

Press Release



EuroAuto



EUROPEAN
TYRE & RUBBER
manufacturers'
association



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Saving jobs while reducing emissions

IndustriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA call for an ambitious recovery plan for the automotive sector

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.

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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** incl. 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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Note to editors: EU's automotive factsheet

- 13.8 million Europeans work in automotive, accounting for 6.1% of all EU jobs.
- 11.4% of EU manufacturing jobs – some 3.5 million – are in the automotive sector.
- Motor vehicle taxation brings in €440.4 billion for governments in major European markets
- The automobile industry generates a trade surplus of €84.4 billion for the EU.
- The turnover generated by the automotive industry represents over 7% of EU GDP.
- Investing €57.4 billion in R&D annually, the automotive sector is Europe's largest private contributor to innovation, accounting for 28% of total EU spending.
- The EU motor vehicle fleet is getting older year-on-year. Passenger cars are now on average 11.1 years old, vans 11 years and heavy commercial vehicles 12 years.

Note to editors: About the organisations

IndustriAll European Trade Union is the federation of independent and democratic trade unions representing workers in the metal, chemical, energy, mining, textile, clothing and footwear sectors and related industries and activities. IndustriAll Europe represents 7 million working men and women united within 180 national trade union affiliates in 38 European countries.

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ACEA, the European Automobile Manufacturers' Association, represents the 16 major Europe-based car, van, truck and bus manufacturers: BMW Group, CNH Industrial, DAF Trucks, Daimler, Ferrari, Fiat Chrysler Automobiles, Ford of Europe, Honda Motor Europe, Hyundai Motor Europe, Jaguar Land Rover, PSA Group, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.

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CECRA is the European federation bringing together national professional associations which represent the interest of motor trade and repair businesses and European Dealer Councils. CECRA represents on a European scale 336.720 motor trade and repair businesses. Together they employ 2.9 million people.

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CLEPA, the European Association of Automotive Suppliers, represents over 3.000 companies supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over 25 billion euros yearly in research and development. Automotive suppliers in Europe directly and indirectly employ nearly five million people across the continent.

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ETRMA, the European Tyre & Rubber Manufacturers Association represent nearly 4.400 companies in the EU, directly employing about 370.000 people. The global sales of ETRMA's corporate members represent 70% of total global sales, have a strong manufacturing and research presence within the EU and candidate countries, with 93 tyre-producing plants and 17 R&D centres.

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Ceemet represents the metal, engineering and technology-based industry employers in Europe. Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs. Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.

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