



Growth and Competitiveness

Striving for technology leadership

Global vehicle production in 2022 will, for the third consecutive year, stay below pre-pandemic levels but the automotive sector is investing strongly in R&D.

Automotive suppliers, recognising the need to boost their competitiveness and embrace new technologies, are Major contributors to mobility evolution. The global automotive supplier community invested more than €30 billion in research and innovation in 2021, despite strong economic headwinds, and high investment is expected to continue.

Those investments focus on the technologies that will be crucial for the mobility of the future. They include battery technology, electric vehicles, automotive semiconductors, connectivity, and sustainability solutions across all systems.

European suppliers, like their counterparts worldwide, have been affected by global supply chain shortages that were triggered by the COVID-19 pandemic and are now aggravated by the war in Ukraine.

CLEPA is actively supporting suppliers in their strategies to boost their supply chain resilience, while at the same time continuing to operate in an open, global automotive market. In Europe, upskilling and reskilling programs upgrade the competitiveness of companies transitioning to new product portfolios. Partnerships speed up innovation. And a range of projects, many spearheaded by the European Commission, foster the development of new cutting-edge automotive technologies.



Skills: Supporting the sector's social transition

In 2020, the European Commission launched a shared engagement model for skills development, the Pact for Skills. This initiative aimed to prepare the European workforce for the momentous technology transformation now in progress.



Several organisations representing the automotive value chain, CLEPA included, joined forces and launched the Automotive Skills Alliance (ASA). This initiative, which emerged from the EU-funded project DRIVES, aims to create an up- and reskilling framework that maximises industry competitiveness, solidifies job retention and provides new job opportunities. The Alliance has been created to ensure a continuous, pragmatic and sustainable cooperation on the skills agenda in the automotive ecosystem, supporting the transformation of skills needs, while also contributing to post-COVID recovery.

The Alliance currently counts over 90 partners from regions, industry and academia that are already working on the practical implementation of up- and reskilling programmes in key regions. They do so by developing pilot projects that make use of the financial mechanisms available at the national and regional levels. CLEPA is supporting the dissemination activities, as well as securing the opportunities for suppliers.



Industry transformation: Transition pathway for the mobility ecosystem

In response to the European Commission's vision for the transition of the mobility ecosystem, several organisations representing the automotive value chain conveyed their own vision in a '10-point action plan for a resilient, innovative, sustainable and digital mobility ecosystem'. The plan envisions employees and consumers at the heart of the automotive industry transformation. Moreover, the environmental and digital implications of the Green Deal should be key pillars of the transition pathway. The vision also takes into account the recent supply chain disruptions caused by COVID-19 and the war in Ukraine. CLEPA coordinated the dissemination efforts and communication roll-out of the joint '10-point action plan'.





Improving the resilience of the European supplier sector

The competitiveness of Europe's automotive industry depends on its integration in and deployment of a global supply chain. Hence, the global economy needs to remain open for investment and trade policy should enhance access to markets for both sourcing and export.

Supply chain disruption is one of the biggest worries in the auto industry and CLEPA has been proactively advocating to support the resilience of automotive suppliers. Working closely with other stakeholders, CLEPA has identified various options to overcome the challenges, protect the economic value of the supplier sector and strengthen the overall mobility ecosystem in times of great difficulties.

Over the past period, several policy files have focused on safeguarding the supply chain, including the automotive sector transformation—viewed from the social perspective—, the global technology shift, the increase in production costs and access to materials as well as available financial mechanisms. Priority has been given to securing supplies and stock materials in the EU, the need to protect smaller companies—also in terms of price competition—and the need to develop policies that build on existing strengths and are innovation-driven. A robust industrial policy could help address global supply chain risks and counteract distortions of the level playing field in critical areas of value creation, notably semiconductor technologies.

Currently, there is an extreme need to balance cost increases and operational efficiencies with greater supply chain resilience. The sector is leaving behind decades of relative stability, which enabled an integrated supply chain, for a situation that brings high volatility, inflation and compromised models of sourcing, delivery and planning.

