximately 1 TWh per year [Ref 14]. Among individual countries, Hungary has the highest announced capacities, followed by Spain and France. However, we do not directly incorporate these gross figures into our modeling. Instead, we use risk-weighted capacities that take into account both the likelihood of announced projects being implemented and ramp-up phases and scrap rates [Ref 7]. On this basis, realistically

available production capacities in made-in-EU countries could amount to just over 500 GWh per year in 2030; which are represented by the orange bars in Figure 7 (left).

This is offset by growing demand for battery cells for private and corporate cars. In this study, we quantify only the corporate-car market: For this market, baseline cell demand is projected to be around 180 GWh in 2030 and just below 350 GWh in 2035. Based on existing supply relationships and currently observable trends, in the baseline scenario, approximately 100 GWh of this demand would be met by made-in-EU production in 2030. By 2035, this figure will increase to 200 GWh.

Under the IAA's requirements, battery cells must come entirely from made-in-EU in the future. The required made-in-EU supply volume therefore directly corresponds to demand. Depending on the modeled strength of Article 4 effects, this results in made-in-EU cell production for corporate cars of approximately 190 to 220 GWh in 2030 and more than 350 GWh in 2035 in the policy scenario. Compared to the baseline scenario, this represents an increase of approximately 100% in 2030 and 75% in 2035.

Overall, the announced made-in-EU cell capacities are, in principle, sufficient to meet the demand of the corporate car market. However, this does not mean that the entire cell demand for private vehicles could also be met by made-in-EU production. If the corporate demand modeled here were fully realized, at least a portion of the battery cells for private cars would still have to be sourced from non-made-in-EU countries.

A possible scenario for the utilization of European cell factories

How the additional demand will be distributed among individual cell manufacturers can only be approximated, as future cell decisions and the specific supply volumes of individual suppliers are unknown. The distribution presented here should therefore be understood as one of several possible future scenarios. For the modeling, we first allocate the OEMs' cell demand primarily to cell manufacturers that are already known or have secured contracts and distribute it proportionally to their announced and available capacities. Actual procurement decisions by the OEMs will surely consider additional technical, commercial, and strategic criteria.

Under this assumption, the Korean manufacturers LG and Samsung, Chinese manufacturer Gotion and Tesla will achieve high capacity utilization rates (see Figure 8). Simply supplying the corporate car market alone will bring their announced capacities available in made-in-EU in 2035 close to the utilization limit. A similar situation arises, for example, for VW/PowerCo. If the manufacturer is to contribute to supplying the VW Group in the future on a scale comparable to that of established cell suppliers, their announced capacities will be sufficient to meet a significant portion of corporate-car demand but will leave only limited additional capacity for private cars. This argument is particularly relevant for Tesla, as private vehicles account for a high portion of the vehicle demand for Tesla cars.

A potential shortfall in cell supply can be offset by manufacturers whose made-in-EU capacity is not yet fully utilized by demand from the corporate-car market alone. The fact that individual manufacturers in our modeling achieve capacity utilization rates of only about 30-40% should therefore not be interpreted as an indication of a lack of customers. Rather, it results from our limitation of the analysis to the corporate car market. Additional demand from private vehicles is not included. Similarly, the effects of European production for exports outside the EU27—such as to the United Kingdom—are completely disregarded. To the extent that made-in-EU cells are used for these exports, this would further increase the actual capacity utilization of European cell plants. It should also be noted that these results are based on moderate Article 4 effects. If strong effects are assumed, the increase in plant utilization shifts significantly toward 2030.

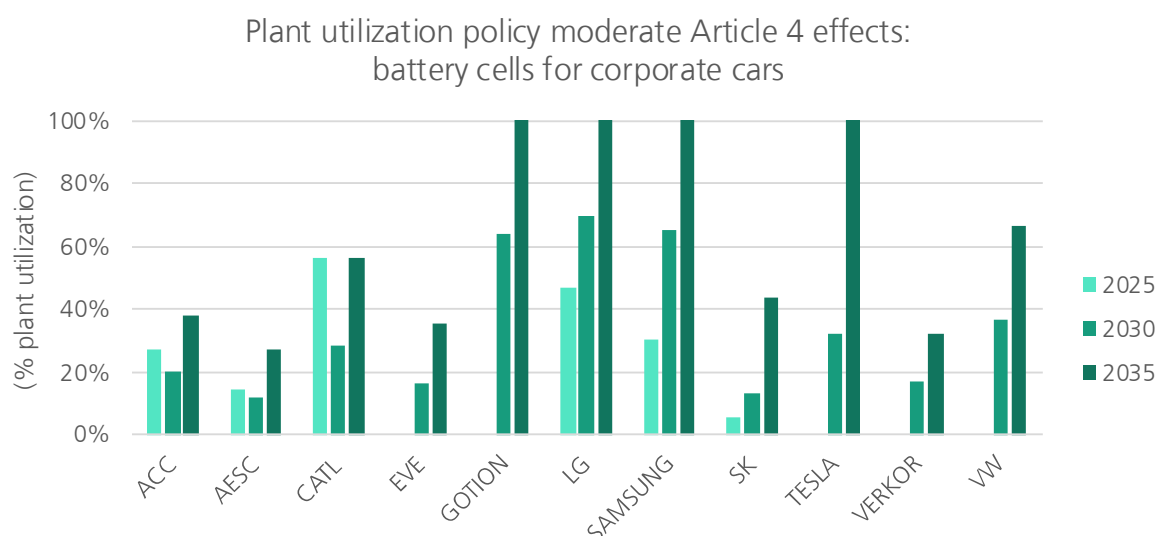


Figure 8: Hypothetical utilization rates of European cell factories driven by the corporate car market, assuming that demand is distributed among known or designated suppliers in proportion to their capacity.

As shown in Figure 7 (left), based on the risk assessment we conducted, made-in-EU cell production capacity must be considered as very tight under the policy scenario. The implementation of the local content requirements under both instruments could hence become a key driver for production projects that have not yet secured any customers and are therefore not currently included in our assessment.

Battery CAM demand and supply

Figure 7 (right) shows the results for CAM production capacities in a similar manner. Announced projects were risk-weighted and projected through 2030+ based on their expected likelihood of implementation. For CAM as well, the status quo analysis shows that, based on existing capacities and supply relationships, in principle approximately half of the EU27 corporate cars could have been equipped with made-in-EU-CAM in 2025. However, unlike battery cell production, potential EU-made shares are restricted more by limited capacity than by supply relationships.

Three years after the IAA takes effect—and thus, in our modeling, before 2035—CAM must come from made-in-EU. Across all materials (NMC, NCA, LFP), the projected available CAM capacity for made-in-EU from 2030 is equivalent to approximately 280 GWh.

The currently announced and risk-weighted capacities can meet the production demand in 2030 but miss it in 2035. Compliance with regulatory requirements therefore necessitates additional capacity expansion by 2035. Since this expansion has not yet been covered by concrete production announcements, the made-in-EU-CAM production assumed in the policy scenario for 2035 in Figure 7 (right) exceeds the capacities shown there, which are derived from current announcements.

2.4 Economic Policy Impact

Corporate vehicles account for over half of all vehicle sales in the EU [Ref 15] and therefore their production contributes significantly to value creation and employment in the region. The share of BEVs in this corporate fleet is continuously increasing, as is their importance in terms of value creation and jobs. This section analyses the potential impact of the CCVR and IAA on value creation, employment and investments related to corporate BEV production in made-in-EU countries.

The allocation of economic impacts across countries is based on the modeled localization of vehicle, battery, and component production, as well as the country-specific economic indicators used in the model. It thus describes the countries in which economic effects would likely occur under the assumptions made—not necessarily the location of a company's headquarters or the site of each upstream stage of the value chain. The results should be understood as a consistent future scenario; however, they are based on forecasts regarding demand, production capacities, supply relationships, costs, productivity, and policy guidelines. Actual investment decisions, relocations, technological developments, trade, and international supply chains may deviate significantly from these projections; the figures should therefore be used primarily to compare the two scenarios and assumptions, not as precise predictions.

The results presented below are based on both instruments examined—CCVR and IAA—and thus reflect both the effects of increased BEV penetration in corporate cars (CCVR) and the effects of localizing production (CCVR and IAA). Hatched areas in the diagrams reflect possible strong Article 4 effects (see section 2.1).

Value creation

In this study, value creation is interpreted as a bottom-up proxy for the economic value generated within made-in-EU rather than as an official measure of gross value added. The model derives it as the sum of labor costs and the assumed made-in-EU share of overheads (e.g. energy costs, equipment depreciation) as local value creation, while material inputs are treated as external intermediate inputs as their origin is not explicitly required to be made-in-EU by the policy instruments.

According to the model, value created by corporate BEV assembly and production of selected components will reach 28 billion euros in 2030 and 41 billion euros in the EU in 2035 under the baseline scenario. Assuming moderate Article 4 effects, implementing CCVR and IAA could increase these figures to over 39 billion euros in 2030 and 64 billion euros in 2035 — an additional 11 billion euros in 2030 and 23 billion euros in 2035 (Figure 9). In a policy-optimistic scenario with strong Article 4 effects, value creation could reach 48 billion euros in 2030 and 66 billion euros in 2035 – an additional 20 billion euros in 2030 and 25 billion euros in 2035 compared to the baseline scenario. This clearly shows that a strong implementation of Article 4 would result in significant effects already in 2030, as financial support for corporate cars would be restricted to made-in-EU BEV from 2028 onwards. The largest portion of value creation in made-in-EU countries will come from vehicle assembly, followed by battery manufacturing (including CAM, AAM, cell, module, BMS and pack production). Powertrain components (e-motor, inverter, DC/DC converter) rank behind.

