

EUROPEAN BUS MANUFACTURERS



A strong bus industry for a resilient and competitive Europe

White paper

September 2026

Enhancing the Competitiveness of the European Low- and Zero-Emission Bus and Coach Manufacturing Sector for regulated and non-regulated Passenger Transport and Securing Sustainable Investments in European Mobility

Summary

Over the past decade, countries, regions and cities within the European Union (EU) and EFTA countries have become global leaders in the development of passenger transport and the implementation of zero-emission technologies, including battery-electric, hydrogen and trolley buses. This progress has been made possible by ambitious goals set by EU institutions, regulatory measures such as the Clean Vehicle Directive, and EU financial support instruments.

By the end of 2025, nearly 60% of newly registered city buses in EU and EFTA countries were zero-emission (see Figure 1 “Growth of European Electric Bus Market” in Annex). In the past, these buses would largely have been produced by European and EFTA based companies with research and development centres, manufacturing facilities and operations within the EU and EFTA. However, more recently **Europe has been facing challenges in maintaining its industrial competitiveness** in the face of the **growing presence of non-European and especially Chinese competitors entering the market**. Those companies offer products fully developed and manufactured outside the EU and EFTA, whilst participating in EU-funded public tenders alongside European OEMs. The market share of non-European companies has increased rapidly to over 35% of zero-emission city buses and is expected to grow further.

Similar trends are starting to emerge in the intercity bus, long-distance and touring coach sectors, where newly-introduced low and zero-emission requirements will affect manufacturers in the same way if the policy framework remains unchanged.

As a result, there is ongoing concern that European taxpayers' money is transferred outside the EU and does not further benefit the European economic ecosystem. This negatively impacts direct and indirect jobs in the European bus manufacturing sector. This white paper presents **specific proposals for actions aimed at increasing Europe's competitiveness**. It also emphasizes the **need for fair competition and proposes measures to support European manufacturers**, particularly in the low- and zero-emission bus production sector.

Introduction

The European industrial sector is under pressure from global competitors, particularly from East Asia with a growing presence especially of Chinese companies. This has led to a decline in industrial jobs across Europe, with the bus manufacturing sector in many EU and EFTA countries, including Belgium, France, Germany, Italy, Netherlands, Poland, Spain and Sweden, being particularly affected. **There is an ongoing concern within the bus manufacturing sector that the existing regulatory tools within the European Union are insufficient to ensure fair competition.** As a result, new strategies and policies are required. There are markets like the United States of America which successfully apply strict regulatory tools to protect their national economies as well as their private sector enterprises, and these could provide examples of potential measures.

European initiatives

We welcome European initiatives such as the EU Automotive Action Plan, Industrial Accelerator Act and the revision of the Public Procurement Regulation, recognising the need to streamline regulations, work on regulatory simplification, and take steps to enhance Europe's competitiveness. The European bus manufacturing industry is ready to join the dialogue with the European Commission and other stakeholders to shape a strategy that ensures a more resilient, competitive and sustainable European bus industry underpinned by the innovation, skills and expertise of the continent's independent bus manufacturers.

Challenges affecting the European bus manufacturing sector

- 1. Growing presence of Asian competitors in the market:** East Asian bus manufacturing companies, especially those from China, are systematically increasing their presence in the European market, putting pressure on local manufacturers (*see Figure 2 "European Electric Bus Market Shares" in Annex*).
- 2. Decline in bus manufacturing jobs:** Competition is important for a healthy and well-performing global economy, but poses a risk if unregulated and inadvertently may lead to a reduction in local jobs in the bus design and manufacturing industry. Over the past five years, several large manufacturers have closed or relocated factories, eliminating tens of thousands of direct and indirect jobs in the European automotive industry. Currently, the European bus industry still supports approximately 165,000 direct jobs at vehicle manufacturers and up to half a million jobs across the wider supply chain and related services ecosystem.
- 3. Insufficient regulatory tools:** The current threshold for initiating investigations under the Foreign Subsidies Regulation is too high for sectors such as bus manufacturing, making it difficult to counteract unfair competition. A notification-based procedure to investigate **bids in public procurement procedures** involving financial contributions by non-EU governments is only available where the estimated contract value is at least €250 million, but such contract values do not commonly occur in the bus market.

