



Delivering the Just Transition: the social gap in the Fit for 55 package for automotive workers and workers in the wider mobility eco-system

The European Green Deal will accelerate the transformation of the automotive supply chain. The Fit for 55% package published in July 2021 sets out the proposed regulatory framework to implement the EU's Green Deal, Climate Law and increased 2030 targets. Almost all of the 11 legislative initiatives impact the transport sector, four of which are transport-specific. European Commission Executive Vice-President Timmermans has stated ***“there will be a Just Transition or no transition at all”***. However, the package fails to address concrete measures or resources to anticipate and manage the employment transformation of transport services and vehicle manufacturing industries.

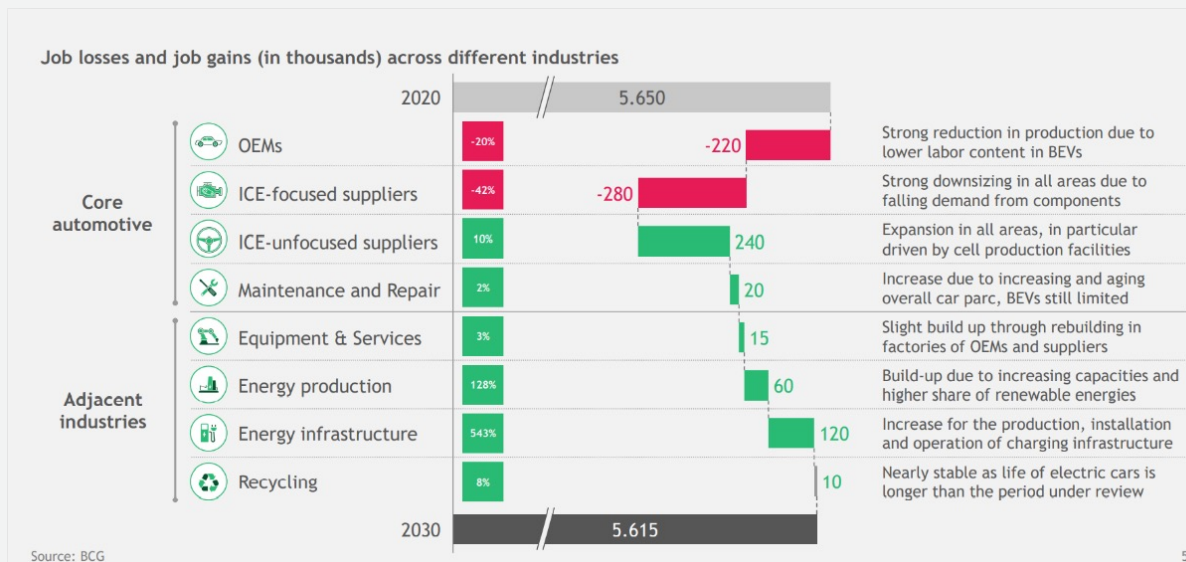
Our goal must be sustainable mobility for all through industrial transformation and innovation in Europe, rather than deindustrialisation and social disruption. This demands a sustainable mobility strategy and policy framework delivering a Just Transition for all the industries covered by the Green Deal and Fit for 55% package. This **Just Transition framework must support the anticipation and management of change**, including but not exclusively skills and training, and be underpinned by strong social dialogue at all levels.

Currently, there is **no such framework for the 16 million workers in Europe's mobility eco-system**, and notably Europe's automotive sector which is a powerhouse of industrial employment. The auto sector accounts for more than 6% of European employment overall and 8.5% of European manufacturing jobs. The sector plays a key role in trade, with Europe responsible for more than 50% of the world's exports of auto products.

The Fit for 55% package leaves the heavy lifting to the forthcoming transition pathway foreseen in the updated industrial strategy and the Pact for Skills for the automotive sector. While the climate targets are bound in hard legislation with legal ramifications, the Just Transition is left to soft strategy and voluntary coordination with **biennial reporting by the Commission starting 2025 as the only innovation** in the package.

This is an industrial revolution of historic proportions. The 13.8 million workers dependent on the automotive industry in Europe currently face fast-moving forces of change. Rapid decarbonisation is intensifying economic change in the sector with restructuring also driven by the aftermath of the COVID 19 crisis, digitalisation and as a result of broader trade and market developments.

A series of publications have quantified potential job losses, gains and changes in the automotive sector due to the current transformation. But despite the importance of the industry and scale of transformation underway, **a clear, granular mapping of the employment consequences of a shift towards a climate-neutral automotive industry is still to be done.**



A recent study on passenger cars, done for the Platform for Electro-mobility, concluded that the transformation in the passenger car segment alone would require the upskilling and retraining of 2.4 million workers. The European Battery Alliance argues that 800,000 skilled workers are needed for the EU’s e-mobility ambitions.

Job losses will be acute in the supply chain companies and specific regions. The European Commission has already identified the regions depending on the automotive industry as being exposed to multiple challenges while the EU is decarbonising, making the need for regional policy support vital.

Within the Fit for 55% Communication, it is noted that *“the transition of the automotive industry and its supply chain is already happening. This requires using financial resources such as the Innovation Fund and possibilities under State aid rules for investments to create new business opportunities in different segments of the industrial ecosystem. In addition, the European Social Fund Plus (ESF+), InvestEU and other EU funding programmes can be used to support re- and upskilling measures”* (COM(2021) 550 final pp.8).

The current lack of a specific financial framework for workers in the mobility eco-systems stands in stark contrast to the situation for the 8.8m workers in the energy-intensive industries “eco-system” and Europe’s carbon-intensive regions which already have a new but growing policy framework in place, with technical support via the Just Transition Platform and funding for regional plans via the Just Transition Mechanism, including a dedicated Just Transition Fund. These resources cannot be spread thinner, as they are already inadequate for the scale of challenge in the coal-dependent and carbon-intensive regions and industries. However they can offer a model for a Just Transition for the automotive and broader mobility eco-system.

While much focus is on workers in the automotive industry, we reiterate that the broader mobility eco-system includes all transport modes. The lack of a proper Just Transition framework, including adequate funding, is true as well for the workers in the transport service industry, such as road haulage or aviation, and for workers in the related manufacturing and supply industries.

A Just Transition framework for the mobility eco-system must be built on:

1. **Mapping of employment impacts:** a clear, granular mapping at company, regional and national levels to ensure effective skills intelligence and anticipation of change.
2. **Policy support and exchanges of best practices:** the extension of the Just Transition Platform to the scope of the European Green Deal.
3. **Transition planning and social dialogue:** mapping of employment effects, negotiated transition plans at company, regional and sectoral levels, and strengthening of social dialogue, notably through binding social conditionality on access to EU funds.
4. **Adequate resources:** pooling resources for active labour market policies, including retraining and upskilling, as well as economic diversification, in a dedicated fund for the mobility ecosystem.

Inaction has major risks for Europe. Given the number of jobs at stake and the magnitude of the ongoing transformation, social disruption due to a badly managed transition might severely undermine the ability of the European Green Deal to succeed. We are conscious that the world is watching how the EU implements its climate ambitions. We would like Europe to lead the world in implementing Just Transition as well.

