

# Setting the Course for Change – Industrial Policy for an Ecological Mobility Industry

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FOTO: MANUELA KROPP

On 27 May 2022, Rosa-Luxemburg-Stiftung Brussels and Italian trade union Fiom-Cgil Lombardia organised the event "The Transformation of the Mobility Sector", which consisted of a public panel discussion and an internal expert advice session. During the public panel discussion, the study "The Need for Transformation - challenges for the international automotive industry" by the Rosa-Luxemburg-Stiftung Brussels was presented and discussed.

This study is available in English: [\*\*The Need for Transformation. Current Challenges for the International Automotive Sector.\*\*](#) In [\*\*Italian.\*\*](#) In [\*\*German.\*\*](#)

In the opening speech, **Antonio Castagnoli**, General Secretary of Fiom Lombardia, stressed that Fiom had already launched a campaign in January 2022 on the issues of the restructuring of the car industry and the **necessary industrial policy**. This had involved the

Lombardy region, other regions and other regional CGIL unions, such as those from the plastics manufacturing and chemical industries. It is important to note that mobility issues do not only affect workers in the metal industry, but also **workers in the road transport and rail transport sectors** - i.e. the challenge is for several sectors of the economy. The mobility industry, and especially the car industry in Italy, is facing **huge challenges**, as it has already been affected by the pandemic and the disruption of supply chains (semiconductors) and the war in Ukraine. Here, **social security measures** would have to be used again to cushion the consequences for the workers. In 2021, production in the Italian car industry fell by nine per cent (compared to 2019). This is drastic, because after all, **ten per cent of Italy's GDP** is generated in the car industry. With the end of the combustion engine in 2035, which was decided at European level, it is clear that the ecological transformation must be driven forward: for example, the range and performance of electric engines must be expanded. Because between 2025 and 2030, **73,000 jobs will be lost in Italy** alone, 20,000 of them in Lombardy alone. The large car manufacturers could more easily survive the transformation, but the smaller companies needed a **clear decision** and a clearly **managed transformation** today, with a clear strategic approach that would lead to innovations in the industry. **Labour market policy** measures are needed to manage the transition and to maintain and revitalise production sites. Today, however, the government did none of these things: there is **no industrial policy** at all, neither in general nor specifically for the mobility industry. The government is acting short-sightedly and focusing solely on purchase premiums, whereas **dialogue with social partners** is of crucial importance in shaping a just transition.

**Heinz Bierbaum**, President of the European Left Party, stressed that the Ukraine war and the pandemic had only **exacerbated the structural problems** that existed before due to climate change. This means that we have to change our **way of production and consumption** - production based on fossil energy sources has no future. Instead, we need a socio-ecological transformation, in which the question of **mobility also plays a central role**. In many European countries, the car industry is important for employment and economic development. The study of the Rosa Luxemburg Foundation Brussels shows the challenges for employees and industry. A **decline in employment** in the car industry has been observed for many years, and this is now being exacerbated by the switch to electric cars. Deep changes in production and employment are imminent, which pose a great challenge, especially for the trade unions. The study clearly shows that **workers in no European country can influence the decisions** of the big car manufacturers. It is not only the car industry that is affected by the transformation, but also other sectors: because we need an **expansion of local and long-distance public transport**. This would require massive **investments in the infrastructure**. However, there is a lack of long-term planning on the part of the government, which is urgently needed for the transformation of the economy.