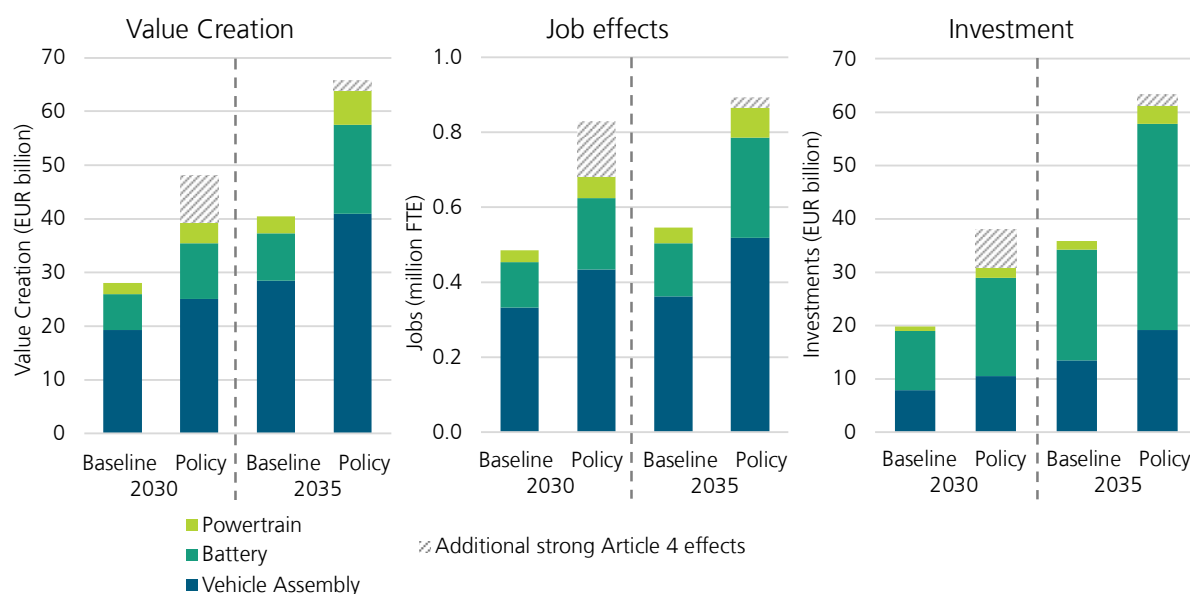


Figure 9: Value creation (left), job effects (middle, including direct, indirect and induced jobs) and investments (right) in made-in-EU countries, related to corporate BEV production (vehicle assembly, production of powertrain components e-motor, inverter, DC/DC converter, production of battery components pack, module, BMS, cell, CAM, AAM).

This value creation is mostly concentrated in European countries with strong automotive or component manufacturing industries (Figure 10). In the policy scenario, Germany could account for 18.5 billion euros of value creation in 2035; 13.5 billion euros coming from vehicle assembly, 2.7 billion euros from battery manufacturing and 2.4 billion euros from powertrain manufacturing. The impact of the policy scenario accounts for an additional 5.2 billion euros in Germany in 2035, primarily from vehicle assembly and to a lesser extent from battery manufacturing and powertrain manufacturing. Slovakia could account for 5.7 billion euros of value creation, mostly from vehicle assembly. An additional 1.5 billion euros of value creation from vehicle assembly in the policy scenario shows a significant impact (an increase of 40% compared with the baseline scenario in 2035). A similar situation could be observed in Hungary, where value creation would total 6.1 billion euros (3.1 billion euros from vehicle assembly and 2.6 billion from battery manufacturing, including cells and CAM). The policy scenario would generate an additional 2.2 billion euros in 2035, stemming from both vehicle assembly and battery manufacturing, representing a significant increase in value creation of more than 50%. Spain could account for 5.3 billion euros of value creation, mostly from vehicle assembly and, to a smaller extent, battery manufacturing, in the policy scenario in 2035. Compared to the baseline scenario, this is an increase of 1.2 billion euros, primarily due to the expansion of vehicle assembly. Poland could feature 4.5 billion euros of value creation, with most of this coming from battery production (cells and CAM) in 2035. Compared to the baseline scenario, the value of the policy scenario is 0.9 billion euros higher, primarily due to expanded battery manufacturing. The Czech Republic could account for 3.9 billion euros of value creation in 2035, all of which would come from vehicle assembly, representing an increase of 0.9 billion euros in the policy scenario. France could account for 3.7 billion euros of value creation, primarily from vehicle assembly and to a lesser extent battery and powertrain manufacturing. Compared to the baseline scenario, an increase of 0.9 billion euros in 2035. Other countries that were not explicitly mentioned here will also benefit from the value creation by corporate BEV production in the EU, however, to a lesser extent than the above. Furthermore, several billion euros in additional annual value-added potential (3.4 billion euros in 2030 and 8 billion euros in 2035) cannot be attributed to any specific

country in the model because the corresponding location decisions have not yet been announced. This unallocated potential represents an additional opportunity for made-in-EU countries.

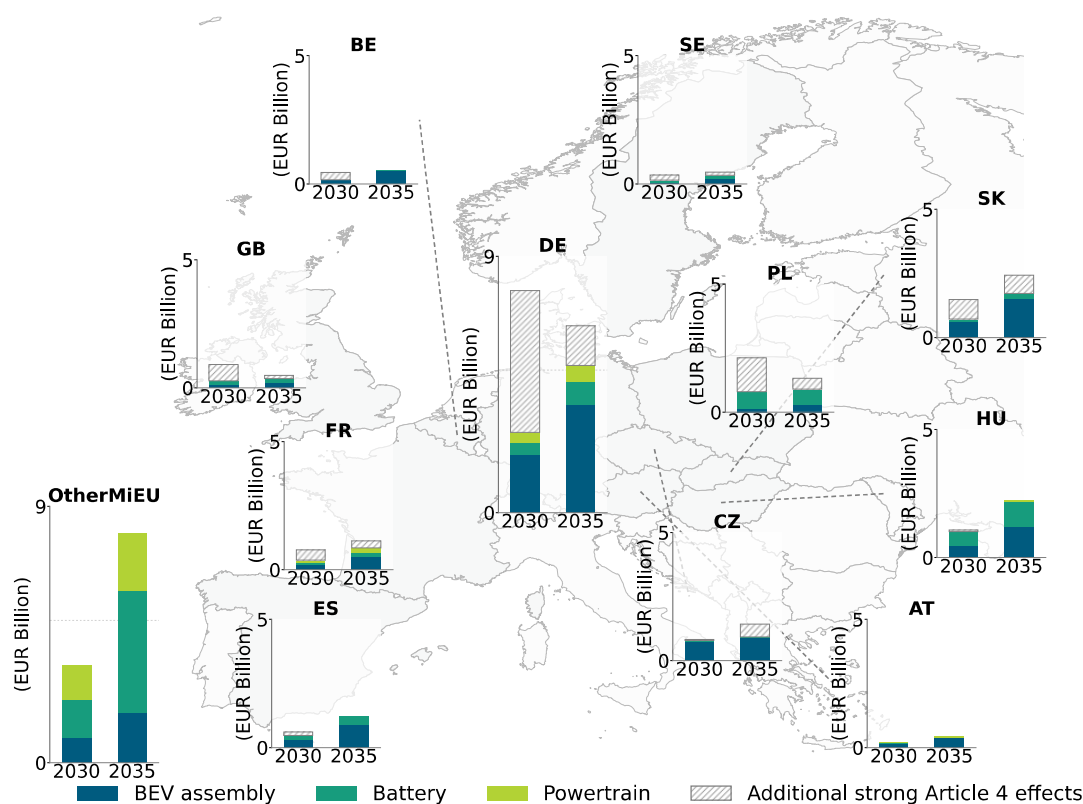


Figure 10: Geographic distribution of additional value creation in selected made-in-EU countries from corporate BEV production in the policy scenario, compared to the baseline scenario.

Employment effects

The manufacture of these vehicles requires a skilled workforce, so it is directly linked to job creation. In the baseline scenario, jobs related to corporate BEV and component production in Europe as well as expected to reach 240,000 full-time equivalents (FTE) as direct jobs in 2030 and 270,000 in 2035, as well as an equal amount of indirect and induced jobs (see Figure 9). The policy scenario suggests that CCVR and IAA could boost these numbers to 337,000 FTE in 2030 and 428,000 in the form of direct jobs in 2035, plus an equal number of additional employments as indirect and induced jobs. This equals additional jobs of 196,000 FTE (97,000 FTE as direct jobs) in 2030 and 320,000 FTE (158,000 FTE as direct jobs) in 2035. In a policy-optimistic scenario with strong Article 4 effects, employment effects could reach 829,000 FTE (direct, indirect and induced jobs) in 2030 and 893,000 FTE in 2035 – an additional 344,000 FTE in 2030 and 347,000 FTE in 2035 compared to the baseline scenario. A strong implementation of Article 4 would therefore result in significant employment effects in 2030 already, as financial support for corporate cars would be restricted to made-in-EU BEV and PHEV from 2028 onwards. Compared to the moderate Article 4 assumptions, this shifts the positive effects of the policy significantly from 2035 to 2030. The numbers correspond to jobs in vehicle assembly, battery manufacturing, or powertrain manufacturing.

As with value creation, the geographic distribution of jobs is strongly linked to the automotive and component manufacturing industry. Accordingly, the policy scenario implies more than 247,000

jobs related to corporate BEV production in Germany, 83,000 in Hungary, 76,000 in Slovakia, 72,000 in Spain, 68,000 in Poland, 50,000 in France and 49,000 in the Czech Republic. These numbers relate to corporate BEV and component production, including indirect and induced jobs (Figure 11). Same as in value creation, a strong policy impact through CCVR and IAA can be expected in Germany, Slovakia and Hungary, for the latter two especially through strong increases of employment of more than 30% in 2035 compared to the baseline.

