

Position on the "European Strategy on Clean and energy-efficient vehicles"

The EMF expects, on the medium-term, decreasing usage of individual motor vehicles as a means of mobility in the EU15. In new EU Member States and in China there is a potential for growth, but this will concern other kinds of vehicles. Particularly in urban areas, this development is already likely to become noticeable in the coming decade.

A development of this kind would mean that users would no longer be owners of their vehicles. Companies renting these cars could therefore also manage differently: maintenance, dealing with the end-of-life of vehicles, which would also impact heavily on the whole sector.

It is in these zones that electric vehicles are the most likely to emerge, as their features best fulfil the transportation needs required there. In parallel to this, costs and distances to be covered will influence users' choices. Present notions of ownership and of usage are likely to be more divergent in the future. Various car-sharing schemes will appear in the coming years. This should be supported through EU policy.

In contrast to that, in rural areas, the ICE vehicles will remain for the foreseeable future the most suitable means of transportation. Owing to unsuitability of public transportation in these areas, more cars per inhabitant will be needed there, with distances to be covered greater than in the cities.

The issue of mobility in zones in between rural areas and towns, especially in the fringes of urban zones, remains to be tackled and will require a suitable response.

This implies, however, that both offers will remain complementary, and will require also sustained technological improvements. The e-vehicle will not and cannot just replace the ICE-vehicle on the short term, as their respective market segments are likely to be separate.

Therefore, and particularly from a technological and market point of view, trade-off situations between both technologies will be unlikely, unless national or EU regulations create incentives leading to it. The ICE vehicle, on its own very promising market segment, will need continued improvement in respect of energy efficiency to remain competitive. But, as we understand it, market segments will be complementary; there should be only limited capacity for cross-segment compensation for fleet emission levels.

In the EMF's view the electric vehicle cannot be an end in itself. Framework conditions are required with the electric vehicle being integrated into a systematic approach¹ to transportation, at least in urban areas. The electric vehicle will only have a chance on the market if it can be incorporated into the broader system, and if there are functioning interfaces between various transportation modes². Thus strong coordination linking Commission initiatives is necessary. Mainly DG TREN and DG RTD should be closely associated when elaborating the future policy.

¹ In the sense of Action Plan on Urban Mobility, COM(2009)490 of 30th September 2009.

² See also FIA's press release of 18th February 2010: "City mobility depends on good local public transport".

In rural areas, however, the need for individual transportation will persist, but is not likely to be covered via fully electric vehicles or fuel cells in the near future. Therefore, further development of energy efficiency will be needed for both the ICE and hybrid vehicles. The future EU policy should provide responses for both the specific needs in urban areas and rural areas.

Beyond that the EMF agrees with the vision of a largely decarbonised transport system by 2050, but insists on the need for strong policy incentives to make this turnaround really happen. Mere general statements of goodwill are not likely to be sufficient.

Regarding the 2020 perspective, the EMF expects quicker market penetration of electric and hybrid vehicles than put forward in the Cars 21 mid-term review. This is a clear consequence of the current crisis and the various measures put in place by several Member States. Thus, smaller, more efficient vehicles than previous ones are being demanded by the consumer.

To stimulate manufacturers to accelerate the launch of this type of vehicle, Member States must now make efforts to acquire captive fleets in order to equip their urban administrations with small electric vehicles.

The EMF agrees that, in terms of primary energy, a well-to-wheel analysis is the only appropriate approach. Carbon-free modes of electricity production should be the priority. We also encourage inclusion of a life-cycle assessment of greenhouse gas emissions by future vehicles in the communication of the EU Commission³.

Active incentives for research and development are needed, but should be more precisely framed than the EIB aids in 2009, where no conditionality was imposed regarding social and economic efficiency of the funds granted. Those incentives should be directed mainly towards the value chain, as the major part of innovation in the sector is

generated there. Efficient policy measures should take into account this characteristic of the sector as a basis to provide funding where it is most productive. Public aid programmes granted to companies and by sector must be linked to strict criteria based on social, technological and economic efficiency. Using these resources, which come from tax payers' money, must be subject to compulsory prior assessment.