- 4. Lack of requirements in tenders for the purchase of zero-emission buses regarding a specified percentage of raw materials, components, and labour produced within the EU or EFTA:** European and non-European OEMs participating in public procurement of zero-emission buses are judged on the same terms despite differences in their regulatory and social responsibilities. Latest regulatory developments in sustainable development, including the Corporate Sustainability Reporting Directive, impose strict requirements on European manufacturers that their international competitors are not burdened with. There also is a persistent concern that the components and labour used in the production of zero-emission buses outside the EU may originate from regions with dubious ESG practices, which contradict the principles promoted by EU standards.
- 5. Transfer of EU taxpayers' money outside the EU to companies subsidized by non-European states or state banks:** European OEMs are concerned that non-European competitors may benefit from direct or indirect subsidies or incentives provided by their home governments or state-owned banks. This support can strengthen their financial position, enable aggressive pricing, weaken European manufacturers, and ultimately divert EU taxpayers' money to companies outside the EU. Government subsidies are omnipresent in China, and more than 99% of listed firms in China received direct government subsidies. Overall, industrial subsidies in China are several times higher than those in EU and OECD countries¹. It is noted that some EU member states are currently in discussions with non-EU OEMs about the construction of assembly sites in their territory as a way for these companies to circumvent current or future regulation regarding the import of vehicles to the EU; however, unless a significant portion of value is added in the EU (i.e. the new capacity is not merely used for final product assembly but for the whole operation chain including engineering, procurement and manufacturing), taxpayers' money would continue to flow outside the EU, and European producers will still suffer from unfair competition.
- 6. Supply chain disturbed, delivery times in public tendering not feasible:** Over the last four years the supply chain of the bus industry has been disturbed by international conflicts, which has resulted in longer lead times for components and materials in addition the generally longer production time of electric buses compared with conventionally-powered buses. East Asian OEMs that have significantly higher production capacities in their factories on the back of domestic government support, and with access to shorter local supply chains that are less prone to disruption, can better meet shorter delivery lead times. Public transport authorities implementing short timescales between the award and commencement of operating contracts inadvertently force public transport operators to require delivery lead times that European OEMs cannot meet, further favouring East Asian competitors.

¹ Foul Play? On the Scale and Scope of Industrial Subsidies in China, KIEL Policy Brief

- 7. Impact of CO2 standards differs between segments;** The impact of CO2 regulation on EU bus manufacturers differs between market segments. For city buses, the industry is well prepared following the early adoption of zero-emission city buses ahead of CO2 regulation being introduced. The situation for the intercity bus and coach segment is different. Here, continued demand for conventionally-powered vehicles outside the scope of the Clean Vehicles Directive in some countries, alongside a steep ramp-up in demand for zero-emission intercity buses and coaches in other EU countries, is forcing European manufacturers to invest in costly parallel product development which can only be amortised on low volumes, pushing up vehicle prices and making European OEMs' products more vulnerable to competition on price (see Figure 3 "Development Zero Emission coach market" in Annex). The regulatory timelines are too demanding for independent EU bus manufacturers, customers ultimately choose between diesel and zero-emission vehicles, yet manufacturers bear the financial risk of CO2 penalties, further increasing costs for the European industry.

In addition to the economic considerations outlined above, **attention is drawn to issues related to the security and resilience of the European bus-based public transport system.** Recently, several cities, transport operators and government entities have raised concerns regarding the ability to maintain full control over data collected by vehicles manufactured outside the EU and EFTA, especially if the vehicles originate from a country with which the EU and EFTA member states do not maintain a security policy cooperation. These considerations have become part of a broader discussion on the resilience, security, and strategic autonomy of Europe's transport infrastructure.

Proposed actions to promote European bus manufacturing whilst increasing the overall competitiveness of the industry

1. Promoting sustainable industrial practices to increase long-term competitiveness.
2. Strengthening fair competition:
 - Adjusting evaluation criteria in public procurement, both in the direct procurement of vehicles and in public tendering for concessions or operating contracts that necessitate follow-up vehicle procurement.
 - Ensuring that the price component does not exceed 50% of the evaluation, balancing it with other criteria such as service quality, technical performance, resilience, sustainability and long-term wider economic value.
 - Until stricter requirements potentially apply as a result of the Industrial Accelerator Act, the Global Procurement Agreement (GPA) should have been signed by the country of origin of suppliers bidding in bus procurements for public transport, including bids in indirect

procurement of buses for concessions or operating contracts (see Figure 4 “Bus and Coach registrations of suppliers with countries of origin which have not signed the Global Procurement Agreement” in Annex).