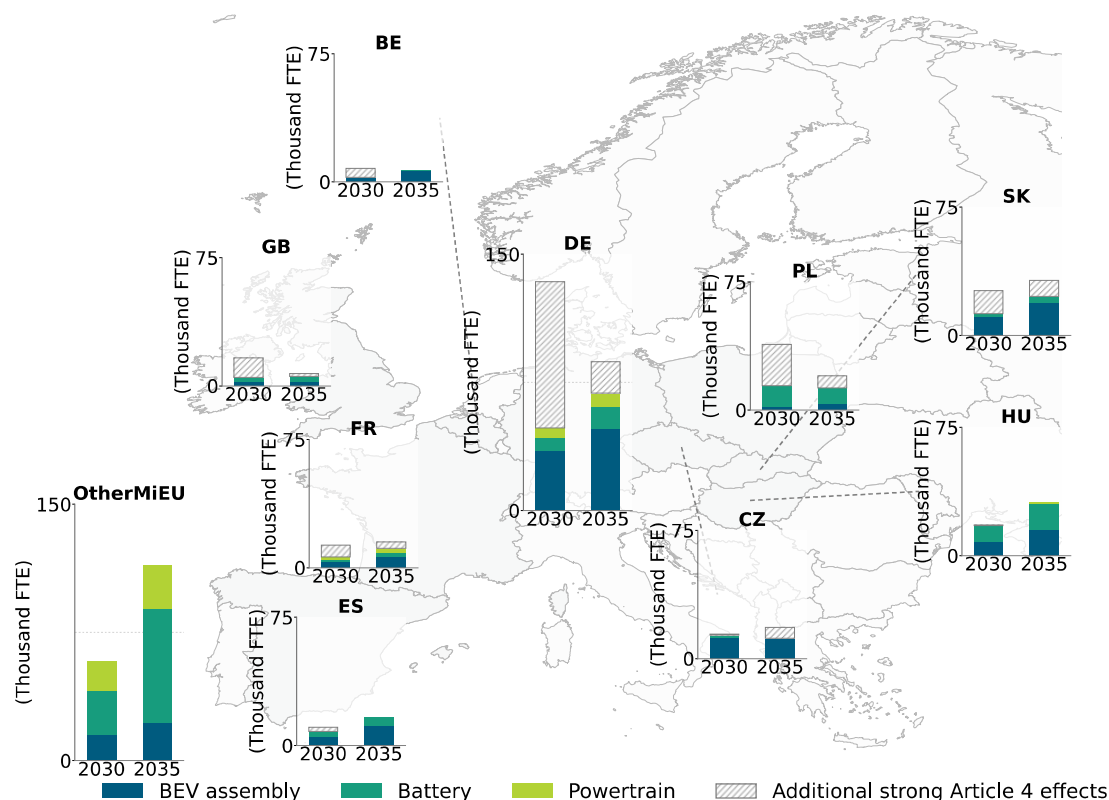


Figure 11: Geographic distribution of additional job effects (including indirect and induced jobs) in selected made-in-EU countries related to corporate BEV production in the policy scenario, compared to the baseline scenario.

Investment effects

Additional investments will be required to manage the transition to BEVs, for example, battery manufacturing plants will need to be set up, powertrain manufacturing sites will need to be built or expanded, and vehicle assembly lines will need to be updated for BEV manufacturing. In the baseline scenario, investments related to increasing corporate BEV production in Europe are expected to total 20 billion euros by 2030 and an additional 36 billion euros by 2035 (accumulated values from 2026 to 2030 and from 2030 to 2035). Implementing the CCVR and the IAA could increase these figures to 31 billion euros by 2030 and an additional 61 billion euros by 2035, representing a policy impact of 11 billion euros by 2030 and an additional 25 billion euros by 2035 (Figure 9). In a policy-optimistic scenario with strong Article 4 implementation, investments could reach 38 billion euros by 2030 and 63 billion euros by 2035.

Broken down to the component of the BEV, most investments go into battery manufacturing (incl. CAM, AAM, cell, BMS, module and pack manufacturing) – in total 57 billion euros in the policy scenario by 2035, more than half of which goes into cell manufacturing (33 billion euros). Highest

investments in this sector are plausible, as the current production capacities for batteries in the EU are still limited and need to be extended to fulfill the made-in-EU demand (see section 2.3). This is also consistent with announcements of battery cell producers, e.g., Tesla and PowerCo in Germany [Ref 16], CATL in Hungary [Ref 17], Gotion in Slovakia [Ref 18] and many more. The overall announced investments are also in the two-digit billion euros range (>35 billion euros), however, announcements generally come with uncertainties in whether they will be actually invested, the actual investments figures and the time frames and thus cannot be compared one to one with our model (which in turn only models the CV market). The announced investments for cell manufacturing are on a similar scale to our modeled investment needs for fulfilling the scenarios by 2035.

A large portion of the announcements has not yet been implemented. The two policy instruments could be a key instrument for creating investment certainty and implementing capacity expansion. Although we are only considering the corporate car market—and current production announcements certainly also address the private market—the necessary modeled investments are in the same range of the announced figures. The policy would thus attract further investments to made-in-EU countries by 2035.

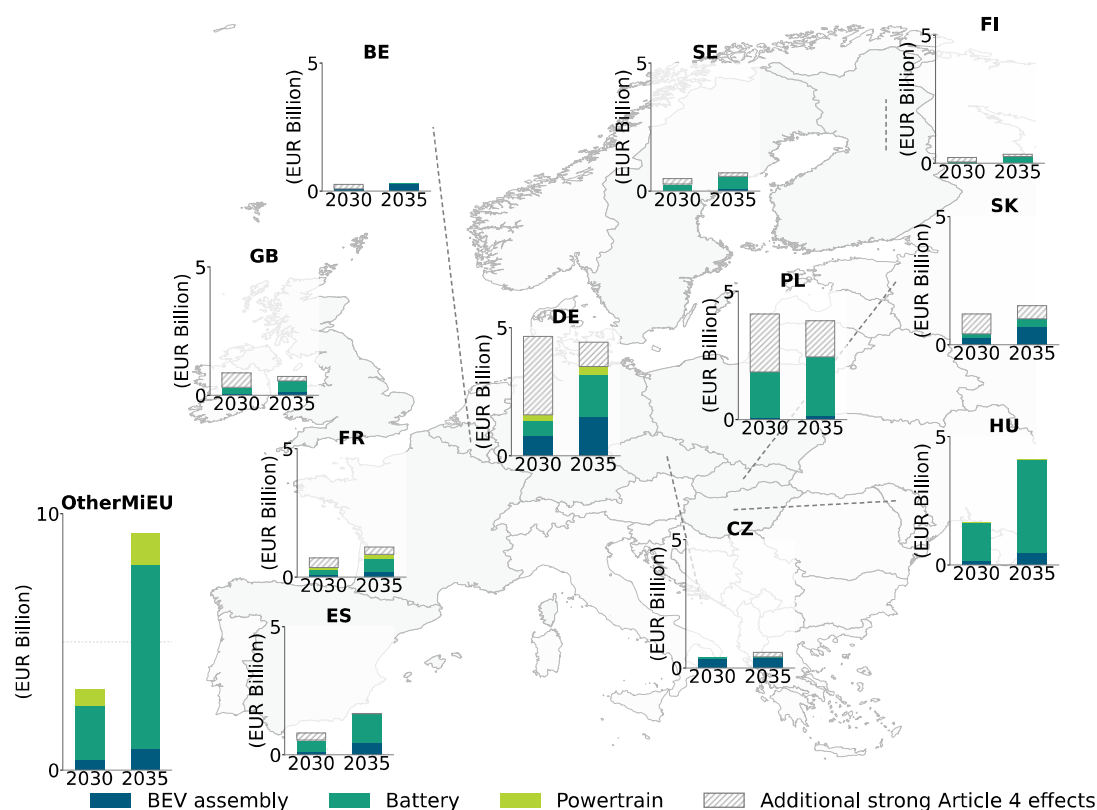


Figure 12: Geographic distribution of necessary additional investments (accumulated values from 2026 to 2030 and from 2030 to 2035) in selected made-in-EU countries related to corporate BEV production in the policy scenario, compared to the baseline scenario.

Significant investments will also be necessary for CAM production facilities, according to our model more than 2 billion euros by 2030 and additional 7 billion euros by 2035 in the policy scenario. Comparing this with announcements from CAM producers, e.g., IONWAY in Poland [Ref 19], EcoPro BM [Ref 20] and BAMO / Huayou Cobalt [Ref 21] in Hungary, and Gotion in Spain [Ref 22], these announcements already account for investments of approximately 5 billion euros and more

announcements exist. Consequently, it can be assumed that CAM production in the EU can be ramped up to fulfill the CCVR/IAA requirements at least until 2030. Investments in further facilities could be triggered by this legislation in the time frame until 2035.

Required investments in vehicle assembly account for approximately 30 billion euros by 2035. This corresponds mainly to the conversion of combustion engine car assembly to BEV assembly lines, but also includes setting up new plants. Announcements by OEMs, e.g., Volkswagen in Germany and Spain [Ref 23], BMW in Germany and Hungary [Ref 24], Stellantis in Germany and the UK [Ref 25], Volvo in Sweden and Slovakia [Ref 26] and various others amount to investments of estimated 30 billion euros. The overall BEV market is larger than the here modeled corporate vehicle market and OEMs certainly want to localize beyond the corporate market, but at the same time industry announcements typically do not cover yet time frames until 2035. Hence, the announced investments are in line with our model. Same as for cell manufacturing and CAM production, CCVR and IAA could create investment certainty by securing demand for made-in-EU BEV and thus are likely to trigger additional investments, beyond current announcements towards 2035.

The geographic distribution of these investments is, once again, linked to the locations of existing automotive and component manufacturing facilities. Major investments are expected in Germany (16.7 billion euros), Hungary (15.2 billion euros), Poland (15.1 billion euros), Spain (7.7 billion euros), Slovakia (6.3 billion euros), and France (5.9 billion euros) in the policy scenario by 2035. In Germany equal amounts of investment go in vehicle assembly and in battery manufacturing, in Poland and Hungary the majority of the investment goes to battery manufacturing.

Additional value creation, jobs and investments

In summary, the potential effects of CCVR and IAA could lead to an additional value creation of 11 – 20 billion euros (20 billion euros with strong Article 4 effect) by 2030 and 23 – 25 billion euros by 2035 – a significant impact (Figure 13). An additional 196,000 – 344,000 FTE in direct, indirect and induced jobs could be created by 2030 and 320,000 – 347,000 by 2035, compared to the baseline scenario.