Regional and national actors are the most appropriate ones to develop infrastructure for emerging technologies in car propulsion. A harmonised and standardised approach would be needed. Strong coordination and harmonisation efforts should be delivered on EU level. Any situation leading to competition between Member States should be avoided through strong regulation on the EU level. Without a continued effort to improve infrastructure, and assuming the gradual enlargement covering the whole of the EU's territory, vehicles with new technology do not stand a chance of penetrating the market. This should be strongly coordinated on the EU level, but put in place by regional players in coordination with Member States.

Employment issues and social impact

Given the considerable structural change expected in the whole sector, strong provisions for anticipatory measures are needed in respect of employment and social issues.

Electric cars will be composed of much fewer and much simpler parts than an ICE vehicle. The impact on the value chain and its jobs will be significant. Workers will need to adapt to the new technology, and some are likely to have to move to other sectors. EU policy needs to ensure that this change is duly anticipated, that there is also good social harmonisation and that the businesses concerned are not run "as usual" until the last day, and then shut down. All stakeholders must strive to have workers gradually move to other sectors and companies, and this movement needs to be encouraged actively via public policy in respect of retraining, career possibilities in other sectors, and

³ COM(2010)186 of 28th April 2010.

aids for mobility (professional and geographical). Social partners should be assisted in preparing this shift collectively. Public incentives should be developed in such a way that anticipatory measures, when justified, are strongly encouraged, whereas last minute, 'non-anticipatory restructuring' discouraged and unsupported by public funding. This funding will therefore be dedicated to supporting, and for the benefit of workers.

In parallel to incentives for R&D or innovation within the industry, we badly need encouragement and support for training and education measures within the sector, and for these to be well organised. We will need the workers to be capable of building new cars with new technologies. For the time being, those skills are not widely available on the labour market, although workers from traditional manufacturing within the existing value chain will be able to move into new positions through reskilling and well-targeted training efforts.

Considerable investment into training facilities will also be needed, since for the time being, not even the training staff is available to cover the new skills requirements emerging in the automotive industry.

A concerted effort should be made, ideally initiated by the social partners with support from public authorities, to regularly survey the automotive industry regarding employment prospects, and identifying and matching job opportunities in related sectors. This should enable workers to obtain information about promising training schemes, as well as possible transfers to other industry sectors. As a starting point, the current Anticipation of Change project can be used, but would need extended funding to continue running in the coming years, maybe in the form of a sectoral observatory.

In its letter to the Swedish and Spanish presidencies, the EMF called for a Sectoral Council for the automotive industry. In the absence of sectoral social dialogue, this council could act as a forum to exchange views and

information on industrial developments in the sector, and contribute to the activities of the sectoral observatory.

However, given the structural change the sector is facing, institutionalised sectoral social dialogue is now needed more than ever, and its implementation should be actively pursued by the EU Commission.

The parallel development of various technologies will have an impact on the aftermarket, as the maintenance of such a broad spectrum of vehicles within the fleet will prove challenging for the repair outlets and their workers, also in terms of qualifications and professional training. For at least the next two decades, both ICE vehicles and electric vehicles (plus hybrids) will be on the roads and will require diagnostics and maintenance. Working conditions, health and safety issues and required skills will be very different from present ones. Given the situation in the aftermarket, specific measures will be essential⁴. The situation for the workers in the vehicle inspection and type approval services is very similar, and will need similar measures.

The recycling sector, particularly for batteries will also have a significant impact on the new jobs resulting from new energy sources.

Active measures to accompany future restructuring in the sector are very much needed, on the one hand, because skilled workforces are already scarce today, and on the other, the possible social impact is enormous and needs to be anticipated. A more active participation of the DG EMPL in the renewed Cars 21 exercise would therefore be welcome.

Sevilla, 12th May 2010

⁴ See also the Opinion of the European Economic and Social Committee on the components and downstream markets of the automotive sector of 16th July 2009 (CCMI/059 - CESE 1204/2009).