- Ensuring that non-European competitors may not benefit from subsidies provided by their home governments or state-owned banks. Suppliers should without exception be required to disclose in public procurement the direct or indirect subsidy or incentive funds received.
 - Ensuring that required delivery lead times are feasible.
3. Adjusting the threshold for initiating investigations under the Foreign Subsidies Regulation to better account for sectors such as bus manufacturing. A minimum threshold of €30 million would be a suitable figure for bus tenders.
 4. Include passenger transport industries such as bus and train manufacturing in the strategic industries requiring European preference.
 5. Promoting “Made in Europe” content in public procurement:
 - Introducing European local content requirements (LCRs) in public procurement, similar to the Buy America Act in the USA but adjusted to European requirements and practices:
 - At least 50% of the content originates in the EU or EFTA. European content share is defined as the proportion of the total vehicle production cost attributable to activities and components originating in Europe. This calculation shall include the value of the Bill of Materials (BOM), manufacturing operations, engineering activities, and research and development (R&D) expenditures incurred within Europe, expressed as a percentage of the total vehicle production cost.
 - In the tender evaluation, additional points should be awarded based on the percentage of the vehicle value generated in Europe. The higher the verified European content share, the higher the score awarded to the bidder. This mechanism would be intended to promote the "Made in Europe" principle by incentivising European value creation throughout the full product value chain, including R&D, engineering, component sourcing, manufacturing and final assembly.
 - Award tenders on the basis of “best price-quality ratio”, with quality criteria required to account for at least 50% of the overall evaluation score to account for the labour-intensive nature of bus and coach manufacturing.
 - Award criteria when selecting suppliers should include service quality, technical performance, resilience, sustainability and long-term wider economic value.

LCRs should be based at vehicle level and the whole value chain to recognize European-based research and development, including that of software.

- In the introduction of LCRs, care should be taken to avoid complex and burdensome certification processes. An early introduction not later than 2028 would be welcomed to secure jobs and expertise in European OEMs before they are further disrupted.
- Emphasise local contributions when industrial goods including buses and coaches are financed with public funds to support local industries and jobs.

6. Boosting Europe's battery industry:

- A European battery industry that is competitive in performance and cost would significantly increase local content and decrease dependency on countries outside the EU and EFTA. The 'battery booster' investment package is a welcome initiative.
- Greater emphasis should be placed on the manufacturing location of complete battery packs instead of current proposals' focus on the origin of individual components (e.g. cells). Significant added value is created at the stage of battery pack integration and related software solutions such as battery management systems (BMS) and cooling systems.

7. Review and adjust the CO2 standards for the intercity bus and coach segments.

- Both segments are based on low total cost of ownership, and the evaluation criteria of buyers are primarily focused on cost.
- Supply chains in this sector are highly inert, and business decisions are made with long-term horizons. Therefore, a clear and stable implementation pathway is essential to allow market participants to adapt effectively.
- Decarbonising road passenger transport requires investment in enabling infrastructure, including public charging and refuelling facilities for commercial vehicles, depot charging for coaches, and the grid connections needed to support them. EU funding instruments are essential to deploy this infrastructure.
- Bringing the review forward is essential to safeguarding European industry.

We therefore propose a postponement of the 2030 target to 2033 or reducing the 2030 target from -43% versus 2025 to below -20% and/or a reduction of the fines to a to be defined figure.

- 8. Ensure the proposed Industrial Accelerator Act (IAA) delivers for European bus and coach manufacturers by incentivising both producers and buyers of "Made in Europe" products with suitable measures such as procurement preferences, tax incentives, and environmental and financial support measures.**
- 9. Work with the industry and stakeholders to identify further measures to secure jobs, skills and expertise in the European bus and coach manufacturing industry for the long term.**

Conclusions

Securing the future of a vibrant bus and coach manufacturing industry that produces low and zero-emission buses is crucial for the European Union, EFTA countries and their Green and Clean Industrial Deal objectives. It bolsters the broader economy and local communities by supporting domestic industries. **By directly and indirectly prioritising local content in public procurement processes, the EU and EFTA can enhance industrial competitiveness while ensuring that jobs remain within Europe and public investment fully benefit the European economy.** This approach not only fosters innovation but also mitigates reliance on foreign countries, reducing security risks.

