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CO2 standards trilogue: Urgent need for inclusion of a Just Transition framework for Europe's automotive workforce

Next week it is anticipated that the trilogue on the revision of EU CO2 standards for cars and vans will conclude. As industry, trade unions, employers and environmental organisations, we have been jointly calling for a Just Transition framework within the new rules which will accelerate structural change in the industry.

Currently, there is no such framework for the 16 million workers in our 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. Pre-crisis, the sector produced nearly 10% of GDP in Germany alone, along with 40% of the country's research and development spend. The sector plays a key role in trade, with Europe responsible for more than 50% of the world's exports of auto products. This is an industrial revolution of historic proportions.

A series of publications have quantified potential job losses, gains and changes in the automotive sector due to the current transformation. BCG 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 EU e-mobility ambitions. Whilst new jobs will be created in the electromobility ecosystem in battery production and charging infrastructure for example, jobs will be lost in the ICE-supply chain companies and specific regions. Jobs will not be easily interchangeable as they are often located in different places and require different skill sets. 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.

A 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. Despite the importance of the industry and scale of transformation underway, a clear, granular mapping of the employment consequences and trends of a shift towards a climate-neutral automotive industry is still to be done. We welcome the proposed amendments to the Regulation from the European Parliament strengthening the Commission's proposal with the creation of a dedicated fund to accompany the automotive sector (Article 8) and by including regular reporting and monitoring of the transition underway (Article 14a).

The existing EU Just Transition Fund's resources cannot be spread thinner as they are already needed for the important challenge in the coal-dependent and carbon-intensive regions and industries, however they can offer a model for a Just Transition for the broader automotive and mobility eco-system. Therefore, we call on negotiators to include the following proposal in the next trilogue discussion on 27th October on the setting up of Just Transition funding to accompany the value chain: ***"By 31 December 2023 at the latest, the Commission shall present a report setting out in detail the need for targeted funding to ensure a just transition in the automotive sector, with the objective of mitigating negative employment and other economic impacts in all affected Member States, in particular in the regions and the communities most affected by the transition. The report shall, where appropriate, be accompanied by a legislative proposal to establish a Union funding instrument to address the identified needs and to finance the training, reskilling and upskilling of workers in the automotive sector, especially in small and medium-sized enterprises."***

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.

We call on negotiators from all 3 institutions to integrate an effective Just Transition framework within the final joint text of the amended Regulation.

Yours sincerely,

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