

A Smart and Sustainable Mobility Strategy for Europe

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1. Introduction

The European Commission published its Sustainable and Smart Mobility Strategy on 9 December 2020. This document sets a series of ambitious targets and milestones to make the EU transport system fit to the climate-neutral and digital world.

IndustriAll Europe supports the objective of reaching climate neutrality by 2050 while stressing the need for a Just Transition and a job-rich industrial strategy¹. This message matters for the transport related industry as well. Transport-related manufacturing industries are important job providers. Car manufacturing (assembly and suppliers) employs 2.6 million workers, while all automotive related activities employ 14 million people in Europe. Aerospace and defence (900,000), shipbuilding and maritime technology (500,000) and rail supply (400,000), are all important job providers too. Those sectors also create indirect jobs upstream and downstream manufacturing. Basic industries (steel and basic metals, chemical and basic materials) are important suppliers of transport related manufacturing industries, while maintenance and energy are key elements of the value chain as well.

Transport is also a strategic element of complex and global supply chains. The European industries require a well-functioning and competitive international transport system to import the raw materials and intermediate products they need as well as to export their production on foreign markets. However, the pressure on cost in the transport system is among the main drivers of bad working conditions and pervasive precariousness for transport workers. Cheap international transport also facilitates the off shoring of industrial activities outside Europe.

As trade unions, we cannot accept to frame the political debate about transport as a technological shift that must benefit exclusively to consumers and businesses, without evaluating the impacts this has on workers and on working conditions. IndustriAll European trade union wants to stress a series of dimensions that have been overlooked by the European Commission's Smart and Sustainable Mobility Strategy. The aim of this policy paper is to formulate a series of key demands towards European policymakers to deliver a transport policy that will shape the logistical and transport bases necessary to boost and develop a competitive European industry with high added value. Transport policy must also tackle the digital and environmental challenges, while working to an inclusive society. Sectoral-specific demands have been developed in other documents. They are listed with weblinks in the last section of this document.

¹ See the position paper "IndustriAll Europe supports the plan of going climate neutral by 2050 if a 'just transition' is guaranteed" adopted in November 2019.

2. Sustainable mobility: a necessary but challenging transformation

In the context of the European Green Deal, the EU has decided to bring its 2030 greenhouse gas emission reduction target from at least - 40% to at least - 55%. That revision is deemed necessary to allow the EU to become the first climate-neutral continent by 2050, as well as to be in line with the Paris Agreement objectives. As a result, the EU climate legislations will be reviewed on the basis of a comprehensive set of proposals expected from the European Commission by June 2021.

The transport sector is among the priorities of the EU Green Deal with the general objective to deliver a 90% reduction of transport greenhouse gas emissions by 2050². Emissions related to transport are responsible for 27% of the total greenhouse gas emissions of the EU-27+UK and road transport represents more than 70% of transport emissions within the EU-27+UK. According to official data, emissions from road transport were 26.8 % higher in 2018 than they were in 1990³. As a result, the European Commission's Sustainable and Smart Mobility Strategy has set a series of milestones to achieve this ambitious objective to make transport fit for a climate neutral Europe in 2050.

EU Smart and Sustainable Mobility key milestones

By 2030:

- at least 30 million zero-emission cars will be in operation on European roads
- 100 European cities will be climate neutral
- high-speed rail traffic will double across Europe
- scheduled collective travel for journeys under 500 km should be carbon neutral
- automated mobility will be deployed on a large scale
- zero-emission marine vessels will be market-ready

By 2035:

- zero-emission large aircraft will be market-ready

By 2050:

- nearly all cars, vans, buses, as well as new heavy-duty vehicles will be zero-emission
- rail freight traffic will double
- a fully operational, multimodal Trans-European Transport Network (TEN-T) for sustainable and smart transport with high speed connectivity

IndustriAll Europe supports the European Green Deal objectives, including when it comes to transport, but stresses the need to deliver policies at scale with the size of the challenge. From that perspective, the size of the gap between ambition and current reality is striking. Specifically, concerns have been raised by the aeronautics industry that the ambition to have zero emission large aircrafts by 2035 will be extremely difficult with some technologies (e.g. electrification) not being possible for long haul flights. As such, there is a real

² See the EU Green Deal Communication https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF

³ <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases-7/assessment>

need for ambitious research and development strategies, supported by large budgets, to fully assess all technology options and to ensure that highly specific technologies, many of which are only at pilot phase, are market ready in time. As such, the EU must be ready to back these milestones with sectoral industrial strategies developed with relevant companies and involving sectoral social partners. All sources of funding should be investigated, both national and European, with the potential of fleet renewal in some sectors being a golden opportunity to not only bring greener vehicles and vessels to the market, but to also support employment in these sectors.

