On way to zero carbon mobility: maintain industry competence in EU car industry while keeping employment loss at minimum

ECF-ETUI project

Closing conference
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Bela Galgoczi, European Trade Union Institute, Brussels
bgalgoczi@etui.org

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Project scheme

Q: How to minimize jobs impact of 2050 transition ZEV? – focus on 2030

Question was: Is the EU transition to ZEVs inevitable by 2050? Now it is inevitable by 2035

Yes

Hypothesis: driven by policy, but increasingly by markets and technology

Can the dominance of overseas competition be challenged on cells & battery? EU on good track to build up capacity and competence, BUT challenges ahead

Yes

Hypothesis: EU can compete on ZE technologies and must do so urgently to remain future-proof

Implications for employment

Explore:

- Less labour intensity for BEV powertrain,
- But new jobs in battery, ADAS, charging
- full integration of value chain
- skills
- Regional disparities
- Best-case scenario for emissions & jobs

Conclusion choices to minimize and manage negative jobs impact

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ETUI-ECF project (November 2020 – May 2022)

Four workshops and a closing conference

Studies:

- European perspective
- Germany
- France
- Poland & Romania
- Czechia & Slovakia
- Hungary
- China as market and competitor
- Emerging Battery value chains in the EU
- The political economy of the electrification of the EU car industry

Multi-channel publications will follow

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The automobile industry: a revolution is underway

Pace of change is accelerating (month by month)

`Fit for 55`: EU emission norms by 2035 will be prohibitive for ICE

The change that was kicked on by policy objectives and instruments is increasingly driven by technology and markets

Russia`s assault on Ukraine will ultimately lead to further acceleration (with short term? turbulences) not yet foreseeable how further de-globalisation will affect the industry

Electrification itself is not disruptive, what follows from it, it is:

Complete redraw of value-chains – new constellation in economic geography (China + Silicon Valley in lead, Europe needs to consolidate its past incumbent position)

Technology race, new perspectives for digitalisation and automation

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Key findings

- The transition to e-mobility is inevitable due to both policy and technology but also to cost reductions.
- In the new geopolitical constellation, after Russia invaded Ukraine, this became even clearer. Climate, pollution, energy security and industrial competitiveness are now fully aligned.
- After a late start, the EU is well placed in this rapid technology race, including also vertical integration that includes the battery value chain, with certain gaps and risks.
- Even if well placed, fierce competition from both China and the US, accessibility of key raw materials

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Key findings

- Regional disparities might grow (core-periphery, original equipment manufacturers – suppliers)
- Employment change at aggregate economy level might be minimal and is not the key issue to address
- While electrification results in employment loss in the narrow automotive manufacturing, slower transition (often seen as medicine) is actually the biggest risk for losses
- none of the 14 million jobs in the broad sector will remain unaffected. Millions of jobs will disappear, while others with completely new job profiles and skills needs created.
- Regional employment effects (within and between member states) might be harsh.

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Policy recommendations

- The Just Transition Fund needs to be expanded and made accessible for the automotive sector and regions
- A just transition framework tailored to the needs of the industry needs to be set up
- Enabling policy environment for managing employment transitions, skills development and job displacements is necessary
- The distributional effects of mobility change need to be addressed – accessibility and affordability of zero-carbon transport, manage car fleet change to BEV (Social Climate Fund)

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Policy recommendations

- The EU will need to re-regulate second-hand car markets. The practice that CEE countries are used as depository for high-emission ICE second-hand cars is not sustainable
- A rapid expansion of the charging infrastructure with massive investments should follow
- Electricity grids and clean electricity should be developed and upgraded to meet the demands of vehicle electrification
- Electricity markets need new regulation to make sure that electricity market prices are not linked to fossil energy price

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Future of the car?? (subsidised by the state)
BMW XM 2022, 2,6 ton, 750HP, 80km range