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

2013/2062(INI) - 10/12/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution 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:

- draw up a **clear schedule** of fast-track measures and to use its right of initiative, notably by drawing up guidelines, in order to coordinate and build on action by Member States and firms, focusing on economic and employment growth and market recovery;

- 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 (i) support for research and innovation, (ii) competence building, (iii) staff retraining, (iv) lowering indirect costs, (v) enhancing labour flexibility based on social dialogue, and (vi) 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, Parliament 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**. 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: Parliament stressed the need to: (i) reinforce current EU legislation on statutory guarantees; (ii) harmonise technical regulations across the EU in order to guard against any artificial distortions of competition; (iii) step up cooperation within the single market through European standardisation, certification, unification and disposal, and also through voluntary market segmentation.

Financial resources: the resolution recommended bolstering 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** (tax credits for research, CO2 emissions tax-and-rebate schemes,) and both private funding instruments (risk capital funds,) and public funding instruments (European Investment Bank). Members called for a **conditionality clause** to be introduced, under which automotive firms in receipt of investment support for a given site would be required to keep their operations at that site until the end of the depreciation period and to refund the EU subsidies should they decide to relocate.

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;

External markets: Parliament 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:

- coordinate Member State measures for promoting EU firms and protecting EU products, investment and intellectual property rights outside the EU;
- centralise all EU export instruments;
- gradually make the principle of reciprocity a central tenet of trade relations;
- push for the dismantling of non-tariff barriers in the automotive sector.
- shorten the time taken to instigate investigations and apply trade defence instruments;

Parliament asked the Commission to extend its ex ante impact assessments on future trade agreements to the notion of competitiveness in the automobile sector.