Other milestones are linked to existing technologies that are deployed on a scale far remote from the target. For instance, sales of electric vehicles in Europe have increased by 135% from 2019 to 2020⁴. But, zero emission cars only represent a tiny share of the current European car fleet, despite the massive boom of electrified vehicles sales⁵. Charging stations confirm the gap between ambition and reality since the EU aims at having 3 million public recharging points by 2030, whereas only 224, 000 exist nowadays.

Bridging the gap between ambition and reality will require massive efforts from the EU as well as from national governments, to boost research and innovation where needed and to accelerate the rollout of the required infrastructures. Bridging this gap will not happen overnight. In the 2011 White Paper on Transport, as well as in the 2016 EU Low-emission Strategy, it was rightly shown that an “integrated system approach” was needed to clean transport. Keeping this systemic approach and coordinating the change of the various elements is essential. The ‘Fit to 55%’ related measures must be implemented at a pace that is compatible with the time needed to transform production facilities, build new plants, improve infrastructures, create lead markets, or to train the workforce.

The electrification of transport requires in particular anticipation of its impact on electricity production and on the electricity grid. This aspect is not sufficiently developed in the EU Mobility Strategy. Electrification of transport will only be feasible and coherent with the Green Deal objectives if it is well coordinated with the development of low-carbon electricity supply to absorb the increase of electricity demand that the electrification of transport entails. It should be kept in mind that, beyond transport, many industrial sectors will dramatically increase their electricity consumption in the coming years (i.e. through direct electrification of production processes, as well as through the production of alternative feed stock, such as hydrogen). Developing adequate grid capacity and charging infrastructure is another key enabling element for the electrification of transport that requires enhanced efforts at European level to coordinate the joint development of power and transport sectors.

Transport-related measures of the ‘Fit to 55%’ package must therefore be based on deep impact assessments for all the sectors at stake to avoid disruptive change for the workers. Those impact assessments must also better map the impact of transport decarbonisation at regional level (NUTS 2). IndustriAll Europe fully supports the transformation of transport, but timing and coordination matter when it comes to changing transport through a system approach. The decade ahead of us must accelerate transformation, not trigger disruption. The revised 2030 climate framework must be designed accordingly.

⁴ <https://www.iea.org/commentaries/how-global-electric-car-sales-defied-covid-19-in-2020>

⁵ According to ACEA, electrically-chargeable vehicles only represents 0.3% of the EU passenger car fleet in 2018.
https://www.acea.be/uploads/publications/ACEA_progress_report_2020.pdf

3. Transport equipment and technologies require an industrial strategy

While presenting a significant source of greenhouse gas emissions, transport is paramount for EU prosperity. The manufacturing industry is a supplier of transport equipment (vehicles, rail rolling stock, ships, aircrafts) and infrastructure technologies (e.g. tracks, signalisation). Transport is also indirectly an important market for the European Basic industries (Basic metals and steel, glass, chemicals). Transport-related sectors must be seen as strategic for the EU Industrial Strategy.

IndustriAll Europe welcomes the objective to make EU transport fit for the digital and zero emission economy. A clear direction for EU transport will provide clarity and stability for the European transport industry and workers. Europe must tap the opportunity and be a leader in clean and low-carbon transport industry. Status quo is not an option. The EU Mobility Strategy provides opportunities for industry, and for IndustriAll Europe, it is of the utmost importance that the strategy leads to a massive fleet renewal for road, air, water-borne and rail transport. It will also be crucial to ensure that the strategy contributes to the strengthening of EU industrial leadership in the manufacturing of transport goods and equipment.

This industrial leadership will first depend on the ability of Europe to keep in Europe strong and innovative industry supply chains in the sectors at stake, such as automotive, aerospace, shipbuilding and rail supply. Those sectors must therefore be at the core of the European and national recovery plans.