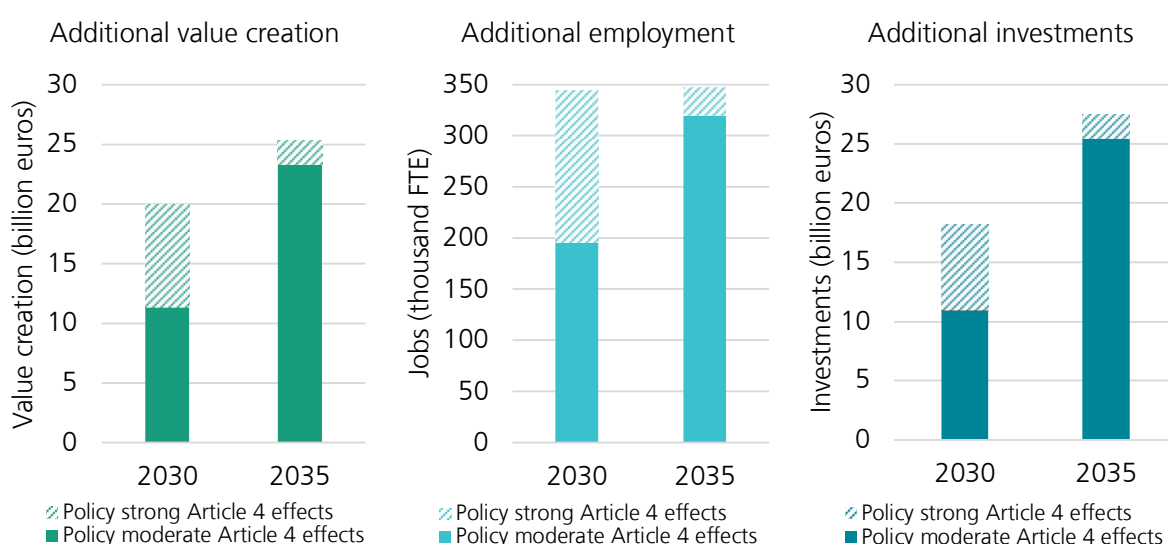


Figure 13: Policy impact on value creation, job effects (including direct, indirect and induced jobs), and investments in made-in-EU countries related to corporate BEV production as additional values in the policy scenario (hatched areas reflect strong Article 4 effects) as compared to the baseline scenario.

According to the policy scenario, additional investments in setting up new manufacturing sites, expanding existing sites, or converting existing sites to manufacture BEVs or BEV components amount to 11 – 18 billion euros by 2030 and an additional 25 – 27 billion euros by 2035 (accumulated values from 2026 to 2030 and from 2030 to 2035), compared to the baseline scenario. These values clearly show a high economic impact of these regulations on value creation, employment and investments in the EU.

2.5 Case Studies

This section describes the impact of the CCVR/IAA at the micro level, focusing on a specific EV model (the Kia EV3), an automotive manufacturer (Volkswagen), and a country (Poland). With the same reason stated in the previous section, the figures should be used primarily to compare the two scenarios and assumptions, not as precise predictions.

2.5.1 Case: Kia EV3

Hyundai Motor Group, headquartered in South Korea, is the world's third-largest automotive manufacturer. Kia Corporation, a member of Hyundai Motor Group, produces several BEV models that are marketed globally.

The Kia EV3, a compact electric SUV, entered production in 2024 at the plant in Gwangmyeong, South Korea. According to our database, approximately 65,000 units of Kia EV3 were newly registered in Europe in 2025, of which around 32,000 were attributed to sales in corporate channels. This model thus recorded the second-largest corporate-channel volume in Europe among BEV models assembled entirely outside the EU, after the Tesla Model 3. The company's statistics indicate that global sales of the Kia EV3 reached approximately 95,000 vehicles in 2025 [Ref 27], and thus European demand for corporate use represents around 34% of the model's global sales, making this an important market segment for the EV3.

Kia has announced that production of the EV3 will begin in Mexico in 2026 [Ref 28]; however, to date, the model has not been assembled in Europe. Although South Korea has an FTA with the EU, a strict Union-origin requirement of "made-in-EU" rather than "made-with-EU" would make the EV model ineligible and could significantly influence the company's localization strategy. Competing compact SUVs commonly used in corporate fleets, such as the Škoda Elroq and the Volkswagen ID.4, are better positioned to comply with the proposed IAA/CCVR requirements. Under the current proposal, Kia would therefore risk losing sales in this segment.

In parallel, Kia has recently advanced the localization of other BEV models at its plant in Žilina, Slovakia. In August 2025, the company began its first European BEV production with the EV4 (a C-segment hatchback), followed by the EV2 (a B-segment SUV) in March 2026 [Ref 29]. Although the supply chain structure for these models has not been officially fully disclosed, several sources indicate that they use European-made components, such as battery packs sourced from Poland (e.g. [Ref 30]).

Accordingly, the IAA/CCVR legislation could incentivize further investment in Europe, for example an expansion of EV4 production to compensate for potential losses in EV3 sales and/or the relocation of EV3 production (or that of a successor model) to Slovakia. This could also generate spillover effects in component production, including additional demand for battery production in Poland.

In our database, Kia's Comp segment BEV comprises three models; the Kia EV3, EV4 and Niro EV. Our model predicts that Kia's corporate sales of Comp segment BEVs in the EU would be slightly

higher under the policy scenario than under the baseline scenario, by 9.3% in 2030 and 7.3% in 2035, respectively, under the model's compliance assumptions.

A pronounced policy impact on Kia's Comp-segment vehicles is observed in the share of vehicles and components produced in the made-in-EU region, for the corporate BEV market in EU27. In 2025, as Figure 14 (left) shows, Kia's made-in-EU assembly share for the Comp segment is only 7.6%, because production of the Kia EV4 in Slovakia began only in August 2025. Our corporate sales data for this year cover mostly the Kia EV3 and Kia Niro EV, both of which were produced outside the EU. Given the relatively low corporate registration volume of the Kia Niro EV in 2025 (6,459 vehicles) and the model's discontinuation as of 2026 [Ref 31], we assume that the predictions for 2030 and for 2035 include only Kia EV3 and EV4 in this segment.

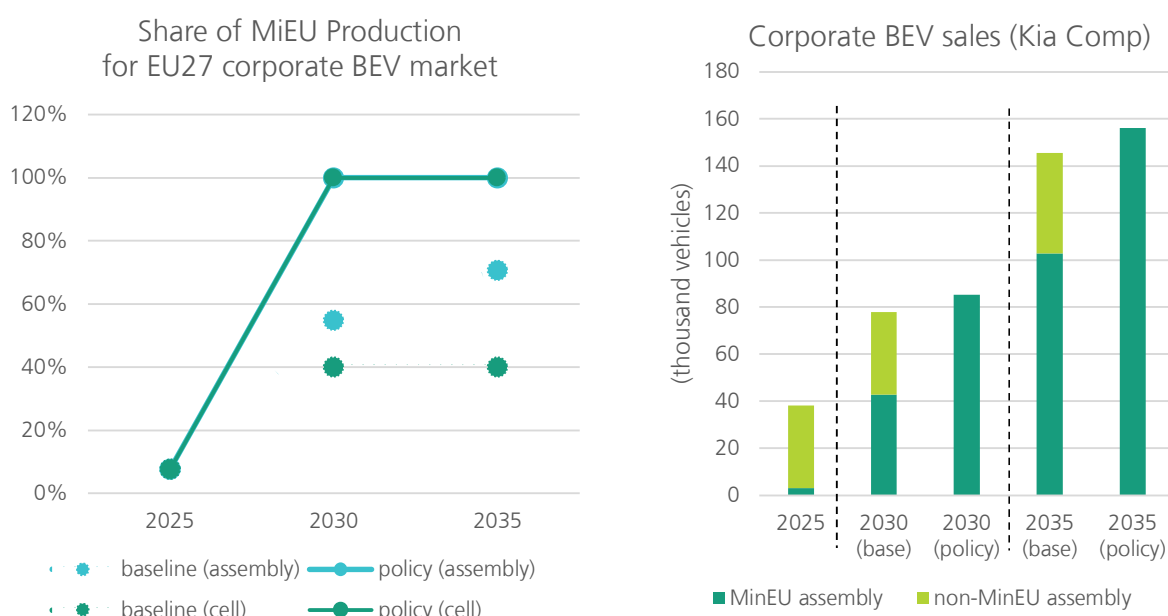


Figure 14: Made-in-EU shares of BEV assembly and cell production in 2025, 2030, and 2035 under the baseline and policy scenarios for Kia's Comp-segment vehicles (left); projected Kia Comp-segment corporate BEV sales by assembly region (right).

As Figure 14 (left) shows, under the baseline scenario, the increase of the made-in-EU share to approximately 55% by 2030 and 71% by 2035 reflects the expected contribution of Kia's Slovakia plant, where Kia is expanding its production capacity for Kia EV4, according to GlobalData. Under this scenario, we assume that no relocation occurs and that sales of vehicles assembled outside the made-in-EU region can be attributed to the EV3. Based on the Kia EV3's current price of approximately 40,000 euros, the sales revenue from the Kia EV3 through corporate channels in the EU-27 is estimated at roughly 1.4 billion euros in 2030 and 1.7 billion euros in 2035.

Under the policy scenario, we assume that Kia would not accept a decline in sales due to the EV3's non-compliance and would therefore plan to use the plant in Slovakia for the production of Comp-segment BEVs in demand, reaching the 100% made-in-EU share in vehicle assembly for EU27 corporate vehicle sales. Figure 14 (right) presents our estimate of Kia's corporate BEV sales in this segment by assembly region, under this assumption. Compared with the baseline scenario, approximately 42,000 additional vehicles would be assembled in Slovakia in 2030 and 53,000 in 2035.

The location of battery cell production would also be affected by the policy. Under the baseline scenario, the share of battery cells produced in the made-in-EU region for Kia's Comp segment

vehicles sold in the EU27 is projected to remain at approximately 40% in both 2030 and 2035. Under the policy scenario, we assume that this share would increase to 100% in both years. This corresponds to an additional 3 GWh of battery cell production in the made-in-EU region in 2030 and 7 GWh in 2035, which would support local cell suppliers, such as those in Poland and Hungary. The policy will also have corresponding effects on the ongoing localization of powertrain supply [Ref 32].

Assuming that the Comp segment's share of Kia's total economic impact is equal to its share of total corporate BEV sales (65% in 2030, 64% in 2035) in the EU27, the model estimates that the difference between the baseline and policy scenarios by 2030 would amount to 4,700 direct FTEs, 9,600 FTEs in total, and 550 million euros in value creation in the made-in-EU countries, from the activities related to Kia's Comp-segment vehicles. By 2035, the estimated impact would increase slightly to 6,000 direct FTEs, 12,000 FTEs in total, and 860 million euros in value creation. This economic impact would result from the localization of C-segment BEV production and its supply chain.

In summary, our model predicts that the policy scenario would create additional economic benefits in the made-in-EU countries from the Kia EV3. We estimated that the Kia EV3 sales would grow under the baseline scenario and could generate more than 1 billion euros in sales revenue. To avoid losing these sales, Kia would consider localizing assembly in Slovakia and realigning its supply chain to ensure the compliance with the CCVR/IAA, creating additional jobs and value creation in the EU. Since South Korea has an FTA with the EU, the estimated impacts would fully materialize only if the CCVR/IAA adopts a strict "made-in-EU" local content requirement.

