



Mastering the transformation in the auto industry



Background information

The german auto- and supplier- industry

- **820.000 workers (WZ29, incl. Truck sector), plus sectors like forges, engineering services, tyres, parts of the steel and aluminum industry**
- **1/3 of the jobs are directly connected to the combustion engine drivetrain; 80.000 jobs are Diesel-related**
- **Some very big players, lots of specialized SME's**
- **Highly regulated sector with very good working conditions, see latest bargaining round**
- **Workers structure is changing:**
 - **constant decrease of production work due to relocation and productivity increases,**
 - **increase of engineering and software development positions**
- **Europe: in total 12.6mio jobs, 90bn€ trade surplus in 2016**



Background information

Main drivers of change

- **Climate change and regulation**
- **Digitalisation (of product and of production)**
- **Globalisation of markets**

Current situation:

- **Rapid diesel decline and upcoming diesel bans from cities**
- **As a result: OEMs move to electromobility in order to meet CO²targets in 2021**
- **Biggest challenges for BEVs: price, range, charging infrastructure**
- **Other technologies may play a role long term: hydrogen and e-fuels**



The transformation started already

- **OEMs plan for up to 25% market share of EV's in 2025**
- **ECF-Study predicts positive impact for the overall european economy**
new jobs created to build charging infrastructure
 - **resources now used to import oil can**
- **ELAB study 2010,**
 - **development of new technologies create jobs in the sector**
- **ELAB2 study 2018 findings (impact of electrified drive trains on jobs)**
 - **Net impact: 70.000 jobs at risk (most realistic scenario: 25% BEV, 15% PHEV in 2030)**
 - **30.000 new jobs already in, so concerns 100.000 Employees in total**
 - **Only production sector, only if value chain kept entirely**
 - **Especially highly specialized SMEs at risk (often only Employer in the region)**
- **job losses already started in Diesel development and production**

Mastering the transformation



5 to 12: why act now?

- It takes time before alternative drivetrain concepts will have a bigger impact ...
... decisions regarding policies and technology are required now
- Qualification requirements will gradually change over time ...
... rework of qualification policy has to start now

IG Metall main goals in the auto industry

technology neutrality

maintain the value chain

Europe as lead market

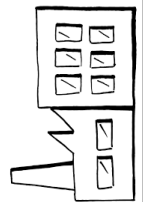
focus on workers interests



European level: regulation



National level: labour market and investment policies



Company level: technology-, location- and investment-decisions



Shop level: job security and qualification



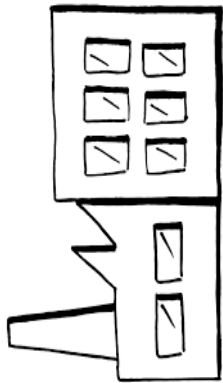
Lobbying activities on the european level

- Current task: CO₂-reduction: Negotiations on COM Proposal in ENVI
- together with IndustriAll: influencing EU-regulation
- Scope: to match reduction targets with industry's realistic potentials



Berlin: climate protection plan

- mismatch between targets and planned measures/activities
- supporting industrial policies for battery cell production, hydrogen-technology and charging-infrastructure
- realign labour market toolbox for the transformation
- Scope: create roadmap for integrated transformation of energy production and traffic



Influence company decisions

- technology- und investment-decisions
- Site / plant concepts
- Scope: invest strategy with perspective for each plant



Shopfloor- and bargaining polics: tasks for trade union and workers reps

- New tools for local employment and skilling policy
- strategic skills policy on plant level
- reskilling programs to secure employment - create „personnel clearing houses“ (german: Personaldrehscheibe)
- Scope: to find a perspective of development for each plant

Create awareness / focus on workers interests

- **Balance environmental, industry- and employment goals.**
- **Sustainable company investment strategies**
- **Prudent environmental- and technology policy on national and european level**
- **Prepare for conflicts with companies and politics regrading ressources and agenda-setting**

