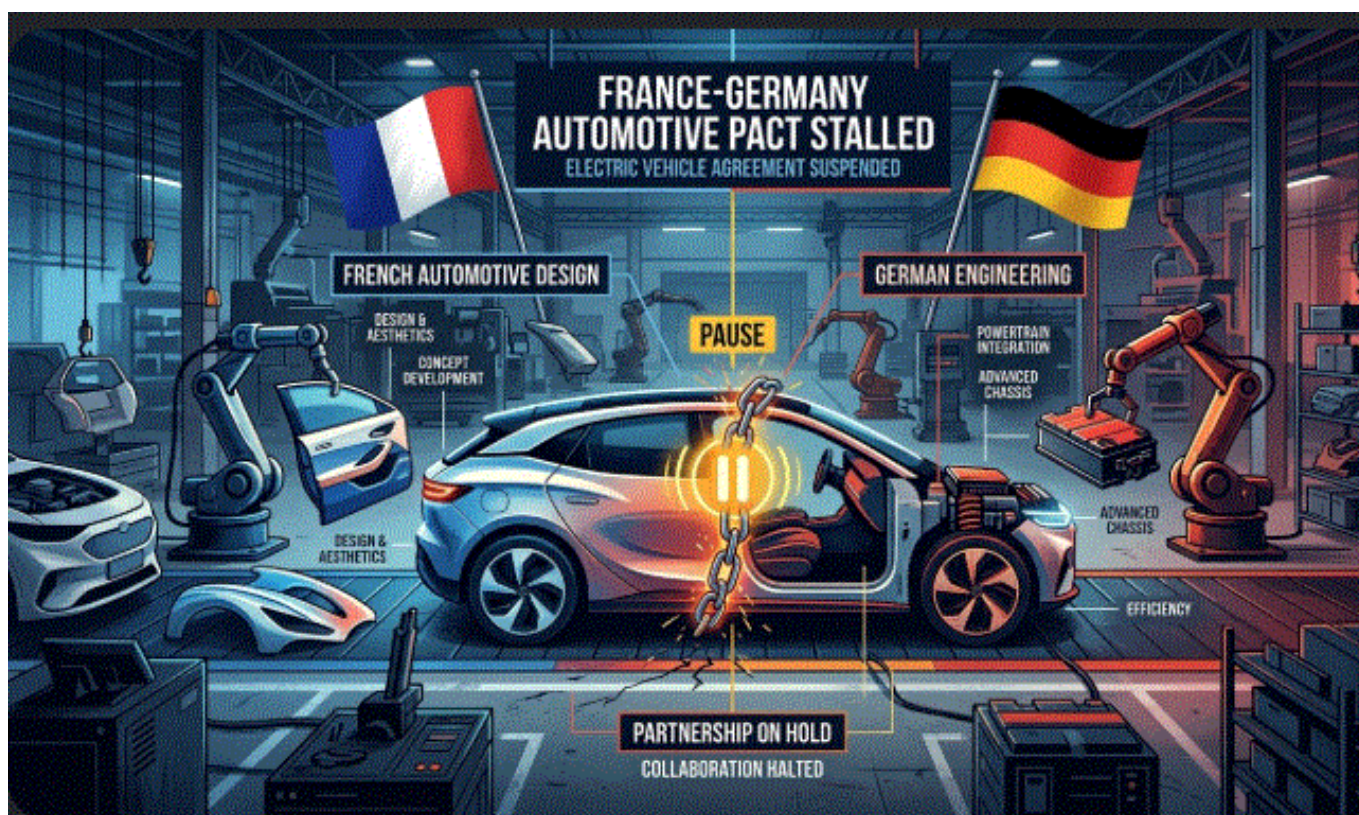


INDUSTRY RADAR | MANUFACTURING

TFranco-German car pact stalls as SPD pushback holds up Berlin sign-off

Merz-Macron deal to soften the 2035 combustion ban is stuck awaiting Germany's final approval

By **Manasee Kurlekar** | October 16, 2026



Europe's two biggest economies had decided to shake hands on cars, and *now the handshake is on hold.*

Key details:

- **Emissions:** Carmakers would cut average emissions 90% from 2035 and would not have to offset the remaining 10%. The Commission had wanted that 10% covered by credits, such as for using low-carbon steel.
- **Fuels and credits:** Cars running on renewable fuels could count as “zero-emission.” “Super credits” would extend to vehicles of every size.
- **Made in Europe:** France won a definition limited to the EU’s 27 members, with conditional opt-ins for Britain and Norway.
- **Status:** Even with Berlin’s sign-off, the package still needs other EU states and the European Parliament

The pact could break a months-long EU deadlock on the future of Europe’s car industry.

Paris and Berlin agreed a trade-off. Germany gets softer 2035 emission rules for its combustion-heavy carmakers. France gets strict “Made in Europe” rules to shield EU industry from Chinese competition.

But the SPD, the junior partner in Merz’s coalition, is balking, leaving the deal unsigned. It’s familiar territory.

In 2023, Berlin blocked the EU’s 2035 combustion-engine ban at the last minute, winning an exemption for e-fuels.

Three years on, with German carmakers shedding jobs, the 2035 fight is back, and once again it’s Berlin’s politics holding the pen.

Read online: <https://worldbusinesswatch.com/industry-radar/15/267/tfranco-german-car-pact-stalls-as-spd-pushback-holds-up-berlin-sign-off.html>

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