2.5.2 Case: Volkswagen

Volkswagen Group (VW) is Europe's largest automotive manufacturer. Since its foundation in 1937, Volkswagen has been a cornerstone of the European manufacturing industry, accounting for 26.9% of newly registered vehicles in the EU [Ref 33] in 2025. The Group has, however, recently faced significant financial and restructuring pressure. In 2025, the Group generated an operating result of 8.9 billion EUR, 53% below 2024 [Ref 34]. The operating results in the first half of 2026 are 5.9 billion EUR, further decreased by 11.6% from the same period in the previous year [Ref 35].

Facing financial challenges, since around 2024, Volkswagen Group's restructuring plan aimed at cutting costs by several billion euros has been widely reported, with the possibility of plant closures and job losses. At the end of that year, VW and IG Metall reached an agreement to cut around 35,000 jobs and reduce production capacity by approximately 700,000 vehicles by 2030 [Ref 36]. The Future Plan 2030 for the VW Group, approved by the Supervisory Board in September 2026, stated that, "a competitive future production allocation for the Emden, Zwickau, Hanover and Neckarsulm plants cannot currently be secured on a staggered basis from 2031 to 2034". The plan also indicates the need for further workforce adjustments beyond existing programs [Ref 37].

Table 1: VW Group's plants that are reported to potentially be affected by restructuring. Source: Fraunhofer ISI based on [Ref 38]

City of location	N of employees	Currently produced EV models
Hannover	13,500	ID.Buzz / battery systems (NMC)
Zwickau	8,000	VW ID.3, ID.4, ID.5, Cupra Born, Audi Q4 e-tron & Sportback e-tron
Emden	>7,700	ID.4, ID.7, ID.7 Tourer
Neckarsulm	15,500	Audi e-tron GT

As the VW Group already has a high degree of localization in vehicle assembly and supply chain, its market share could benefit when non-localized competitors are forced to exit the affected corporate BEV market, particularly in the Upper segment. This case study provides an estimate of the economic benefits for the VW Group under the CCVR/IAA.

With regard to the number of vehicles in the sales projection, our analysis indicates that, under the policy scenario assuming moderate Article 4 effects, VW Group's corporate BEV sales in EU27 are projected to increase by approximately 37,000 Comp segment vehicles and 62,000 Upper segment vehicles in 2030, compared to the baseline scenario. The combined increase of 99,000 vehicles is equivalent to around 14% of the planned production reduction of 700,000 vehicles by 2030 (the combined increase would reach around 590,000, assuming strong Article 4 effects). The impact of the IAA/CCVR (the Policy–Baseline difference) is less obvious in the Mini segment group at this point. In 2035, the additional sales are projected to rise further, reaching 51,000 Comp segment vehicles, 127,000 Upper segment vehicles and 9,600 Mini segment vehicles.

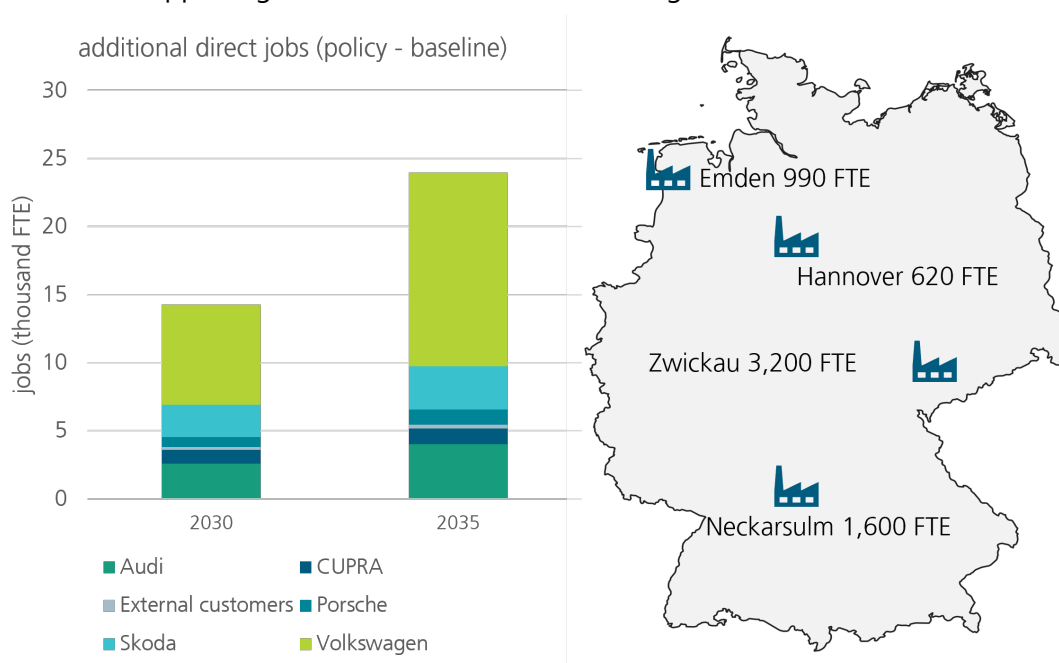


Figure 15: Estimated moderate-policy impact on direct employment in VW Group-owned production activities in the EU, by brand (left), and distributed at four production sites in Germany (right), moderate Article 4 effects.

Assuming moderate Article 4 effects, our model predicts that the CCVR/IAA would support direct employment in VW Group-owned production activities in approximately 14,000 FTE positions in 2030 and 24,000 FTE positions in 2035 (assuming strong Article 4 effects, the difference would be 56,000 FTE in 2030 and 37,000 FTE in 2035). More than 90% of this projected increase is attributable to the vehicle assembly sector. Figure 15 (left) breaks down additional direct FTE in VW Group-owned production activities by assembling VW brand and, for components, by customer OEM. Compared with the baseline, the policy scenario would require approximately 760 million euros in additional investment in VW Group-attributed production activity between 2026 and 2030, and 1,000 million euros between 2030 and 2035 assuming moderate Article 4 effects. Assuming that the Group's workforce is distributed in proportion to each country's share of production capacity as of 2025³, the CCVR/IAA would support approximately 6,300 additional FTE positions in Germany

³ According to the Markline's database, 45% of the VW Group's European production capacity is attributed to Germany. The job effect on "external customers" is excluded in this calculation.

as direct jobs by 2030. Figure 15 (right) shows the estimated additional direct jobs at Hannover, Zwickau, Emden, and Neckarsulm, assuming that the same relationship between production capacity and workforce applies at the production-site level, and additionally created jobs in Germany would be distributed only among these four factories.

Assuming moderate Article 4 effects, the difference in battery cell demand between the baseline and policy scenarios is estimated at 7.5 GWh in 2030 and 15 GWh in 2035. With the additional assumption that the VW Group would use only the cells supplied by PowerCo for European vehicle production, the additional demand under the policy scenario would support 1,700 more direct FTE than under the baseline scenario in 2030 and 2,300 more direct FTE in 2035. It should be noted that this does not correspond to the assumptions made in the model regarding cell supplier allocation.

In conclusion, while the CCVR/IAA may not fully offset the planned reductions in employment and production, it could make a meaningful contribution by mitigating them.

2.5.3 Case: Poland

Poland has long played a critical role in the value chain of the European automotive industry. The country hosts major production sites for international OEMs such as Stellantis and Volkswagen, as well as numerous component suppliers. More recently, Poland has become a key actor in the EV battery supply chain, particularly for the production of LIB cells and CAM. Several major European gigafactories are located there, including LG Energy Solution's Wrocław plant, whose annual LIB cell production capacity is 80 GWh [Ref 39], and Umicore's Nysa plant, which has an annual CAM production capacity of around 30 GWh-equivalent [Ref 40]. Thus, the country is expected to benefit significantly from the local content requirement of the IAA/CCVR.

According to our model calculation (Figure 16, the blue segment represents baseline production, while the green segment represents the modeled impact of the CCVR/IAA), BEV and battery cell production in Poland is projected to increase under both the baseline and policy scenarios, with the IAA/CCVR generating additional production. Under the policy moderate scenario, BEV production is expected to be approximately 17% higher in 2030 and 27% higher in 2035 than under the baseline scenario (assuming strong Article 4 effects, 66% higher in 2030 and 28% higher in 2035). Battery cell production is also expected to be higher under the policy moderate scenario, corresponding to additional capacity of 21 GWh in 2030 and 16 GWh in 2035 (assuming strong Article 4 effects, of 41 GWh in 2030 and 31 GWh in 2035), respectively.

The Union-origin requirement for battery components (requirement (d)) is anticipated to more evidently affect demand for EU-produced CAM in 2035. Our model predicts that Poland will supply 69 GWh-equivalent of CAM for corporate BEV production under the policy moderate scenario (76 GWh-equivalent assuming strong Article 4 effects), compared with 44 GWh under the baseline scenario. According to company announcements, several manufacturers based in Poland plan to expand their CAM production capacity in the next years (see the Annex for details). Thus, the Union-origin requirement for battery components would partly support a successful implementation of Polish CAM suppliers' production expansion plans.

Our model calculations use the databases listed in the Annex. These databases mainly cover established automotive makers in Europe, and thus some of the new market entrants are not included. One of the most relevant examples is Taiwanese Hon Hai Technology Group (Foxconn) and Foxtron, its electric-vehicle joint venture with Yulon Motor. Although the company has not sold BEVs in Europe yet, Foxconn has been chosen as the strategic partner of ElectroMobility Poland (EMP), a Polish state-backed company. EMP plans to build a production and R&D hub in Poland that could eventually produce up to 400,000 electric vehicles annually [Ref 41].

