CARS 2020: towards a strong, competitive and sustainable European car industry

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The Committee on Industry, Research and Energy adopted the own-initiative report by Franck PROUST (EPP, FR) on CARS 2020: towards a strong, competitive and sustainable European car industry.

Members endorsed the Commission's new strategy of launching a new European industrial policy, in particular for a **sustainable automotive industry**. However, they expected the Commission to coordinate its own efforts more efficiently, in order to ensure that the CARS 2020 recommendations actually become operational and are monitored by the High Level Group.

The Commission was called upon to:

- submit a study showing the mismatch between what it wishes to achieve and the tools available to it, as the basis for a debate within the Council and Parliament;
- develop **cross-cutting roadmaps** that cover development in the energy sector, the transport sector and the ICT sector;
- take into consideration the **entire automotive sector**, in particular subcontractors, retailers and aftermarket firms, in all future policy-making processes involving the sector.

Member States, for their part, were asked to carry out properly coordinated and **structural reforms** geared to enhancing competitiveness, such as support for research and innovation, competence building, staff retraining, lowering indirect costs, enhancing labour flexibility based on social dialogue, cutting red tape and shortening payment periods.

Automotive industry and production in the EU: Members regretted that the Commission failed to analyse the **fundamental causes of the decline** affecting the sector, such as the widely varying circumstances in the industry and the large number of structural changes. They considered that, alongside Europe-wide cross-cutting action, measures specifically tailored to individual circumstances need to be taken at both national and European level in order to stimulate demand.

Deploring the fact that the Commission failed to address the issue of **over-capacity**, despite the fact that it is a problem shared by the whole of the industry, the report called ton the Commission to submit at the earliest opportunity: (i) a study on the scale of over-capacity in Europe and the best practice in addressing this problem; (ii) an action plan setting out all the policy tools available in this area; (iii) proposals for more active and coordinated support for workers and companies.

As regards restructuring, Members called on the Commission and Member States to develop **conversion plans** in a coordinated fashion so as to support regions facing swingeing job losses in the automotive sector. They called for integrated use to be made of all European-level instruments (EIB, ESF and ERDF) and national instruments so as to assist the workers affected and redirect them towards alternative employment in related sectors, e.g. alternative energy.

Human resources: bearing in mind that the labour market is out of step with the industry's requirements, Members considered it essential to **adapt not just public training strategies**, but also firms' training strategies, in order to anticipate tomorrow's needs and to enable firms to attract and hold on to highly

qualified workers. They called on Member States to make the legislative adjustments required for more open and constructive social dialogue.

Innovation and technology: Members stressed the need to encourage research and development focusing on **low-carbon and sustainable technologies**, including electric and hybrid vehicles, alternative fuels, mobile energy storage. They wanted such technologies to be brought onto the market.

Members believed that EU efforts should be based on a **differentiation strategy relying on a number of priorities** geared towards consolidating Europe's technological advantage, including:

- technological convergence, in particular as regards standards for the stages upstream of production and distribution;
- the development of eco-innovations (vehicles that are lighter, more efficient, less polluting), safety (eCall) and accessibility (uses for drivers with a disability);
- cooperation at EU and international level in areas that have been under-exploited to date, such as power-train technology;
- strengthening Europe's leadership in international standard setting;
- infrastructure roll-out for electric cars and alternative fuels.

Regulation: the report stressed the need to: (i) launch an ex-post assessment on adopted legislation and on the lack or bad implementation of adopted legislation; (ii) reinforce current EU legislation on statutory guarantees; (iii) harmonise technical regulations across the EU in order to guard against any artificial distortions of competition; (iv) step up cooperation within the single market through European standardisation, certification, unification and disposal, and also through voluntary market segmentation.

Member States were asked harmonise **the use of the financial resources** available to stimulate investment in sustainable mobility over and above public subsidies, by means of tax incentives for SMEs.

Internal market: Members pointed out that a robust internal market was a precondition for a return to competitiveness and sustainability in the automotive industry. They considered **closer European approximation essential in areas in which the prevailing conditions militate against a level playing field:**

- vis-à-vis non-EU competitors: high prices for energy and raw materials, strong euro exchange rate;
- on the internal market: social and fiscal competition, tax breaks for firms and incentives for buyers (low-carbon incentives, vehicle scrappage schemes);
- in the EU internal market: conditions relating to the recyclability of vehicles and the ecological recycling of used cars;

Lastly, regarding **external markets**, Members pointed out that many of our automotive firms are becoming less competitive as a result of growing competition – some of it unfair – from non-EU firms. The Commission was urged to **reorganise its trade policy**, so as to be able to: (i) coordinate Member State measures for promoting EU firms and protecting EU products, investment and intellectual property rights outside the EU; (ii) gradually make the principle of reciprocity a central tenet of trade relations; (iii) push for the dismantling of non-tariff barriers in the automotive sector.