CLEPA has been advocating for dialogue as global supply chain uncertainties increase, calling for a partnership approach to sustain the mobility ecosystem, making it fit for purpose also in the future.

ACTIVITIES



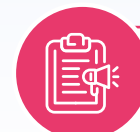
Intelligence

- Monthly Market Outlook, reflecting on key issues
- Plaza sessions on supply chain stress
- November 2021 and February 2022 - Bi-yearly Pulse Check survey



Joint initiatives

- April 2022 - Automotive 10-point vision for the transition pathway of the mobility ecosystem
- December 2021 - Joint statement on steel and aluminium tariffs
- October 2021 - Joint statement on Magnesium
- February 2021 - Joint statement on steel safeguards
- Participation at the 4-year DRIVES EU-Project
- Funding partner and dissemination group leader within the Automotive Skills Alliance partnership



Advocacy

- May 2022 - Campaign on [#GreenJustANDResilient](#)
- February 2022 - BNR radio interview on semiconductors shortage
- June 2021 - Paper: Semiconductor manufacturing and supply chain resilience
- May 2021 - Reaction on EU Industry strategy



Trade: Supporting Europe's industrial strategy

The EU's trade policy should be a vital pillar of an industrial strategy aiming to strengthen the resilience of European industry. CLEPA's activity has focused on reminding policy makers of their commitment to an open economy and highlighting the negative role trade defence measures play in exacerbating price pressures in the steel and aluminium market. CLEPA helped bring together a coalition of twelve business associations to urge policy makers to take the needed step to ratify the Mercosur Free Trade Agreement through a public statement and meeting with policy makers. The association furthermore joined 24 business associations in March to make trade policy a priority instrument to strengthen the economic recovery.

Cost relief: CLEPA cooperates in the coalition of downstream users to advocate for the withdrawal of the 25% steel safeguard tariffs, which would represent a significant relief in times of mounting cost pressures. CLEPA furthermore pushes for exemptions to anti-dumping duties, where in the interest of our sector, and was successful in its request for a suspension of anti-dumping duties for flat-rolled aluminium used in heat exchangers, where the Commission decided in October 2021 to suspend the 25% duty for eight months. CLEPA furthermore joined trade associations to call for an official assessment of the impact of the introduction of a carbon border tax (CBAM) on downstream industries.

CBAM: A mechanism designed to prevent carbon leakage

In 2021, the European Commission proposed a measure to prevent the risk of carbon leakage, as part of wider efforts to curb global warming. Called the Carbon Border Adjustment Mechanism (CBAM), the proposal aims to support the EU's climate ambitions, while ensuring WTO compatibility. CLEPA issued a position paper highlighting the need for a more thorough assessment of the impact on downstream industries and the importance of integrating a potential levy on imports in a comprehensive green, industrial policy to help secure carbon neutral steel and aluminium for our industry. The association furthermore stressed the need to ensure compliance with World Trade Organization obligations and proactive engagement with trade partners to address retaliation and protectionism risks.

The CBAM is entering a crucial phase in the legislative process where the European Parliament will likely push to accelerate this work, to bring forward the timeline by which EU industries will be exposed to the carbon price under the emission trading system and may furthermore push to include other products in the scope of the CBAM such as hydrogen. Member states are more closely aligned with the original Commission proposal to introduce the CBAM in a gradual manner over the period 2023-2035.

ACTIVITIES



Advocacy

- November 2021 - Position paper on CBAM



Motor Vehicle Block Exemption Regulation: Supporting competition for repairers

The Motor Vehicle Block Exemption Regulation (MVBER) sets the legal frame that allows parts distributors and repair companies to provide competitive aftermarket services, in direct competition with the vehicle manufacturers' own networks.

MVBR was extended beyond May 2023 to May 2028 earlier this year, after findings showed that an update was necessary to reflect that access to in-vehicle data is likely to be a factor of competition.

CLEPA has collected evidence from members regarding existing limitations of suppliers in spare parts distribution, which were made available to the decision-makers. The association sees this as a positive step, as MVBER has proven to be an effective and appropriate regulation to ensure competition among independent and authorised repair channels.