The European industrial leadership requires production of the technologies needed to make the European transport system climate neutral and digital. Even though electrification is clearly the leading option when it comes to decarbonising road transport, it might not be the most relevant option for heavier or long distance modes of transport. As stressed by the European Commission in its 2018 "Clean Planet for all" Communication, a wide variety of technologies must be considered and the EU approach must be based on technology neutrality. Batteries, hydrogen, advanced biofuels, biomethane, e-liquids will have a role to play to decarbonise the transport system⁶. IndustriAll Europe supports the 'technology neutrality' principle and stresses the need to keep in the mobility mix all powertrains that respect the CO2 and emission standards in line with the Green Deal objectives.

The industrial alliances that have been set up for batteries, hydrogen and raw materials should contribute to capture significant parts of those strategic value chains in Europe. However, other technologies that might have an important role to play for hard-to-electrify sectors has not received a similar support so far. To complement the existing EU initiatives, the EU needs a renewable liquid fuels strategy as well as a Renewable and Low Carbon Fuels Value Chain Alliance. This would contribute to build a decarbonisation strategy for sectors, such as aviation and maritime, but also to complement initiatives to electrify road transport. The current EU approach to reduce cars emissions is based on a tank-to-wheel approach. A shift from the exclusive tank-to-wheel approach to a broader well-to-wheel approach would allow the decarbonisation of parts of road transport that are more difficult to electrify. A well-to-wheel approach also enables the tackling of emissions from the existing stock of cars, to supplement other policy instruments, such as carbon pricing schemes (see below). The overall approach must use a life cycle analysis that effectively reduces emissions, rather than displacing them in the value chain.

⁶ https://ec.europa.eu/clima/sites/default/files/docs/pages/com_2018_733_analysis_in_support_en_0.pdf

The digital transformation of transport also requires an industrial strategy covering equipment, infrastructures and data. The Digital and electronics industrial ecosystems must lead to the development - in Europe - of the technologies and infrastructures that are needed to make transport digital. A European industrial strategy for transport must secure the supply of key electronic components, such as semiconductors. The EU must develop its domestic supply chains for key electronic components. The second IPCEI on microelectronics and ambitious targets, as formulated for the 'Digital Decade', are certainly a first step in the right direction, but should be substantiated without further delay. This must be a key strategic objective for the EU industrial policy and EU competition law. European industrial players must be allowed and incentivised to cooperate in the development of a European electronic ecosystem. Given the time needed to develop a European production of electronic equipment, Europe must also use its trade agreements to diversify its supply of electronic equipment.

A European industrial strategy for transport-related goods and equipment must promote the circular economy principles. R&D efforts are needed for eco design and recycling, refurbishing and re-use. Important projects of common European interest (IPCEI) could adequately support those efforts. Those efforts should go hand in hand with training initiatives on eco design and equipment recycling, with the active involvement of the social partners and in cooperation with any national or regional schemes.

Circular economy principles must be applied also to increase the quantity of secondary raw materials available for the industry, as well as to reduce the EU import dependency. However, recent studies suggested that recycled materials will only be at an adequate market scale in a decade as EV lives end. Therefore, we have to be realistic that primary extraction is crucial, at least in the 2020s. As a result, the diversification of supply chains, as well as an EU green mining strategy, must ensure the security of supply for key raw materials. The EU Raw Materials Policy must be strictly in line with the UN Sustainable Development Goals (SDGs) and a mandatory due diligence must ensure that resources supply fully respect human rights, including workers' rights, in regions supplying raw materials. The EU trade policy and EU bilateral trade agreements must be used to that end. IndustriAll Europe fully supports the European Raw Materials Alliance and, as one of its active members, will actively promote the above principles. The same principles should apply to the components supply chains.

Technology neutrality does not mean to give a blank cheque to the industry and it does not exclude a strict control of performance nor prioritisation in terms of public funding. The development of renewable and low-carbon fuels has a role to play, but it has to be strictly in line with the UN SDGs, to avoid a situation where they lead to exacerbate existing problems, such as deforestation, loss of biodiversity, or land grabbing in the global South.

Technology neutrality should not lead neither to a lack of strategic thinking. It should not delay progress in the roll out of more mature technologies and related infrastructures. IndustriAll Europe supports the mobilisation of the Connecting Europe Facility and Horizon Europe to finance the development of charging and fuelling stations. In the same way, industriAll Europe welcomes the role that the Resilience and Recovery Facility will play through the Recharge and Refuel flagship to accelerate the roll out of charging and refuelling stations. Reaching 'zero-emission mobility' entails significant investment needs. The mobility strategy estimates additional investment needed to renew vehicles and improve infrastructures equivalent to EUR 130

billion per year, for the next decade. Regrettably, it fails to provide a detailed investment strategy. Use of the EU recovery and EU budget will be essential, as well as a policy framework that enables public authorities to provide the necessary support through state aids. Companies have a major role to play to bridge the investment gap as well and support given should be made conditional to investments in transport transformation and in securing jobs.