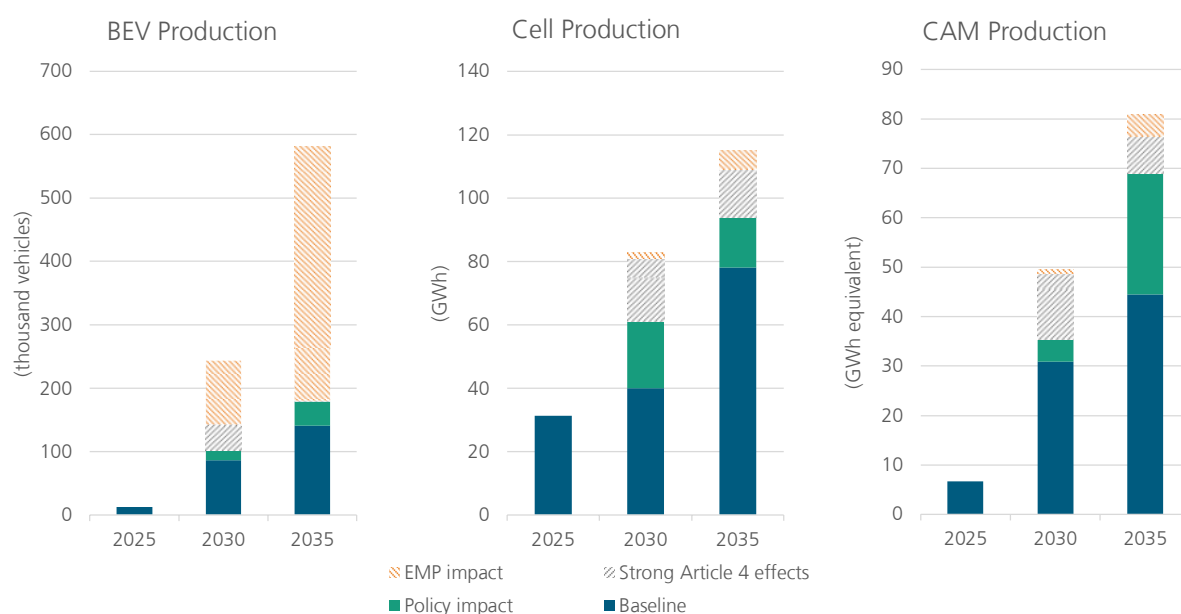


Figure 16: Production of BEVs, battery cells and CAM in Poland in 2025, 2030, 2035 assuming moderate Article 4 effects. The potential impact of the ElectromobilityPoland project is shown with additional assumptions.

Given the uncertainty surrounding future sales of the new EV models in the corporate vehicle market, we have separately estimated the potential impact of the EMP project (Figure 16, the orange segment), using additional assumptions (see the Annex for details). It should be noted that the calculation is not able to account for actual demand in the EU27 corporate market for the BEV models to be produced; rather, it relies solely on production plans reported primarily in the news media. Furthermore, because the year in which the target production level will be achieved is not clearly stated, we made assumptions based on the available sources (see the Annex for details). The presented impacts in 2030 and 2035 should therefore be treated as the “maximum achievable impacts over the medium and long term.”

The resulting calculations indicate that the EMP project’s impact would be particularly visible in the vehicle-assembly sector, where the estimated impact of the IAA/CCVR is comparatively modest. For Poland, the IAA/CCVR and the EMP project would therefore have complementary effects. While the IAA/CCVR would further strengthen Poland’s established role as a major supplier of BEV components in the EU, the EMP project could establish domestic BEV assembly, completing the country’s BEV value chain.

As shown in the previous section, Poland is one of the countries that would benefit substantially from the CCVR/IAA economically. Our model estimates that, relative to the baseline scenario, the base policy scenario would support 7,000 direct FTE and 14,000 FTE in total in 2030. Around 85% of the additional total jobs would be attributable to the battery sector. Additional value creation and required investment in Poland would amount to approximately 790 million euros and 1,900 million euros, respectively, by 2030. In 2035, the difference between the baseline and base policy scenarios would be 6,500 direct FTE jobs and 13,000 FTE jobs in total, alongside approximately 900 million euros and 2,400 million euros in additional value creation and investment. The following graphs also present additional policy impact by strong Article 4 effects (the grey segment), which would further boost the impact particularly for 2030.

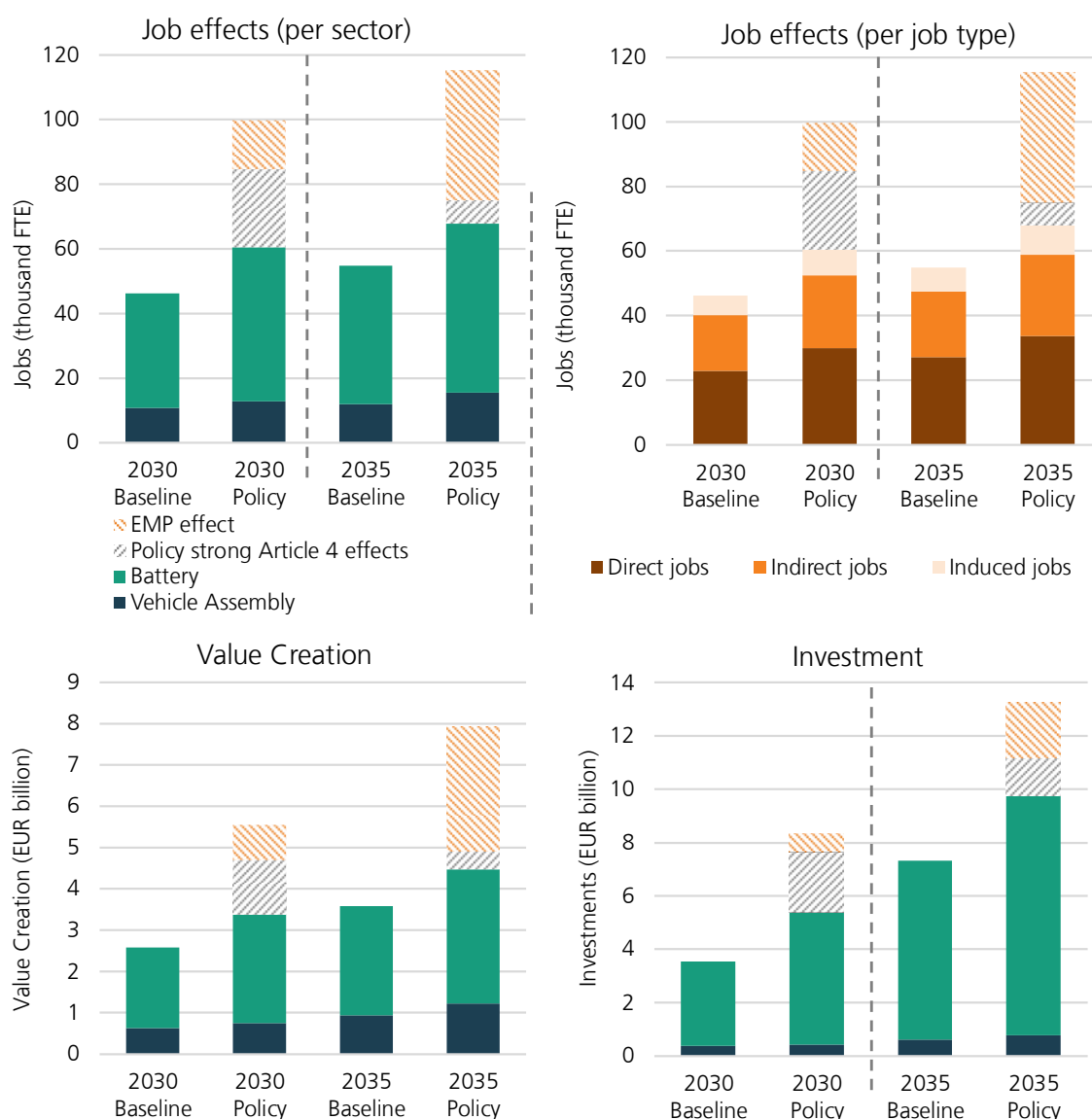


Figure 17: Jobs, value creation, and investment in the EU related to corporate BEV production in the baseline and policy scenarios in 2030 and 2035 in Poland.

According to our additional calculation, the EMP project would further support approximately 15,000 and 40,000 total jobs, 850 and 3,000 million euros of value creation in Poland, by 2030 and by 2035, respectively. The magnitude of the economic effects would depend on when the production target (initially 100,000 BEVs and later increased to 400,000 BEVs) is achieved.

In summary, Poland would benefit from the IAA/CCVR, particularly in the battery and its component sector. While the IAA/CCVR would contribute to strengthening the component sector, such as cell and CAM production, the EMP project would significantly increase vehicle assembly if the project is successfully implemented. This means these two policy instruments would function complementarily, completing the BEV production value chain in the country.

3 Conclusions

Impact of CCVR and IAA

The combined introduction of the CCVR and IAA would create significant additional economic effects in made-in-EU countries by 2035, according to the model developed in the context of this study. The production of corporate BEVs in made-in-EU countries could lead to additional value creation of 23-25 billion euros, the creation of an additional 320-350 thousand jobs (FTE, direct, indirect and induced) and additional investments of 36-45 billion euros by 2035. According to our model, these effects would concentrate on countries with already established automotive and battery manufacturing locations (i.e. in particular Germany, Slovakia, Hungary, Poland, Spain, and the Czech Republic), as the model builds on existing production and value chain structures.

Limitation of CCVR and IAA

The model shows that the growth of the corporate BEV market is only slightly changed by the CCVR minimum targets compared to the baseline – additional market incentives could however be created through the regulation on financial incentives set forth in Article 4 of the CCVR.

Compared to additional BEV market growth, the effect of the supply chain localization requirements is far more relevant on the economic impact. However, localization effects are limited to explicitly demanded components, leaving other crucial components unaffected. Therefore, the localization effect on parts of the value chain is limited and thus full value chain sovereignty and resilience seems unlikely.

Limitation of the Model

The model is based on various assumptions, including on market development, OEM strategies, investment announcements and specific details of the legislation. Hence, the results should be considered as one potential future development path, rather than an exact forecast for the future. Real-world investment decisions may differ from a strategic perspective, especially concerning the plant locations. The study is based on available data from different sources, partially with limited completeness. Furthermore, it considers only corporate BEVs for the EU27 market, disregarding developments in the private car market, the combustion engine and hybrid car market, commercial vans and trucks and all vehicles produced for export. Consequently, economic effects are limited to corporate battery electric cars for the EU27 market and thus can only compensate for parts of the economic degradation of the declining internal combustion engine car industry. The CCVR's and IAA's employment effects should therefore not be interpreted as a macroeconomic net effect; a comprehensive assessment of the employment impact of the transition to electric vehicles would require a separate analysis.

Bottom line

CCVR and IAA could give a significant positive stimulus for value creation, employment and investments in the BEV and battery industry in made-in-EU countries and strengthen localization efforts and investment decisions. These political instruments can, however, be only a part of a larger overarching industrial policy strategy to safeguard the entire BEV and battery supply chain and address the issue of structural change in the internal combustion engine segment.

4 Annex

Data Sources

For this study, the following data sources were used:

MarkLines: Among other things, the platform provides data on vehicle production and sales, model and platform structures, production sites, as well as components and suppliers. For this study, information on OEM-supplier relationships at the component and model levels was used.