ACTIVITIES



Advocacy

- May 2021 - Report on the restrictions imposed by vehicle manufacturers on aftermarket activities by suppliers.



Standard Essential Patents: Establishing a licensing practice

The automotive industry has accumulated a wealth of experience in patents and innovation, and, in many jurisdictions, automotive companies are the top applicants for patents. The automotive industry, including its supply chain, has long relied on the traditional IPR rules and laws to protect innovation and the ability to obtain licences for typical automotive technologies. However, CLEPA members are concerned that traditional protections for patents are being misapplied in the context of Standard Essential Patents (SEPs), to the detriment of industry, consumers, and innovation. Hence, CLEPA has submitted comments on a Draft Revised Policy Statement under consideration in the US.

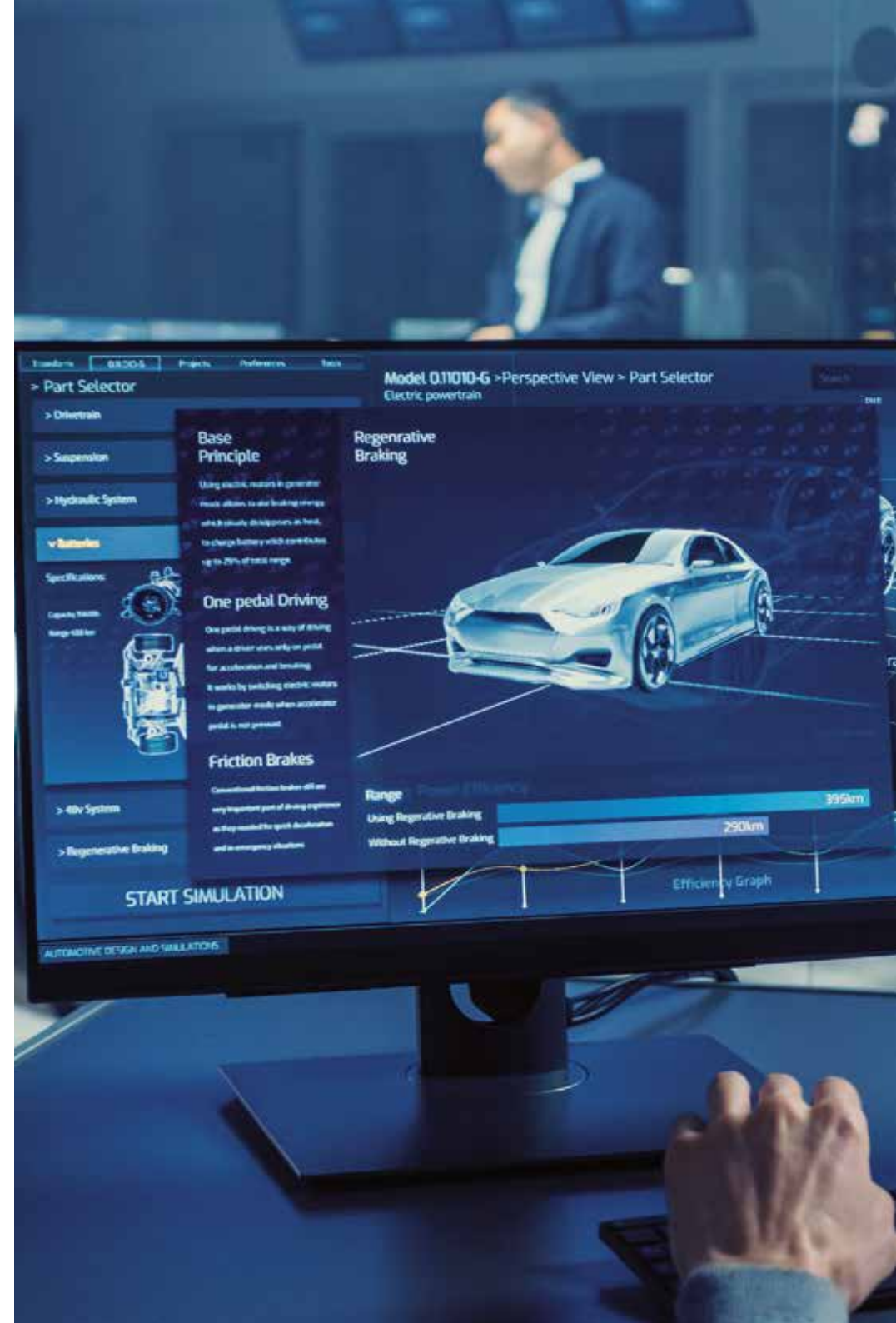
CLEPA has established a dedicated task force with the aim to provide arguments and factual examples to further support the CLEPA advocacy activities at the European Commission level on SEPs. Suppliers advocate for a better balance between the interests of SEP owners and those of technology implementers as well as limits on unfair SEP licensing practices.