The EU and its Member States will also have an active role to play to stimulate fleet renewal and create lead markets for climate neutral transport equipment. Premiums, tax rebates and scrapping schemes should be strengthened and harmonised to incentivise consumers to acquire zero and low-emission vehicles. Public procurements to renew public fleets should also aim at pulling the production of those vehicles, whereas the progressive set-up of emission standards for company fleets would also dramatically expand their market. Additional measures, such as priority lanes, toll exemptions, or reserved parking spaces where feasible, could also encourage people to acquire these vehicles.

To ensure that the related European industrial value chains will be the backbone of the transformation of EU transport, the EU mobility strategy must go hand in hand with strengthening the EU industrial base. We have the know-how and the qualified workforce to produce the vehicles, ships, trains and planes of tomorrow, as well as to manufacture the technologies needed for a more efficient management of the transport system. This is also the right moment to demonstrate that ‘strategic autonomy’ is more than an EU fad.

4. Involving Trade unions from the manufacturing industries for a Just transition in transport

The twin digital and climate transitions will entail major changes for transport along the whole value chains. Innovation will reduce emissions from CO₂ and other pollutants through improvements of existing technologies, while the roll out of new technologies will entail deeper change. Those technological changes are not ‘neutral’ for workers. Some of them will lead to massive job losses in specific sectors or part of the value chains. Technologies also impact the required skills profiles in many sectors and their quick roll out might create challenges for some categories of workers (lower skilled, aged workers, interim staff).

Beyond the technological transformation of the transport sector, policies are pushing for a modal shift through taxation, urban planning and infrastructures development. This modal shift should lead to a cleaner transport system where less polluting modes of transport will grow, while sectors more difficult to decarbonise will shrink. Despite the uncertainty prevailing regarding their pace and magnitude, these changes will reshape the labour market in many ways, with redundancies in the latter and job creation in the former.

The changes ahead are too deep and rapid to be left to the market alone. Trade unions from all the concerned sectors must be involved in the steering of the transport transition. “Nothing about workers without workers”. This is a matter of principle. This is also a matter of creating the enabling conditions for the transport transformation. At national or regional level, anticipation and social dialogue allows to identify possible challenges at an early stage (skills shortage, lack of infrastructure). At company or site level, the successful trans-

formation requires planning, anticipation and a climate of trust among employers and employees. Good industrial relations across the whole transport system, including in the relevant manufacturing industries, is a must have to master its rapid transformation⁷.

The transition towards a green and digital transport system will have to be mastered. At national and regional levels, it requires a clearer mapping of the possible employment consequences and plans to anticipate them through industrial diversification and training programmes. The existing funds at European level (European Regional Development Fund, European Social Fund, Just Transition Fund, European Globalisation Adjustment Fund) must be used to support workers and communities impacted by the transformation of the transport system. The sustainable mobility strategy must also mean social sustainability for workers and the European Commission must intensify its efforts to better support the protection and creation of stable and decent jobs in transport related industries. Moreover, competition between workers from different European countries must also be avoided.

IndustriAll Europe has welcomed the Pact for Skills launched by the European Commission for automotive and aerospace and is actively involved in the related initiatives. Training workers to re-skill or upskill them is of the utmost importance to accompany workers through the transformation of industry. The just transition that workers want is however much broader and they want to have their say in building a job rich industrial strategy to cope with the digital and green transitions.

5. For a socially fair sustainable mobility

Mobility is also a key condition of social inclusion and must remain affordable to all.

A socially fair, sustainable mobility requires additional support for good public transport as well as safe cycling infrastructures. These are crucial objectives for the Green Deal and for the Recovery Strategy. In the same way, smart mobility initiatives, such as car sharing and car-pooling, deserve greater attention from public authorities.