Europe boasts numerous champions in the bus and coach manufacturing industry, with many companies recognized for their expertise on a global scale. Decisive policy adjustment and action is needed to safeguard this ecosystem of European companies engaged in research and development, designing, and manufacturing buses tailored for European cities, regions, and their residents, employing 165,000 people directly. Hundreds of further European businesses – many of them SMEs – participate in their supply chain and provide jobs for an estimated further half a million people.

Favourable conditions for passenger transport as well as low and zero-emission bus manufacturing will stimulate economic growth, restore jobs lost to international competition and create additional new employment opportunities. A strong manufacturing industry will also provide a robust underpinning for public transport authorities and operators' transport systems, which are often among the largest employers in local communities, providing stable employment opportunities across diverse professional backgrounds.

Besides city buses for local public transport, action is also needed to support the ecosystem for low and zero-emission intercity buses, long-haul and touring coaches, where similar pressures are emerging and where current CO₂ regulation has unintended consequences on the sector's competitiveness.

Targeted support to support the European bus and coach manufacturing industry should involve **measures to ensure a level playing field enabling fair competition, incentivising “Made in Europe” content in public procurement, boosting a European battery industry, reviewing CO₂ and other regulation** to ensure they work for intercity buses and coaches, as well as making sure the proposed Industrial Accelerator Act delivers its intended benefits.

By enabling initiatives to support its domestic manufacturing industry, the EU can lead by example in the global shift towards greener transportation solutions. It will allow European companies to continue to allocate substantial resources to innovation, which is crucial for maintaining technological leadership in a rapidly evolving global market. With a secure future for regulated and non-regulated passenger transport

as well as low and zero-emission bus manufacturing, the EU's Green and Industrial Deal objectives will be advanced while simultaneously driving economic growth and job creation, not only enhancing urban mobility but also supporting local industries and contributing to a sustainable future for Europe.

It is imperative for the European Union, its member states and EFTA countries to recognise and promote a commitment to actively defending the interests of European bus and coach manufacturing companies and to create a more favourable environment for their continued investment in research, development, jobs and skills. **The EU has a vital role to play in ensuring that Europe remains at the forefront of global innovation in sustainable bus and coach technology.**

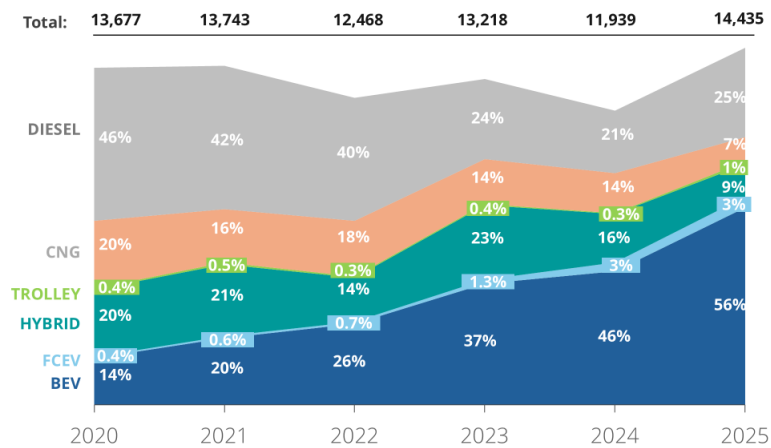
We, the undersigned, represent independent bus manufacturers and call on the European Commission, EU member states and further stakeholders to ensure a level playing field for our sector against third-country competition which is threatening expertise, innovation, and highly skilled jobs at European bus and coach manufacturers.