ACTIVITIES



Advocacy

- Active role in the Expert Group which was established by the European Commission (DG GROW)
- January 2022 - Meeting with the UK Intellectual Property Office
- November 2021 - Joint "Amicus letter" with ACEA and OICA on an expected ruling by the US Supreme Court





Partnerships: Driving research and innovation forward

The European Commission has been supporting the creation of a series of Research & Innovation (R&I) Partnerships between private and public entities to address some of Europe's most pressing challenges through concerted initiatives implemented via the EU's Horizon Europe R&I programme, hence enabling the duplication of investments and the fragmentation of efforts to be avoided.

To ensure that the R&I priorities of its members are well reflected in the respective programmes, CLEPA is deeply involved in several of these R&I Partnership including:



2ZERO, aiming to achieve carbon neutrality in road transport by 2050



CCAM "Cooperative, Connected & Automated Mobility" targeting European leadership in safe and sustainable road transport through automation



Batt4EU, working to create a competitive and sustainable battery value chain in Europe



Made-in-Europe, driving sustainable manufacturing ecosystems in Europe towards circularity and flexibility.



European Projects: Advancing R&I priorities

CLEPA has been actively involved in a series of European R&I Projects that contribute directly to the advancement of research & innovation in different areas of priority for the automotive supply chain, including:

The **ENSEMBLE** Project, which concluded in March 2022, focused on paving the way for multi-brand truck platooning in Europe. The consortium developed and deployed, in a real environment, a platooning technology agreed between all leading European truck manufacturers. CLEPA's contribution has been fundamental to designing the two platooning levels (including use cases, specifications and requirements) and to create a communication protocol leading to the implementation of platooning functionalities in different trucks. This will help realise smarter, safer and more efficient road transportation in the future. Predictions showed that at least 15% of all trucks from the current traffic volume could potentially benefit from platooning since they are already travelling, in a less safe way, within the distance defined by the ENSEMBLE Platooning Support Function.



LIBERTY focuses on upgrading Electric Vehicle battery performance, safety and lifetime from a lifecycle and sustainability point of view. The aim is to achieve a range of at least 500 km on a fully charged battery pack while halving charging times and ensuring safety, long battery lifetime of over 300,000 km for first life, and sustainability over the battery pack's entire life cycle including the option to reuse the battery pack for second life applications.



URBANIZED is working to introduce modular and flexible solutions for urban-sized zero-emission last-mile delivery and services vehicles. The project aims to develop and demonstrate the next generation of modular vehicle architectures for urban-sized commercial electric vehicles, using the principle of right-sizing vehicles with respect to their mission to optimise their design.



Several recently approved EU projects will also be kicked-off in 2022, focusing on one hand on the eco-design and Life-Cycle Assessment of vehicles and their constituent systems and components (with a specific focus on battery systems), and on the other on supporting the development of connected, cooperative and automated mobility across the complex cross-sectorial value chain with a specific focus on logistics.

In general, the contribution of CLEPA in each project is geared towards promoting the development of common methodologies and contributing to the definition of technical specifications, while supporting the communication and dissemination activities, exchanging information with the CLEPA members whenever possible.