

JOINT PR: INDUSTRIALL EUROPE, CEEMET, ACEA, CLEPA, CECRA AND ETRMA CALL FOR AN AMBITIOUS RECOVERY PLAN FOR THE AUTOMOTIVE SECTOR

Saving jobs while reducing emissions

Brussels, 26th of May 2020. – For many decades, the European automotive sector has been one of the key pillars of the economic and social welfare of Europe. Indirectly, the sector provides employment to 13,8 million workers. The European assembly plants still produce 1 in every 4 cars worldwide. The sector is highly innovative and accounts for 20% of industrial research funding in Europe. Europe's automotive sector has become a global leader with a strong export orientation. It is a stronghold of European industry and a driver for jobs and economic growth across Europe. As a result of the substantial economic interlinkages with other sectors along the value chain, its importance for employment and growth for the whole economy is clear.

COVID-19 provoked an unprecedented crisis in the sector with an effective standstill of car production and distribution in Europe for several weeks. Sales came to a halt, investments have plummeted and the market introduction of new clean models has been postponed. At the same time, post-pandemic work organisation is increasing production costs.

The economic and social impact of the COVID-19 crisis on the automotive sector is particularly severe. Workers, although supported by short-time work arrangements, have seen their incomes reduced, and companies are facing cash drains as their revenues have disappeared. Currently, there is little visibility on what the future holds. If this situation persists, the sector risks a meltdown with large-scale bankruptcies and restructuring.



During the financial crisis (2008-13), the automotive sector lost 440.000 jobs (in car production and the aftermarket). If no measures are taken, this number risks being dwarfed by the current recession which may be much deeper.

Therefore, IndustriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA, the European business organisations and the trade unions for the sector call on the European Commission for a **bold industrial recovery plan**. Such a plan should be based on two objectives. First of all, bringing the industry back on track by stimulating sales and reviving production, and secondly, supporting the industry in its journey towards a carbon-neutral future, based on the Green Deal and Europe's climate objectives.

To date, the sector has been substantially investing in its transition towards the new paradigm of a carbon-neutral and digitalised economy: including, alternative powertrains, batteries, connected cars, mobility services, and automated driving. The industry can make a real contribution to the Green Deal and mitigating the climate emergency. But due to COVID-19, strong support from the national governments and the Commission is needed in order to help the sector to make the necessary investments in transitioning to decarbonisation while supporting European jobs and keeping its contribution to EU exports and the social welfare of European citizens.

To bring the sector back on track and enable it to emerge from this recession, the European automotive sector urgently needs:

- **Coordinated measures to support the relaunch of the industry** the aftermarket with harmonised guidance on preventive health and safety measures for the workplace; coordination is also needed to avoid further disruptions in the sophisticated automotive supply chains.
- **Support for viable companies to maintain their resilience.** To avoid stranded assets liquidity support has to be maintained as long this is needed: state aid, investment guarantees, tax breaks, soft loans
- Support for companies **in maintaining/developing their human capital** while the income and job security of workers must be preserved e.g. through continuation of short-time work arrangements connected to skills upgrading
- **Introduce/reinforce temporary demand stimulus measures** by vehicle renewal schemes that are coordinated on EU level and financially supported by the Commission. These measures should be eligible for latest technologies and in addition be differentiated according safety and environmental performance based on certified CO₂ emissions. Demand stimulus is needed to re-start the assembly lines and to preserve jobs. It should also restore the capacity of companies to generate the cash flows they need to invest in a sustainable future.
- **Take into account these extraordinary circumstances** when assessing the impact of regulatory reforms on the sector.

To support the sector in delivering on the digital and low-carbon transitions, we request that the European Commission takes the following actions:

- Develop and maintain technological leadership by means of **ambitious technology programmes to support both digital and low-carbon transitions**
- **Provide investment support** (grants, loans, equity) for the market introduction of new sustainable technologies

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- **Accelerate the roll-out of charging and re-fuelling infrastructure** for cars, vans and commercial vehicles in public, as well as private, places, and deliver at least 2 million charging points and refuelling stations across the EU for all vehicle types as indicated earlier.
- Introduce/reinforce **market incentives** to promote the uptake of alternative powertrains
- **Promote industrial collaboration and industrial alliances** to share the cost of the development and market introduction of new low-carbon technologies
- **Facilitate investments in the next generation digital infrastructure** as a key enabler for more reliable connectivity between vehicles
- Make use of **innovative public procurement** to support demand and to bring new innovations to the market
- **Boost investment in the research and developments** as well in the production of batteries, hydrogen, and low-carbon liquid fuels, within the European Union.
- **Develop the circular economy** connected to the automotive supply chain (recycling, re-manufacturing, re-use)
- **Support the many automotive SME's** in redefining their value chain positioning in a fast-changing automotive landscape

As the COVID-19 crisis has serious ramifications for jobs, industriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA, call for the organisation of a **just transition for every worker affected by restructuring**. Solutions have to be found through timely anticipation of change, an effective social dialogue at all levels, active labour market policies, up-and re-skilling, and support to redevelopment plans for automotive regions.

industriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA insist that the upcoming European recovery plan pays due attention to a sector that has already invested heavily in its transition and that has the ambition to continue these investments once it has overcome the COVID-19 crisis. To save jobs and companies, it is important to act decisively to ensure the continuity of economic activity, to stave off bankruptcies and to prevent mass layoffs. The EU must maintain the ambition to keep the full automotive value chain inside the EU. This would allow the EU to keep a strong European automotive sector and to maintain our global leadership in clean vehicles, to deliver on its climate objectives and to maintain/create high quality jobs. Finally, a recovery of the automotive sector will generate positive knock-on effects for the overall economy.

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