Annex

Figure 1: Growth of European Electric Bus Market

THE DYNAMIC GROWTH OF E-MOBILITY MARKET EUROPEAN MARKET SIZE BY DRIVELINE IN 2018-2025

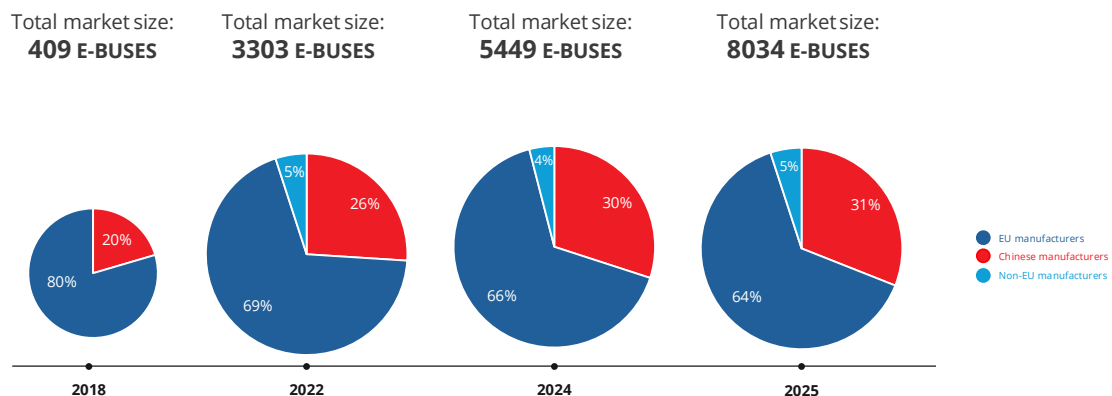


- In Europe, the market for zero-emission city buses has **increased 4x since 2020**.
- **60%** of new urban buses in Europe in 2025 were **zero-emission** (compared to nearly 30% in 2022).
- Over **8,500 electric, hydrogen buses and trolleybuses** were deployed in European cities in 2025 (compared to 5,800 in 2024).

Source: DWV Media Group GmbH (<http://www.dvwmedia.com>), Chart scope: EU27+NO+CH, without UK & IE, intercity buses and coaches excluded

Figure 2: European Electric Bus Market Shares

EUROPEAN ELECTRIC BUS MARKET SHARES BREAKDOWN BY EU AND CHINESE MANUFACTURERS



Source: DWV Media Group GmbH (<http://www.dvwmedia.com>), Chart scope: EU27+NO+CH, without UK & IE, intercity buses and coaches excluded

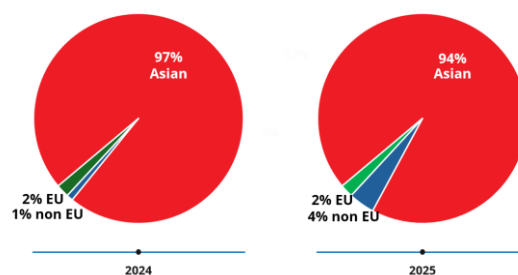
Figure 3: Development Zero Emission Coach market

DEVELOPMENT ZERO EMISSION

COACH MARKET

Based on 2024-2025 registrations, >8t

COMPANY	COUNTRY OF ORIGIN	2024	2025
Alfabus	China		4
Ankai	China	8	3
Beulas	Spain	1	
Golden Dragon	China		61
Higer	China	1	15
Irizar	Spain	1	
King Long	China	4	2
MCV	Egypt		3
Oceantia	China	2	2
Scania	Sweden		4
Sunsundegui	Spain		1
Temsa	Turkey	1	9
Yutong	China	73	163
Total		91	267
% EU manufacturers		2%	2%
% non EU manufacturers		1%	4%
% Asian manufacturers		97%	94%



Source: DW Media

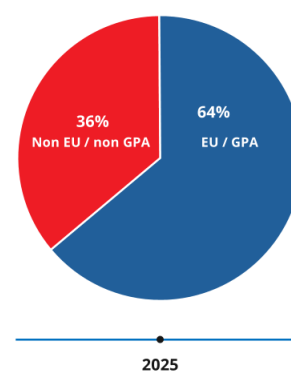
Figure 4: Bus and Coach registrations of suppliers with countries of origin which have not signed the Global Procurement Agreement

NON-EUROPEAN BUS & COACH MANUFACTURERS

COUNTRY OF ORIGIN WITHOUT SIGNED GPA

Based on 2025 registrations, >8t, city, intercity, coaches

COMPANY	COUNTRY OF ORIGIN	#E-BUSES /COACHES	# BUSES /COACHES
Alfabus	China	28	28
Ankai	China	5	5
BMC	Turkey	2	125
BYD	China	1305	1305
CRRC	China	46	58
Farizon	China	8	8
Golden Dragon	China	113	114
Higer	China	106	236
Anadolu Isuzu	Turkey	25	758
Karsan	Turkey	313	315
King Long	China	234	480
MCV	Egypt	25	25
Otokar	Turkey	39	688
Switch Mobility	India	3	28
Temsa	Turkey	15	929
Vinvast	Vietnam	1	1
Wisdom Motors	China	5	5
Yutong	China	1801	2071
Zhongtong	China	10	10
Zonson/Granton	China	77	77
Non GPA registrations		4161	7266
Total registrations		11607	37555
% non GPA		36%	19%



Source: DW Media