GlobalData: The data provider supplies data on the automotive sector including, among other things, data and forecasts on vehicle production and sales, electrification and powertrains, vehicle models and platforms, as well as production sites of OEMs and suppliers. In this study, GlobalData serves in particular as a source for European BEV production, production sites, and production capacities along the automotive supply chain.

Dataforce: Its offerings include, among other things, vehicle registrations and inventories, market segmentations, forecasts, and detailed analyses of the commercial vehicle market. For this study, Dataforce data is primarily used to analyze the European BEV market, new registrations, and the breakdown between private and corporate registrations.

Fraunhofer ISI cell production and material production database: The database covers global existing and announced production capacities across the lithium-ion battery supply chain, including battery cells as well as anode and cathode active materials, electrolytes and separators. Capacities are differentiated by company, technology or chemistry and plant location. It comprises around 190 cell producers at roughly 390 sites and about 240 material suppliers at approximately 300 sites worldwide. Projects are recorded by development stage and assessed based on announcement status and player credibility. A linked forecast model uses these assessments to estimate potential future production capacities. The database also includes historical supplier-customer relationships for battery materials.

Fraunhofer ISI lithium-ion battery database (LIBDB) for the mapping and quantification of the supply network. The LIBDB contains detailed information about the supply chain spanning active material producers, cell manufacturers and automotive OEMs.

Fraunhofer ISI electric vehicle database (xEVDB): The xEVDB contains information on global sales of EV broken down to EV model, OEM and sales country. For each EV model, information about the battery such as size, cell format, capacity, manufacturer and much more is stored.

General Assumptions

The following is a list of the key assumptions we used for the study and modeling:

Market and Scope

- The relevant sales market is the EU27, while made-in-EU is defined more broadly as the production and sourcing region. In the model, legislation is treated as binding only for the EU27 vehicle market; however, made-in-EU production and sourcing may originate from EU27 or EFTA or UK.
- The quantitative analysis is limited to passenger-car BEVs. Vans/LCVs, PHEVs, and FCEVs are not modeled. ZEVs are interpreted as BEVs within the model.

- The future total vehicle market is assumed to be exogenous. CCVR and IAA alter BEV penetration and the production/supply chain structure in the model, but not the size of the total corporate vehicle market.
- The baseline BEV development follows the T&E compliance path derived from the Commission's proposal. This serves as the central reference for electrification through 2030 and 2035. Segment differences as of 2025 initially persist but converge over time.

Affected Market and Policy Impact

- Only the share of corporate cars registered by large undertakings is modeled as the directly CCVR-affected market. Since no EU-wide data on the size of vehicle-owning companies is available, their size is approximated using a proxy. According to this proxy, we assume that 63% [Ref. 11] of corporate car registrations stem from large undertakings. The remainder of the corporate car market follows the baseline scenario. However, the CCVR's Article 4 effectively means that the local content requirements for BEVs apply to the entire corporate car market.
- The CCVR and IAA are interpreted as a jointly operating regulatory framework. The made-in-EU-origin requirements defined in the IAA are applied as technical compliance requirements.
- The regulation is assumed to be effective and non-circumventable. Avoidance effects, such as shifts between leasing and ownership, alternative registration channels, or procurement structures, are not modeled. Likewise, no negative spillover effects of the policy on vehicle demand are assumed.

Baseline Supply Chain

- The supply chain structure of 2025 serves as the starting point for 2030 and 2035. Existing OEM-supplier relationships are projected based on specific production, localization, and delivery announcements; the baseline does not assume any further fundamental restructuring of the supply chain.
- Production capacity is interpreted as potentially available supply and is not equated with actual production. For 2025 in particular, the model thus depicts a potentially achievable made-in-EU sourcing level using known capacities; potential underutilization is largely disregarded.
- For cells, CAM, and AAM, available production capacities limit the potential made-in-EU supply. For packs, modules, BMS, motors, inverters, and DC/DC, however, it is assumed that additional capacity can generally be built, if required for policy compliance.

OEM Response and Compliance

- OEMs with a sufficient made-in-EU assembly base will attempt to continue serving the affected market in compliance with regulations. Only OEMs with very limited existing or announced made-in-EU localization may exit the policy-driven market entirely; their market shares will be distributed among the remaining competitors.
- Additional localization follows the principle of "least resistance." OEMs prefer to further localize components that already have a high made-in-EU share today or in the baseline scenario. This assumes that expanding existing European supply chains requires less effort than establishing entirely new structures.
- OEMs may strategically use existing multi-sourcing for compliance. Different vehicle part sets within the same OEM/segment group may use different permissible combinations of

made-in-EU components. Thus, the entire production does not have to follow a uniform compliance path.

- Policy-driven localization is not extended to the private vehicle market. The modeling generally quantifies additional made-in-EU localization only where it is required by the CCVR/IAA.

Economic impacts

- Economic effects are derived bottom-up from the modeled made-in-EU production. Value creation shares are determined using a component-specific bill of costs, the structure of which may change between 2025/26, 2030, and 2035. Employment is derived from the localized labor value assuming average EU labor costs, and investments from additional physical production capacity. These variables are therefore model proxies and do not constitute a macroeconomic input-output calculation.

Additional assumptions for calculating the impact of the EMP in Poland

- Based on our interpretation of official announcements and media reports, we use the following modeling assumptions [Ref 41]:
 - o Production in Jaworzno will reach 100,000 BEVs in 2030 and 400,000 BEVs in 2035: It should be noted that several media reported that the project initially targeted a production capacity of 100,000 BEVs, with a subsequent expansion to 400,000 BEVs. However, they did not specify when these targets would be achieved. The model assigns an achievement year based on comments from T&E experts and the announcement that the innovation center's target for direct employment will be reached by 2035. Given the potential discrepancy between planned production capacity and actual sales, the calculated impact in 2030 and 2035 should be interpreted as the "maximum achievable impact over the medium- and long-term."
 - o 50% of the vehicles will belong to the "Mini" segment and 50% to the "Compact" segment.
 - o Battery-pack assembly and vehicle assembly will take place entirely in Poland.
 - o 70% of the value of the components will be manufactured in the EU.

Model Logic

The modeling follows a sequential, bottom-up approach that first consolidates market, production, and supply chain data into a common structure and then builds baseline and policy scenarios consistently on top of that foundation. In an upstream data preparation step, the various data sources are consolidated by OEM, vehicle model, segment, production site, supplier, and component. Where multiple production sites or suppliers are possible, the allocation is generally volume-based and takes into account the available production information.

In the first actual modeling step, the **European corporate BEV market for 2030 and 2035** is determined. Based on the expected development of the overall vehicle market, the BEV shares are calculated by country and segment. The baseline uses the selected reference path for BEV penetration, while the policy scenario takes into account country-specific CCVR targets and the additionally assumed impact of the Article 4 of the CCVR proposal. The resulting BEV volumes are then allocated to manufacturers and segment groups based on projected OEM market shares.

Building on this, the model reconstructs the **status quo** of the European BEV supply chain in 2025. For each relevant vehicle, the assembly location and potential suppliers of the battery and

powertrain components under consideration are determined. For battery cells, CAM, and AAM, the resulting demand is additionally compared with available European production capacities. The calculation thus provides a consistent baseline structure of components potentially sourced from made-in-EU, which is subsequently aggregated at the OEM and segment levels.

The **baseline scenario** projects this structure through 2030 and 2035. Existing supplier-customer relationships serve as the starting point and are supplemented by known future supply agreements, new production sites, and announced capacity expansions. For cells, CAM, and AAM, the model takes into account both supplier relationships and available production capacities; other components are projected based on the existing localization structure and known production announcements. Made-in-EU BEV assembly is derived from the expected production of the respective OEMs at European plants. This results in a baseline supply chain structure for every combination of OEM, segment, and year.

In the **policy scenario**, the model examines which OEMs will continue to serve the market under the made-in-EU requirements and what additional localization is required for compliance. Additional made-in-EU production is preferably established along existing supply chains. Where the regulation allows for multiple permissible combinations of components, the model utilizes different compliance paths and selects combinations requiring the least possible additional localization. At the same time, existing made-in-EU supply volumes are maintained, and available capacities—particularly for cell and CAM—limit the possible allocations.

Finally, the modeled made-in-EU production volumes are distributed among countries and suppliers and translated into **economic effects**. Assembly volumes follow the OEM's existing or announced geographic production structure; components are assigned to known suppliers and their production sites to the extent possible. The difference between the baseline and the policy scenario yields the policy impact. Additional production is then translated into value creation and employment via a component-specific bill of costs, while investments are derived from the required additional expansion or retrofitting of production capacities.

Additional information

Table 2: Policy impact on value creation, job effects (including direct, indirect and induced jobs), and investments in made-in-EU countries related to corporate BEV production as additional values in the policy scenario as compared to the baseline scenario. See Executive Summary Figure and Figure 13.

Scenario	metric	2030	2035
Policy moderate Article 4 effects	Value creation (billion euros)	11	23
Policy strong Article 4 effects	Value creation (billion euros)	20	25
Policy moderate Article 4 effects	Total jobs (Thousand FTE)	196	320
Policy strong Article 4 effects	Total jobs (Thousand FTE)	344	347
Policy moderate Article 4 effects	Investments (billion euros)	11	25
Policy strong Article 4 effects	Investments (billion euros)	18	27

Table 3: Proposal of minimum ZLEV and ZEV target shares for newly registered corporate passenger cars for Member States (2030 and 2035)

Member States	ZLEVs from 2030	ZEVs from 2030	ZLEVs from 2035	ZEVs from 2035
AT, BE, DK, IE, LU, NL, SE	90%	58%	95%	95%
DE, FI	83%	54%	95%	95%
FR, IT, MT	69%	45%	95%	80%
CY, CZ, EE, SI, ES	55%	36%	76%	65%
BG, HR, GR, HU, LV, LT, PL, PT, RO, SK	48%	31%	67%	56%
EU27 (model results)		47%		82%

Table 4: BEV market penetration for corporate cars in various scenarios in 2030 and 2035. See Figure 2.

(%)	2030	2035
Policy: CCVR targets	46.9%	81.9%
Policy: CCVR + moderate Article 4 effects	51.6%	90.5%
Policy: CCVR + strong Article 4 effects	69.0%	95.0%

Table 5: Sales figures (million vehicles) for BEVs and non-BEVs in the EU27. Historical figures for 2021–2025 and model results under the baseline scenario and policy scenarios, assuming moderate and strong CCVR Article 4 effects. See Figure 3.

