

**CLEPA Position Paper Industrial Policy / Cars2030**  
**“Fostering a competitive, smart and innovative Europe”**

Industry in general and the automotive industry in particular is the backbone of the European economy and its low growth is putting at risk not only jobs and value added creation, but also the very foundations of European growth and competitiveness, innovation and productivity. European automotive suppliers are one of the main drivers of innovation: they invest yearly over 18 billion Euros in RDI, bringing to the market an increasing diversity of products, with ever shorter development and product cycles. The ability for industry and their associated service companies to sell their products with profit in Europe and the world form the necessary basis for further investment, innovation, tax revenues and employment in Europa. In January of 2014 the European Commission set a new target: increase industry’s share of GDP to 20% by 2020. This target can only be achieved with the strong contribution of the automotive industry; therefore the automotive suppliers and the whole supply chain need a business friendly and competitive environment to be able to operate, producing innovative and sustainable products and creating growth and employment in Europe.

1. **Bring industry back on track:** The development of industry is very heterogeneous with diverging shares of industrial production in different member states: While some countries face steep decline in production, especially in the automotive sector, others remain stable. More successful countries should be the role models inspiring others to follow. Individual strengths should be able to develop and facilitate through international division of labor as well as efficient management.
  - **Horizontal consideration of industry’s competitiveness in all policy areas and at all levels of decision making:** new legislative initiatives should be analyzed with regard to their impact on industry and technology, avoiding conflicting regulation in different fields. A comprehensive impact assessment should be prefixed to all legislative measures and always consider the entire context of a proposal, while keeping the competitive situation on the market under scrutiny.
  - Where **structural factors such as overcapacity** prevail, a holistic approach should be favoured: minimising social impacts where restructuring cannot be avoided, pushing for re-industrialisation and actively supporting the re-training of the work-force.
  
2. **Smart regulation** is evidence-based, technology neutral and uses fair and transparent parameters to assess policy options. To improve predictability of the regulatory framework the EU should continue developing roadmaps for the stakeholders to comment. However, smart regulation is also about furthering the objectives of the EU’s economy.

- The EU needs to **adapt and consistently implement a supportive and enabling regulatory framework that helps maintain the technological leadership of the European Automotive Industry**
  - While pursuing technology-neutral legislation, this framework should seek to promote the competitiveness of the European industry around a high value added model that will sustainably develop or enhance areas of European leadership or excellence.
  - This includes *inter alia* innovation, design, safety and environmental performance, throughout the vehicle supply chain and through 2020 and beyond.
- 3. Investments in innovation:** European automotive suppliers are amongst the biggest private investors in R&D, investing around €18bn yearly into the research, development and implementation of safe, clean and interconnected vehicle technologies. These efforts must be framed by an ambitious R&D policy, which should be at the heart of a European industrial policy.
- Policymakers need to ensure **investment framework conditions that will contribute to stable and diversified funding support.**
  - **Maximising the synergy effects of European and national policy objectives and funding mechanisms** through better coordination and communication should be the shared responsibility of the European institutions and the member states, thereby avoiding conflicting interests of supporting local investments in sectors that already show over capacity in the Union.
- 4. Skills:** Education, training and lifelong learning are among the most important instruments to improve the competitiveness of the automotive industry. As the automotive industry is undergoing transformations and skills requirements are changing, it is facing stiff competition from other sectors in the search of a highly skilled workforce. Tackling skills gaps and shortages, notably in **STEM (Science, Technology, Engineering and Mathematics)**, furthering growth in engineering jobs and the overall availability of a qualified workforce is therefore paramount to fostering innovation and running the production processes that embed higher added value. The planned **European Sector Skills Council for the automotive industry** will be a useful tool to reach this goal by detecting, analyzing and evaluating best practices for automotive skills training in different EU member states.
- Since the steady supply of a highly skilled workforce in the automotive industry is in their very own interest, CLEPA and its members are fully committed to further invest into the education, qualification and training of employees in the automotive supply chain. These industry efforts should be matched by promoting and supporting measures by the EU and member states.
- The role and resources of the **European Institute of Technology** should be reinforced and consideration given to developing a dedicated knowledge and innovation community and model curricula around the automotive sector.

- The EU needs to promote the development of and access to a skilled automotive workforce across the range of employee categories. Where possible and in line with EU competences, the EU should encourage a range of **supportive national policies to**
  - **promote a stronger EU automotive workforce base** and be consistent with the high added value model of the European automotive sector.
  - The EU should **actively foster policies that develop the required automotive skills base across the EU**, including in its economic guidance to Member States.
  - The EU should **actively remove any obstacles to the free movement of European automotive workers** or the provision of the requisite higher education and vocational training for the automotive sector. The EU must take a longer term approach and anticipate the needs of the industry in the respect of training, RDI, SMEs, and the completion of the internal market.
5. **Affordable, secure and sustainable access to raw materials and energy:** the EU should make sure that existing voluntary industry-led initiatives are strengthened and security of supply should be considered in trade agreements with other countries. For downstream industries, especially the ones with complex value chains like the automotive industry, the administrative costs of verifying sustainability could be significant.
- It should be a common objective to **ensure access to raw materials at competitive prices and without overburdening rules for downstream users.**
  - **Energy as a key component of industrial production needs to be affordable** to companies and consumers, its supply should be sustainable and secure.
6. **SMEs:** Financing is one of the most important instruments for the re-launch of the European manufacturing sector, especially for SMEs. Small businesses cater for much of the innovation and flexibility in the production process. At the same time they are the first at risk when restructuring starts at OEM and tier 1 supplier level. They also have only little margins to negotiate with financiers when the market contracts and banks tighten the reins and require higher guarantees for lending. Accessing public procurement, standards and getting their interests better taken into account in the standardisation process is fundamental to get an integrated supply chain.
- Despite considerable progress in helping SMEs benefit from the Single Market, many remain cautious about engaging in cross-border activities for various reasons. Making cross-border payments is often perceived as costly and burdensome, as are the instruments available to resolve possible conflicts with customers. In relation to SMEs policy makers should support:
- **Access to finance**
  - **Internationalisation:** advice on market access and more favourable conditions for export finance, IPR protection, patents etc.
  - **Both national and trans-national clustering**

