AUTOMOTIVE REGIONS ALLIANCE

an initiative of European Committee of the Regions

Bavarian Ministry of Economic Affairs, Regional Development and Energy

4th Automotive Regions Alliance Annual Conference on 10 September in Munich

'Munich Declaration'
of the
Automotive Regions Alliance

At the fourth political conference of the Automotive Regions Alliance (ARA) that took place on 10 September 2025 in Munich at the invitation of the Bavaria Region and the European Committee of the Regions, the participating regions confirmed their commitment to the positions expressed in the founding declaration of the ARA[1] as well as in the Leipzig Declaration[2] the Navarre Declaration[3], the Monza Declaration[4] and during the Strasbourg high-level Conference, and engaged to further advocate for the following objectives:

The Automotive Regions Alliance:
Key messages:

- Stresses that the European Commission must ensure the automotive industry remains a key European strength, enabling regional growth, with targeted funding.
- Commits to advancing the electrification of the automotive industry and delivering on the 2035 target.
- Calls for technology neutrality and openness, recognising the role of combustion engines and alternative fuels (biofuels, e-fuels, hydrogen) alongside electrification.
- Regrets the lack of consideration given to the territorial dimension in the Action Plan and the absence of place-based solutions
- Highlights that the review of the CO_2 standards Regulation is an opportunity to take stock of the ongoing transition and make adjustments to meet the 2035 target.
- Calls for a just transition program under the MFF 2028–2034 to support all automotive regions in adapting to transformation.
- Highlights the strategic role of Life Cycle Assessment (LCA) in guiding technology development and supporting sustainable industrial transformation.
- Strongly regrets that ARA was not fully included in the Automotive Strategic Dialogue, despite its essential role in representing regional interests and considers this a missed opportunity to ensure territorial perspectives are properly reflected.

1 Adopted at the 150th plenary session of the CoR on 30 June 2023 https://cor.europa.eu/en/our-work/cooperations-and-networks/automotive-regions-alliance#toc-our-goals.

2 https://webapi2016.cor.europa.eu/v1/documents/cor-2022-05422-00-01-tcd-tra-en.docx/content.

3 https://cor.europa.eu/sites/default/files/2024-07/ara_navarra_declaration_en-tl.pdf

4 https://webapi2016.cor.europa.eu/v1/documents/cor-2024-04227-00-01-tcd-tra-en.docx/content

Multiple challenges for the automotive sector in the midst of the transition

1. Stresses that the transition in the automotive sector is now fully underway, bringing important and impactful transformations with the accelerating green and digital transition, which is reshaping the European industrial landscape, requiring extensive technological adaptation, infrastructure rollout, skills upgrades, and significant investment at all levels of the value chain;

2. Underlines that the growing impact of retaliatory tariffs has had tangible consequences in several automotive regions where several OEMs and component supplier face rising costs and declining margins caused in part by the reliance on international value chains that are exposed to disrupted flows and market volatility; therefore the entire automotive value chain, from OEMs to SMEs, logistics, technology, developers and recyclers, needs to be supported, with a special focus on battery production and a call for EU funds to prioritise gigafactories, regional innovation systems and recycling capacities;

3. Reaffirms the ambition to advance the transition of the automotive sector towards climate neutrality by 2035, recognising electrification as an important driver of decarbonisation, while also acknowledging the role of other low- and zero-carbon technologies; stresses that a technology-neutral approach remains essential to allow different pathways such as electrification, alternative fuels and hydrogen to contribute to the shared objective of carbon neutrality. Ensuring flexibility in technological choices will support innovation, economic resilience, and regional diversity across Europe

Implementing the Automotive Action Plan in close cooperation with automotive regions

4. Welcomes the European Commission's efforts to support the automotive sector's shift towards clean mobility, an accelerated rollout of electric charging infrastructure, digital transformation and the launch of an European Autonomous Driving Alliance to prepare for the deployment of autonomous vehicles by 2026 as well as strengthening global competitiveness through the publication of the Industrial Action Plan for the European automotive sector (Action Plan);

5. Recognises that achieving climate goals requires a combination of approaches, with alternative fuels such as biofuels, e-fuels, and hydrogen complementing electrification in decarbonising the existing vehicle fleet; notes that many of these technologies are compatible with current refuelling infrastructure and combustion engines, offering practical options for drivers, while their role will depend on availability, sustainability, and cost-effectiveness. At the same time, stresses the persistent gap in charging infrastructure between urban and rural areas, as well as more and less developed

regions, and calls for a coordinated deployment strategy with regional authorities, focusing on key transport corridors and regions facing major investment gaps.