(Million vehicles)	2021	2022	2023	2024	2025	2030 base-line	2030 policy moderate	2030 policy strong	2035 base-line	2035 policy moderate	2035 policy strong
BEV corp. large companies	0.27	0.34	0.51	0.55	0.72	1.77	1.93	2.58	3.15	3.34	3.51
BEV corporate SME	0.24	0.30	0.45	0.49	0.64	1.04	1.04	1.04	1.85	1.85	1.85
BEV private	0.64	0.85	1.06	1.09	1.41	1.99	1.99	1.99	3.55	3.55	3.55
nonBEV corporate + private	8.8	8.1	9.0	9.1	8.8	5.34	5.18	4.53	1.46	1.27	1.11

Table 6: BEV assembly figures (thousand vehicles) produced in all made-in-EU countries, assuming moderate and strong CCVR Article 4 effects. See Figure 5.

(Thousand vehicles)	2025	2030	2035
Baseline	1000	2300	3730
Policy moderate Article 4 effects		2960	5200
Policy strong Article 4 effects		3610	5360

Table 7: BEV assembly figures (thousand vehicles) produced in made-in-EU countries in 2035, assuming moderate and strong CCVR Article 4 effects. See Figure 5.

(Thousand vehicles)	AT	BE	BG	CZ	DE	ES	FR	GB	HU	IT	PL	PT	RO	SE	SI	SK
Baseline	90	104	7	335	1081	519	249	228	251	77	179	14	59	54	98	666
Policy moderate	138	190	16	447	1482	637	309	260	378	89	180	15	62	63	102	740
Policy strong	138	190	16	499	1614	650	329	274	378	95	181	15	61	63	102	740

Table 8: Made-in-EU shares for BEV components in different scenarios. The share of unknown origin is also given for 2025. See Figure 6.

(Made-in-EU shares)	2025	2025 un-known	2030 Baseline	2030 Policy	2035 Baseline	2035 Policy
BMS	21%	58%	18%	19%	17%	100%
CAM	53%	41%	62%	67%	51%	100%
Cell	54%	0%	62%	100%	59%	100%
DC/DC	32%	38%	23%	26%	22%	25%
Inverter	51%	0%	45%	85%	42%	85%
Motor	59%	0%	51%	94%	47%	94%
Pack	63%	0%	59%	86%	57%	89%

Table 9: Made-in-EU battery cell and CAM production required by the scenarios and announced capacities. See Figure 7.

(Made-in-EU production, GWh)	Battery cells			Cathode active materials		
	2025	2030	2035	2025	2030	2035
Baseline	56	110	200	52	110	170
Policy moderate Article 4 effects		190	350		125	350
Policy strong Article 4 effects		230	360		170	360
Made-in-EU capacity	160	500	510	52	270	270

Table 10: Value creation, job effects (total jobs including direct, indirect and induced jobs) and investments in made-in-EU countries, related to corporate BEV production in different scenarios. See Figure 9.

Economic area	metric	2030 Base-line	2030 Policy	2035 Base-line	2035 Policy
Battery	Value creation (million euros)	6,677	10,336	8,798	16,604
Powertrain	Value creation (million euros)	2,126	3,937	3,212	6,287
Vehicle Assembly	Value creation (million euros)	19,241	25,123	28,484	40,914
Additional strong Article 4 effects	Value creation (million euros)	0	8,613	0	2,021
Battery	Total jobs (FTE)	121,605	190,081	143,105	265,885
Powertrain	Total jobs (FTE)	30,812	56,744	41,358	80,493
Vehicle Assembly	Total jobs (FTE)	332,252	433,820	361,238	518,876
Additional strong Article 4 effects	Total jobs (FTE)	0	148,420	0	27,775
Battery	Investments (million euros)	11,097	18,470	20,798	38,647
Powertrain	Investments (million euros)	892	1,889	1,606	3,469
Vehicle Assembly	Investments (million euros)	7,888	10,453	13,415	19,158
Additional strong Article 4 effects	Investments (million euros)	0	7,238	0	2,007

Table 11: Geographic distribution of additional value creation in selected made-in-EU countries from corporate BEV production in the policy scenario, compared to the baseline scenario. See Figure 10.

Country	Economic area	Metric (unit)	2030 Base-line	2030 Policy	2035 Base-line	2035 Policy
BE	Battery	Value creation (million euros)	38	41	49	68
BE	Vehicle Assembly	Value creation (million euros)	615	767	642	1145
CZ	Battery	Value creation (million euros)	17	78	28	54
CZ	Vehicle Assembly	Value creation (million euros)	1865	2589	2896	3799
DE	Battery	Value creation (million euros)	1679	2092	1902	2692
DE	Powertrain	Value creation (million euros)	1170	1544	1764	2365
DE	Vehicle Assembly	Value creation (million euros)	7667	9697	9714	13492
ES	Battery	Value creation (million euros)	463	641	707	1035
ES	Vehicle Assembly	Value creation (million euros)	1755	2049	3431	4312
FI	Battery	Value creation (million euros)	225	255	223	342
FR	Battery	Value creation (million euros)	445	532	630	786
FR	Powertrain	Value creation (million euros)	410	514	622	822
FR	Vehicle Assembly	Value creation (million euros)	1047	1233	1612	2110
GB	Battery	Value creation (million euros)	130	262	184	354
GB	Powertrain	Value creation (million euros)	5	11	7	16
GB	Vehicle Assembly	Value creation (million euros)	892	1030	1379	1567
HU	Battery	Value creation (million euros)	1151	1678	1584	2587
HU	Powertrain	Value creation (million euros)	181	211	275	329
HU	Vehicle Assembly	Value creation (million euros)	1197	1657	1964	3148
PL	Battery	Value creation (million euros)	1950	2625	2646	3256
PL	Vehicle Assembly	Value creation (million euros)	625	744	934	1220
SE	Battery	Value creation (million euros)	70	159	91	227
SE	Vehicle Assembly	Value creation (million euros)	226	287	383	583
SK	Battery	Value creation (million euros)	333	431	473	684
SK	Vehicle Assembly	Value creation (million euros)	2067	2690	3560	5066

Table 12: Geographic distribution of additional job effects (incl. indirect and induced jobs) in selected made-in-EU countries related to corporate BEV production in the policy scenario, compared to the baseline scenario. See Figure 11.

Country	Economic area	Metric (unit)	2030 Base-line	2030 Policy	2035 Base-line	2035 Policy
BE	Battery	Total jobs (FTE)	759	815	859	1214
BE	Vehicle Assembly	Total jobs (FTE)	10613	13246	8145	14519
CZ	Battery	Total jobs (FTE)	356	1608	508	996
CZ	Vehicle Assembly	Total jobs (FTE)	32200	44703	36725	48177
DE	Battery	Total jobs (FTE)	31920	39854	32130	45336
DE	Powertrain	Total jobs (FTE)	16824	22193	22547	30216
DE	Vehicle Assembly	Total jobs (FTE)	132400	167443	123190	171102
ES	Battery	Total jobs (FTE)	8872	12106	12049	17338
ES	Vehicle Assembly	Total jobs (FTE)	30312	35388	43512	54679
FI	Battery	Total jobs (FTE)	3207	3636	2829	4336
FR	Battery	Total jobs (FTE)	8262	9850	10328	12856
FR	Powertrain	Total jobs (FTE)	5858	7332	7887	10421
FR	Vehicle Assembly	Total jobs (FTE)	18078	21285	20439	26764
GB	Battery	Total jobs (FTE)	2611	5165	3285	6218
GB	Powertrain	Total jobs (FTE)	67	160	83	208
GB	Vehicle Assembly	Total jobs (FTE)	15406	17786	17488	19870
HU	Battery	Total jobs (FTE)	19185	28403	23695	38983
HU	Powertrain	Total jobs (FTE)	2577	3007	3488	4178
HU	Vehicle Assembly	Total jobs (FTE)	20677	28610	24912	39926
PL	Battery	Total jobs (FTE)	35468	47611	43042	52451
PL	Vehicle Assembly	Total jobs (FTE)	10787	12855	11839	15476
SE	Battery	Total jobs (FTE)	1174	2768	1358	3496
SE	Vehicle Assembly	Total jobs (FTE)	3909	4963	4856	7391
SK	Battery	Total jobs (FTE)	6282	8222	8022	11780
SK	Vehicle Assembly	Total jobs (FTE)	35696	46453	45148	64252

Table 13: Geographic distribution of necessary additional investments in selected made-in-EU countries related to corporate BEV production in the policy scenario, compared to the baseline scenario. See Figure 12.

Country	Economic area	Metric (unit)	2030 Base-line	2030 Policy	2035 Base-line	2035 Policy
BE	Battery	Investments (million euros)	47	51	80	100
BE	Vehicle Assembly	Investments (million euros)	326	414	396	691
CZ	Battery	Investments (million euros)	17	61	35	64
CZ	Vehicle Assembly	Investments (million euros)	745	1095	1219	1625
DE	Battery	Investments (million euros)	2182	2776	3252	4889
DE	Powertrain	Investments (million euros)	370	572	720	1055
DE	Vehicle Assembly	Investments (million euros)	2026	2826	3091	4607
ES	Battery	Investments (million euros)	831	1270	1751	2886
ES	Vehicle Assembly	Investments (million euros)	934	1076	1998	2466
FI	Battery	Investments (million euros)	363	417	523	788
FR	Battery	Investments (million euros)	774	980	1546	2016
FR	Powertrain	Investments (million euros)	296	386	500	692
FR	Vehicle Assembly	Investments (million euros)	551	628	928	1152
GB	Battery	Investments (million euros)	171	414	305	720
GB	Powertrain	Investments (million euros)	3	7	4	11
GB	Vehicle Assembly	Investments (million euros)	533	597	899	1042
HU	Battery	Investments (million euros)	2564	4030	4881	8478
HU	Powertrain	Investments (million euros)	124	141	213	246
HU	Vehicle Assembly	Investments (million euros)	573	743	1039	1536
PL	Battery	Investments (million euros)	3156	4958	6719	9007
PL	Vehicle Assembly	Investments (million euros)	370	428	604	756
SE	Battery	Investments (million euros)	101	359	162	652
SE	Vehicle Assembly	Investments (million euros)	90	114	157	242
SK	Battery	Investments (million euros)	774	925	1322	1653
SK	Vehicle Assembly	Investments (million euros)	977	1251	1808	2490

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