7. **Fair competition in the automotive aftermarket:** The production cycles of European automotive companies provide for long-lasting high-quality products, which is why a growing share of added value in the automotive sector is nowadays created by post-production and after-sales services. European industrial policy should therefore adopt a comprehensive approach and thus ensure fair competition in the automotive aftermarket.
8. **Free and balanced trade agreements:** Priority markets should be an integral part of European industrial policy: working towards an agreement on closer regulatory cooperation with the US within the framework of the TTIP. There is a need to study the cumulative impact of the free trade agreements and combine industrial and trade policies to dismantle tariff and non-tariff barriers to EU exports. The mutual recognition of test procedures, conformity assessments and licensing requirements will hence reduce production and distribution costs for European automotive companies.
- CLEPA supports the EU in its efforts to implement a trade policy which preserves a healthy industrial base in the EU. This requires using **instruments such as international regulations harmonising vehicles and the review of the UNECE 1958 agreement.**
  - CLEPA supports the inclusion of certain **standard clauses for IPR protection** in all EU FTAs, as well as clauses which prohibit and sanction trade-distortive practices; and **promotes fair public procurement, investment protection, dispute settlement procedures and safeguard mechanisms.**

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**CLEPA is the European Association of Automotive Suppliers.**

113 of the world's most prominent suppliers for car parts, systems and modules and 25 National trade associations and European sector associations are members of CLEPA, representing more than 3 thousand companies, employing more than 5 million people and covering all products and services within the automotive supply chain. Based in Brussels, Belgium, CLEPA is recognized as the natural discussion partner by the European Institutions, United Nations and fellow associations (ACEA, JAMA, MEMA, etc).

**Facts about the European automotive industry**

- Some **12 million** people are employed in the European automotive industry
- European automotive suppliers directly employ **5 million** people
- European automotive suppliers invest **€18bn** in RDI per year. They are the biggest private investor into research and innovation
- Per year, **18 million** vehicles are manufactured in Europe, contributing to the stability and growth of the European economy



## Summary Table

Topic	Description	Expected EU actions
Bring Industry back on track	Focusing to an international sharing of labor, supporting the “ <i>Regional Smart Specialization</i> ”	<ul style="list-style-type: none"> <li>• Holistic impact evaluation of the new legislative initiatives</li> <li>• Structural factors (like overcapacity) to be considered when re-mapping investments</li> </ul>
Smart regulation	Technology neutrality together with clear parameters to assess policy options	<ul style="list-style-type: none"> <li>• A regulatory framework supporting the technological leadership of EU Automotive Industry</li> <li>• Promoting an high added value model that includes: innovation, design, safety environmental sustainability</li> </ul>
Investment in Innovation	One of the biggest private investors in R&D: 18bn€/y	<ul style="list-style-type: none"> <li>• Investment framework conditions to stabilize and diversify the funding support</li> <li>• To maximize the synergy of EU and Regional policy objectives and funding mechanisms</li> </ul>
Skills	Education, training, lifelong learning as the most important tool for competitiveness	<ul style="list-style-type: none"> <li>• European Sector Skills Council for the Automotive Industry to detect, analyze and evaluate best practices at EU level</li> <li>• Promote a strong EU automotive workforce base</li> <li>• Actively remove any obstacle to the free EU movement of EU automotive workers</li> </ul>
Raw material and energy access	Creating the conditions for an affordable, secure and sustainable access to raw materials and energy	<ul style="list-style-type: none"> <li>• Include the security of supply in trade agreements with other Countries</li> <li>• Negotiate affordable conditions for energy</li> </ul>
SMEs	Conditions to support the survival and growth of SMEs	<ul style="list-style-type: none"> <li>• Friendly access to finance</li> <li>• Supporting the internationalization</li> <li>• Clustering</li> </ul>
Automotive Aftermarket	Fair competition	<ul style="list-style-type: none"> <li>• Adopting a comprehensive approach</li> </ul>
Free and balanced trade agreements	To study the cumulative impact of the free trade agreements, combining industrial and trade policies	<ul style="list-style-type: none"> <li>• Include priority markets in EU industrial policy (TTIP)</li> <li>• Harmonize international regulations</li> <li>• Review the UNECE 1958 agreement</li> </ul>