**Salvador Claros Ferret** from the Spanish trade union CCOO described how important the car industry is for industrial value creation in Spain. Spain was the **seventh largest car producer** internationally, with most of the output exported. The transition to electric cars represents a **paradigm shift** due to digitalisation and increasing environmental awareness. The availability of **renewable energy** and **raw materials** for electric cars plays a crucial role and influences the carmakers' business model and employment figures. In the

province of Barcelona, **SEAT** produces electric cars and will create about 3,000 jobs with the battery factory in the province of Valencia. On the other hand, the switch to electric mobility will lead to **regional shifts in the labour market** - a study by the Boston Consulting Group puts the number of expected job losses at 29,000 - these are drastic cuts. This makes the further **training of employees** in the automotive industry all the more important in order to be able to react to the new requirements. On the other hand, the batteries of electric cars **increase their purchase price** so much that the electric car becomes an "elite product" and new business models such as company fleets gain in importance. Privately owned cars will increasingly disappear and the **global business model** will change. As urban space becomes more and more congested, we need **disruptive changes**: with an expansion of public transport infrastructure, a higher share of sustainable mobility, and corresponding urban and regional planning. **Strategic projects** are needed to transform vehicles towards sustainability, and appropriate education and training for employees. This would also prevent unemployment and the **closure of production sites**. So medium- and long-term investments are necessary to be able to cope with the great paradigm shift. This also includes the expansion of renewable energies and the production of **green hydrogen**, which could become an important fuel for train and ship traffic. However, the **circular economy** must also play a significant role in car production, he said. E-bikes, car sharing and bikesharing would have to be promoted and integrated into the supply chains of the major carmakers as a matter of course.

**Samuel Klebaner** from the Sorbonne University in Paris explained how important the French car industry is for the local employment - **2.2 million jobs** (direct and indirect) depend on it. Railway production is also important, at least historically, but employs ten times fewer people today in comparison. The car industry is characterised by **mass production**, which is strongly dependent on demand and therefore reacts very quickly to changes in the labour market. The **production of railways**, on the other hand, is not as sensitive to fluctuations in demand and **requires long-term planning**. The geography of France poses a challenge due to the high proportion of **rural areas**: there is a big difference in mobility needs between city dwellers and people living on the outskirts or in rural areas. The latter are simply dependent on the car. The **yellow vest movement** has also clearly shown this and interpreted the measures of the French government as punishment of car drivers. This conflict shows that **mobility must be affordable** and inclusive. Electric cars could be ecological without leading to disruptive changes. However, they require massive investments for the expansion of the **charging infrastructure**. Likewise, the expansion of public transport needs **massive investments**: in rail, urban networks and cycling infrastructure. In addition, urban sprawl must be stopped. In order to create employment and achieve social and environmental objectives, long-term planning for the development of the relevant industries is necessary. For example, it is necessary that the **different ministries work together** in a coordinated way: today, the Ministry of Environment acts independently from the Ministry of Transport - this has to stop. The supplying industry at the various levels must be supported in order to achieve a **conversion** towards railway production and bicycle production. This, of course, requires **democratic planning** with the involvement of the workers.

**Matteo Gaddi** of the Claudio Sabattini Foundation from Italy underlined that between 1998 and 2019, vehicle production in Italy had virtually collapsed: production had more than halved. This must be called what it is: an **industrial disaster for Italy** that is unparalleled in Europe. There is no help from the government, because an **appropriate industrial policy is neither in place** nor planned. The latest decisions would not help either: **one billion euros** will be mobilised for the purchase of vehicles, but not for a corresponding industrial policy strategy. **Neoliberalism and austerity** policies have led to these disastrous results. In the past, Italy was an **important producer of buses**, with 7,000 buses a year, but now most buses are imported from abroad. Recently, investments in the production of buses have been decided, but the crucial question is **where and by whom these vehicles** will be produced. If the production capacities are not available, these vehicles will be produced in other regions. This means that although the Italian government provides **subsidies** for the development of public transport, this does **not create a single job** in Italy because there is no corresponding industrial policy. The same problem arises with the production of **rail vehicles**: the **national recovery plan** provides funds for this, but without combining this with an industrial strategy. This creates the risk that large companies like Alstom, if they win the tender, will relocate their production to low-cost countries. **Alstom** has already done this and is now operating in Katowice in Poland. Without an industrial strategy and appropriate measures on the part of the government, the transformation in the mobility sector can become a disaster for workers, Matteo Gaddi concluded.