Given its importance in current mobility patterns, road transport must remain affordable. IndustriAll Europe is not in favour of extending the EU Emissions Trading System (ETS) to road transport, as proposed by the European Commission. Carbon pricing can provide an additional incentive to decarbonise road transport, but the EU ETS is not the best vehicle to achieve that objective. Including road transport in the ETS might entail distributional consequences detrimental to low-income households, especially in the poorest regions of Europe. Even a separate ETS system for road transport would require regional differentiation, since carbon pricing cannot be the same across the EU given the different contexts and levels of prosperity. An affordable mobility is a key condition of social cohesion. For industriAll Europe, the Green Deal cannot lead to an energy and mobility divide among society.

⁷ See the recent ILO Report “The future of work in the automotive industry: The need to invest in people’s capabilities and decent and sustainable work”, Geneva, 2021 https://www.ilo.org/wcmsp5/groups/public/-/-ed_dialogue/-/-sector/documents/meetingdocument/wcms_741659.pdf

All these reasons are advocating for leaving national authorities to take the lead on carbon pricing for road transport. The Energy Taxation Directive can provide the basis for a minimum carbon taxation across Europe, as well as for the necessary coordination to avoid practices that would be detrimental to a well-functioning EU internal market. However, to be accepted, those changes must be rooted in a fair taxation system that effectively organises wealth distribution among society. Moreover, taxing transport cannot undermine the universal access to mobility and people living in rural and remote regions cannot be penalised by transport taxation.

Transport is also a key condition of social inclusion and wellbeing at work. Lack of a public transport is a major hurdle to access the labour market for those who cannot access to individual mobility. In the same way, many workers are trapped in very complex daily mobility patterns due to atypical working time and/or frequent changes of jobs (interim workers). Long daily commuting time exposes these workers to additional stress and undermines their work-life balance. Those risks are unevenly distributed among income categories and gender. Precarious workers, with low-wages, single women with kids are often the most exposed to exhausting daily mobility.

Access to individual mobility also epitomises the post war “social compromise” and the shared prosperity that allowed many workers to get access to decent life standards. The necessary decarbonisation of the transport system cannot be the hallmark of a society based on deep inequalities and social exclusion. This is especially true now that we are in the midst of the worst economic downturn since World War II, with precarious workers, youth and women being among the most exposed to the social consequences of the pandemic.

6. The need for a fair trade agenda

Aerospace, shipbuilding, automotive and rail supply are all sectors where a fierce competition prevails. EU industries are competing on European and global markets with foreign companies. If many European companies have a market and technology leading position, they also have to struggle with practices that distort fair competition. Obstacles to access foreign markets (mandatory technology transfers, closed public markets, mandatory joint ventures), foreign companies getting subsidies from their government, state owned enterprises are practices that undermine the competitiveness of the transport related European industries. The EU trade and investment policy must tackle that situation. More precisely, the EU-China Investment Agreement, as well as the initiative announced in the White Paper on Foreign Subsidies, must lead to a much more equal access to markets.

In the same way, the need for an ‘open strategic autonomy’ is particularly visible in the transport-related manufacturing industries. The interruption of many automotive assembly lines during the first phase of the pandemic was due to lockdown measures in China and their consequences on some part of the supply chain. More recently, the shortage of semi-conductors has stopped production in many places in Europe. The EU trade policy must help by making it easier to diversify sources of supply. Purchase policies from large companies leading to weaken European suppliers, as well as “zero stock” strategies, must be challenged and revised as well.

7. Sectoral annexes

IndustriAll Europe has developed more specific documents for most of the sectors related to transport or has been involved in the preparation of reference documents.

Maritime Technology Recovery Plan: <https://news.industriall-europe.eu/Article/532>

Aerospace Recovery Plan: <https://news.industriall-europe.eu/Article/503>

Automotive:

- Answer to the public consultation on the CO2 standards for cars and vans: https://news.industriall-europe.eu/content/documents/upload/2021/2/637483924746081441_2021%2002%2005%20CO2%20Consult_IAE%20FINAL.pdf
- Statement 'For a recovery of the European automotive sector and its workers', https://news.industriall-europe.eu/content/documents/upload/2020/7/637299713292912735_Automotive%20Statement%20200710_EN.pdf

Rail Supply industry

- Report of the EU Expert Group on the Competitiveness of the European Rail Industry https://news.industriall-europe.eu/content/documents/upload/2019/10/637076098109352901_Report%20of%20Expert%20Group%20on%20EU%20Rail%20supply%20industry_final.pdf
- IndustriAll Europe reaction to the report: <https://news.industriall-europe.eu/Article/374>