Negative effects on employment in each scenario

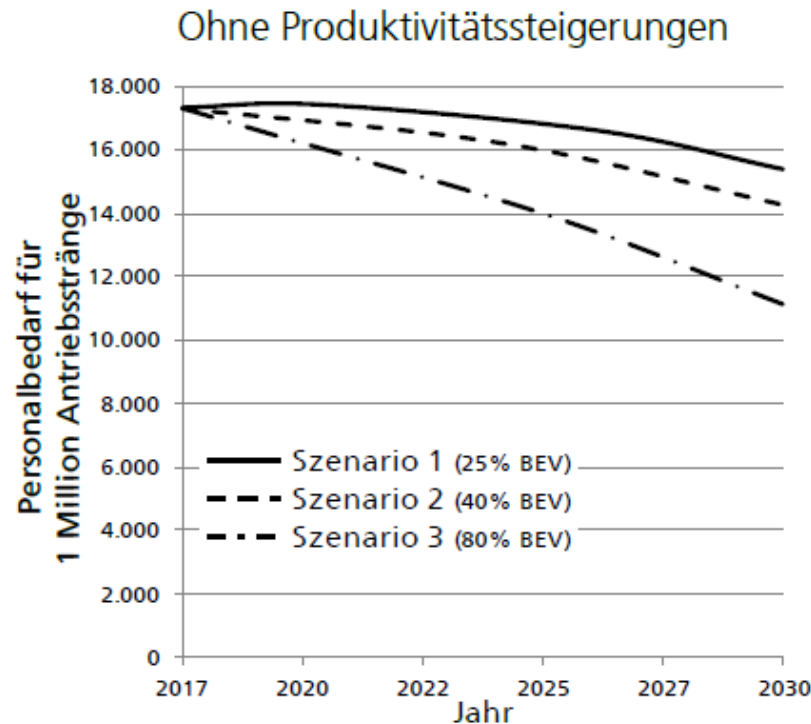
Personalbedarf-Veränderungen zu Stützjahren bezogen auf den Gesamt-Bedarf im Jahr 2017		Ohne Produktivitätssteigerungen		Mit Produktivitätssteigerungen	
		2025	2030	2025	2030
Baseline der Produktivitätssteigerungen (1% BEV)	ICE			-14%	-23%
	PHEV			-2%	-3%
	BEV			-1%	-1%
	Saldo			-17%	-27%
Szenario 1 (25% BEV)	ICE	-17%	-26%	-29%	-43%
	PHEV	+7%	+10%	+4%	+4%
	BEV	+3%	+5%	+2%	+2%
	Saldo	-7%	-11%	-23%	-37%
Szenario 2 (40% BEV)	ICE	-22%	-44%	-33%	-56%
	PHEV	+8%	+15%	+5%	+9%
	BEV	+5%	+11%	+4%	+7%
	Saldo	-9%	-18%	-24%	-40%
Szenario 3 (80% BEV)	ICE	-37%	-65%	-45%	-71%
	PHEV	+7%	+7%	+4%	+3%
	BEV	+10%	+23%	+8%	+15%
	Saldo	-20%	-35%	-33%	-53%

Abbildung 7: Veränderungen der Personalbedarfe je Antriebsstrang bezogen auf den Gesamt-Bedarf im Jahr 2017

Main Finding: 1 of 2 employees concerned



| Vorstand



2030 bei Szenario 1: -11% gegenüber 2017
Szenario 2: -18% gegenüber 2017
Szenario 3: -35% gegenüber 2017

- **11% of Workplaces** in production less by 2030 due to technology. Respecting rising productivity, it's a Net Impact of **37% (-70,000)**
- Taken already into account are **30,000 new workplaces** (batteries, power electronics etc.)
- Therefore entirely **new competences and qualifications** are necessary
- In total **every second WP** in production of drive trains will be directly or indirectly **concerned!**



- **Social accptance:** KOM, EU-Parlament und Federal Government (GER) claim, that the regulation has to avoid structural interruptions. Therefore a appropriate framework is needed
- **Time of adaption:** EU Regulation has to give time to the single plants to adapt. Already the 30% Scenario (EU-COM) means **job-loss** (ca. - 25%) and a broad demand of **qualification**.
- **Realistic targets:** no bazar-negotiations between COM and EU Parlament, please. Regulations even stronger than the COM proposal must consider impact of employment and ways of realization
- **Political framework:** Brussels must support the process of Transformation – support in technology (battery cells), in infrastructure plus determining volume and direction of structural fonds.



- **FG is called:** so far there is no Position to the COM proposal, ministrys positions differ a lot. Again: feasibility, Time for adaption & resources are central criteria
- **Infrastructure:** no coherent general concept of creating and sustaining the necessary infrastructure (charging and distribution) yet
- **Open paths of technology:** R&D + Industrial Politics stay essential – supply of raw materials, sufficient CO2 neutral Energy and concepts of recycling of battery cells.
- **Importance of Labour market policy:** qualification and vocational development are key factors to master the Transformation. Many plants and regions are overstraint – new instruments needes (i.e. Transformations-KuG).



Companies: Future concepts for plants

- **Workers need Perspective:** in order to protect workers, we demand a feasible mid-term concept of development for each plant
- **Company's duty:** to set the track for industrializing each plant and with new technologies
- **Financial framework:** plant-concepts need need investment and (re) qualification! Regarding revenues and capacity utilization of companies and the entire branch, that's feasible!!
- **Using co-determination:** stuff, workers councils and IG Metall have to be part of that process from the very beginning. Only transparency and participation guarantees acceptance



- **Tracks are set now!:** the process of transformation is going to last for 10-12 years, negative effects will appear only by 2022. But the central decision for that period are made now and need our involvement.
- **Information/Transparency:** using in-plant information structure (VK, BR) to inform and prepare staff – basis for co-determined change
- **Analysis:** since effects differ from plant to plant, detailed analysis is necessary (regarding also chances of the change
 - **Survey of technologies/Products:** are we affected? If so, how? Where? Possibilities to change products (conversion)?
 - **Survey of qualification:** which qualification do we find in the plant? Who is how qualified? New Competences/Qualifications needed?



- **Targets of development:** creating own criteria and imaginary of how plants should like in 2025 and after. That's must be the Basis of demands for new products, investment and personal concepts. Target is to enforce a concept of development for each plant.
- **Enforcement and co-determination:** these concepts need resources – can be realized by mobilization (stuff) and clever alliance politics. Early involvement of workers reps. Plus well organized cooperation between shopfloor and company level of co-determination