**Monika Martiskova** from the CELSI Institute in Bratislava, Slovakia, described how the Czech Republic and Slovakia became the **big car producers**: multinational companies decided to open production sites there because this was generously supported by the respective governments. Money flowed in to support **foreign direct investment**, and tax breaks and exemptions were granted. This was then considered a "successful transformation", although there was **no accompaniment** by any actual industrial policy. Five percent of jobs in both the Czech Republic and Slovakia depend on the automotive industry, and ten percent of GDP is generated there. **Wages** are only a third of what they are in Germany, for example. The **degree of unionisation** is also relatively low: 30 per cent of employees in the automotive industry are unionised, and the union landscape is highly fragmented. In the Czech Republic there is still production of **alternative vehicles** such as buses, trams and trains: 25,000 jobs are registered here. In Slovakia, on the other hand, there is simply no production of anything other than cars. During the interviews conducted for this study, the interviewees repeatedly stated that the **transition to electric cars** alone was far too big a challenge and that there was simply no question of a conversion to an ecological mobility industry. They complained about the **lack of charging infrastructure** for electric cars and the lack of interest in electric cars among customers. The strong focus on foreign direct investment had regrettably neglected the

necessary **further education and training** of employees. Employees were left alone with these challenges and had to "fend for themselves". And if there was any training at all, it was only at the company level. Only five per cent of collective agreements even contain an agreement on further training, as this is not recognised as a problem. In order to successfully support **conversion**, policies at the regional level are needed, as jobs are very unevenly distributed at the regional level. For this, the regional actors would have to sit down at the same table. But there were also **thematic entry points for conversion** in the direction of an ecological mobility industry: during the interviews, the interviewees mentioned "clean air in the cities", "the problem of congested roads" and "dependence on Russia", which had to be reduced.

**Antje Blöcker** from the Institute for Work and Technology and the German trade union IG Metall commented on the study. She praised the importance of bringing together both academics and trade unionists at this conference to discuss the development of a mobility industry. She described the **current trend** among OEMs to produce **batteries for electric cars in-house**, thus neglecting other production sites. With regard to the foreign direct investments of the OEMs in the Czech Republic and Hungary, she criticised that sub-contractors were brought into the country, so that there was basically **no policy to promote local value creation** with the help of local content. The trend towards electric cars is exacerbating the **devaluation of simple jobs** in production, so that there is a great need for further education and training. Unfortunately, there are **no networks** that bring together the actors in Central and Eastern Europe to advocate for their interests in the face of the transformation. Furthermore, what is generally not highlighted enough in the debate: in view of climate change, **less** must be produced, **less** must be worked and the existing work must be distributed over more shoulders with the help of a **reduction in working time**.

**Michele De Palma**, General Secretary of FIOM-CGIL, emphasised in his contribution how important it was to have this discussion also **at the European level**. After all, an effective industrial policy cannot be implemented in isolation in a particular country. But it is also true that if **there is no mobility industry** in a country, then there is no industry at all and vehicles from producers in other regions of the world have to be used. Ultimately, access to mobility is also a **democratic issue**: the success of *Interrail* has shown that the **right to mobility** should not only be realised for wealthy people, but for everyone. Italy is currently facing the **risk of losing its industrial base** forever. In its **national recovery plan**, Italy provides significant resources for the replacement of bus fleets, but the question is **where** these vehicles will be produced. The **incentives for the purchase** of electric cars are too short-sighted, because we need a mobility industry of the future, also and especially in view of climate change. Furthermore, in view of the **dwindling purchasing power** of the Italian middle class, the question is who should still buy the expensive electric cars. Another problem is that the money from the national recovery plan is given by the Italian government **without any conditions** - so that the companies make use of the financial resources, but nevertheless **continue to close production sites**. This must stop: the Italian government must finally develop a **real vision** for the transformation and, of course, monitor the use of public funds by the industry.

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Quelle: <https://www.rosalux.eu/en/article/2209.industrial-policy-for-an-ecological-mobility-industry.html>