6. Awaits the Commission's legislative proposal on greening corporate fleets and reminds the importance of including regional suppliers and service providers in the roll-out of clean mobility procurement programmes; stresses that fleets operated by local and regional authorities are important too in increasing the demand and the roll-out of corporate fleets, with targets set by 2030 under the Clean Vehicles Directive;

7. Regrets the lack of consideration given to the territorial dimension in the Action Plan and the absence of place-based solutions in the proposed measures; recalls the significant role of the regions for supporting the industrial transformation;

8. Reminds the Commission President of her promise made in her political guidelines to significantly increase the funding for a just transition across the next long-term budget that should also support automotive regions, given their significant financial role for supporting industrial transformation and decarbonisation through their policies and investments in innovation, skills, industry and mobility which rely on regionalised EU funding;

Taking the regional perspective into account

9. Is concerned that the proposal for the next multiannual financial framework (MFF) does not provide dedicated support for the just transition of the relevant regions by largely leaving it to the Member States as part of their national allocation; calls on the Council and the European Parliament to provide sufficient means for the just transition as part of a consolidated Cohesion Policy with regions at the centre;

10. Regrets the European Commission's decision to exclude the Automotive Regions Alliance from the Strategic Dialogue on the future of the European automotive industry, thereby overlooking the regions' perspective and expertise at such a crucial forum;

11. Calls for a strong territorial focus in the implementation of the EU Industrial Action Plan for the Automotive Sector, through targeted support for the entire value chain, including regional clusters, OEMs SMEs, suppliers, logistics hubs, technology developers and recycling companies for their transition and diversification towards the stricter requirements for new engines or diversification towards new opportunities outside the automotive industry as well as for workforce development in areas undergoing structural adjustment as set out in the CoR's 'Urgent resolution on strengthening the

territorial dimension in the implementation of the Industrial Action Plan for The European Automotive Sector'[5].

12. Emphasises that a close cooperation with local and regional authorities in the implementation of national social climate plans is important to ensure that the most vulnerable in society are not disproportionately affected by the policy changes required to deliver the green transition[6]; stresses the need for integrated mobility solutions that reflect the specific needs of local and regional authorities, including rural and low-income areas, and encourages the uptake of social mobility instruments such as leasing schemes, scrappage programmes, and multimodal connectivity investments;

13. Points out that ARA members have been consulted as part of the preparatory work for the upcoming revision of the revised CO_2 emission performance standards for cars and vans; underlines the importance of taking into account regional disparities and the need for tailored solutions in this this revision; calls for a close involvement of the ARA in drafting the revision;

14. Supports the development of a strategic approach to infrastructure deployment, including for alternative fuels, electric charging and hydrogen refuelling infrastructure, with targeted support for regions located along key transport corridors or facing investment gaps;

15. Welcomes the Commission's proposal on state aid flexibilities introduced under the Clean Industrial Deal and calls for these provisions to be extended to the automotive sector as a whole, allowing also regional authorities to more effectively support the ongoing transition;

Jobs, skills, innovation at the centre of the transition

16. Highlights that talent is a strategic vector for the competitiveness of the automotive sector, for which it recommends reinforced programmes for technical training, reskilling and attracting young talent, promoting collaboration between regions, vocational centres, universities and businesses;

17. Welcomes the amendment to the European Globalisation Fund regulations to ensure access to support already prior to dismissals and the support from European Social Fund Plus for reskilling and employment transfers; stresses the need of additional resources

[5] RESOL-VIII/002; 165th plenary session, 2 and 3 April 2025

[6] Rapporteur Csaba Borboly; Towards a socially fair implementation of the Green Deal (2022). Online available at: https://cor.europa.eu/en/our-work/opinions/cdr-4801-2021

or at least higher co-financing rates to support the adaption of workers, enterprises and entrepreneurs linked to decarbonisation;

18. Welcomes the strong successor to Horizon Europe but reaffirms the need to prioritise territorially-inclusive innovation supported by regional and cross-regional research ecosystems, allowing skills development and investments (in digitalisation, circular and lightweight materials, and zero emissions technologies) , especially in disadvantaged or transitioning regions but also in regions hosting gigafactories (notably for EV electric car batteries);

19. Emphasises the importance of collaborative innovation among automotive regions, research centres, large enterprises and SMEs, and calls for new funding opportunities to promote interregional cooperation in sustainable mobility, digitalisation, circular and lightweight materials, and zero-emission technologies, strategic focus on gigafactories, regional innovation ecosystems and recycling capacities;

20. Highlights the strategic role of Life Cycle Assessment (LCA) in guiding technology development and urges the EU to further invest in innovation related to biomaterials, circular design, and low-impact production methods to support climate goals and regional industrial renewal as much for automotive parts and vehicle assembly as for battery parts and assembly;

Matching the ambition with the means

21. Calls on the Commission to pre-allocate for the whole programming period of the MFF additional financial support and regulatory flexibility to automotive regions affected by the ongoing transition, rising international trade tensions and tariffs, including through tailored state aid measures, reinforced financial rates in particular for more developed regions, and more clarity regarding trade-related negotiations;

22. Calls on the Commission for more state aid flexibility including in transformation regions and assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty by considering allowing aid to large enterprises for initial investments that establish new economic activities. In addition, for the automotive sector, such aid could also be considered for initial investments aimed at extending the capacity of an existing establishment, adapting to technological developments, or implementing a fundamental change in the overall production process of the products or in the provision of services concerned by the investment;

23. Points out that the CoR Intergroup on the 'Future of the Automotive Industry' (CoRAI) and ARA will continue to work hand in hand to support the regional transformation and that the CoRAI explicitly supports this declaration;

24. Underlines that the EU legal framework setting climate objectives in road transport does not apply to historic cars which play a key role to preserve the historical and cultural heritage of the automotive regions of Europe, as mentioned in the Historic Vehicle Manifesto[7].

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[7] https://www.fiva.org/storage/Documents/Legislation%20Commision/FIA-FIM-FIVA-Manifesto-EN_2024.pdf?v20240611071658