

Brussels / February 13 2025

EN

---

## FUTURE OF THE EUROPEAN AUTOMOTIVE INDUSTRY: PRIORITIES FOR AN EU INDUSTRIAL ACTION PLAN FOR THE AUTOMOTIVE SECTOR

## CONTRIBUTION TO A PUBLIC STAKEHOLDER CONSULTATION

---

*The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 6 million individual members. Founded in 1990, CESI is a recognised European sectoral social partner and advocates improved employment conditions for workers in Europe and a strong social dimension in the EU. CESI represents public as well as private sector worker. This consultation contribution has been chiefly prepared by CESI's member organisation Confasal-Fismic, an Italian metal workers' union centrally involved in the Italian automotive industrial relations, including in the Stellantis Europe group based in Turin.*

### **Driving Europe's automotive future: Innovation, resilience, and sustainability**

Decarbonisation, digitalisation, and competition are reshaping the European automotive industry. Although innovation, competitiveness, and regulatory optimisation are mentioned as elements in an EU Industrial Action Plan, further matters should be added for a balanced, industry-driven transition that ensures economic stability and industrial sovereignty.

#### *Strategic considerations*

There is a need to strike a balance between environmental objectives and industrial feasibility. Regular reviews should be based on technological and market developments and applicable to the EU's 2035 internal combustion engine (ICE) phase-out target. A technology-neutral approach should be encouraged to allow for space of power by hydrogen, e-fuels and hybrid technologies in addition to electronic vehicles (EVs.)

In two respects, revised EU state aid rules should allow targeted public investments in automotive innovation, battery production and digitalisation:

1. Chinese EVs producers enjoy massive government subsidies, creating an uneven playing field. Similar EU level incentives based on second hand EV purchasing or locally produced EV purchases would improve market competitiveness in Europe.
2. Lower-income consumers simply cannot afford an EV. Wider subsidies, leasing incentives, and battery-as-a-service models should be encouraged.

#### *Main themes, elements and priorities for an EU industrial action plan for the automotive sector*

- **Developing talent and transforming workforces.** The shift to EVs and digitalised manufacturing will inevitably lead to changing workforce requirements, the decline of traditional jobs and the rise of new roles. According to estimates from the European Centre for the Development of Vocational Training (Cedefop), over 2.4 million workers in the automotive sector will need to be reskilled by 2030. Lifelong learning programs, apprenticeships and vocational training must be prioritised in EU funding, providing workers the skills to work in net zero technology functions, AI-driven vehicle systems and automation.

- **Enhancing security of supply chain and independence of raw materials.** The EU is still heavily reliant on third countries for critical raw materials including lithium, cobalt and rare earths. The 2023 Critical Raw Materials Act from the European Commission should be updated to provide stronger incentives for domestic mining and recycling projects. Public-private partnerships in battery recycling and alternative material research can help reduce import reliance.
- **Increasing sovereignty in batteries and semiconductors.** A sustainable automotive industry needs a vibrant domestic supply of batteries and semiconductors. The EU will only meet 70% of its battery demand by 2030, according to the European Battery Alliance. The European Chips Act, with its budget of 43 billion euros for investment, should ensure that the automotive industry receives priority access to semiconductors to avoid the kind of disruptions seen during the COVID-19 crisis.
- **Investing in public infrastructure and charging facilities.** EV charging infrastructure will need to grow massively to fulfil the EU's ambitious climate goals. According to the European Court of Auditors (2022), the rollout of charging stations is lagging behind the adoption rates of EVs in major markets like Germany, France and Italy. Efforts must be incentivised to establish more high-speed charging networks along major transport thoroughfares and urban centres through public and private investment.
- **Mitigating social and regional adverse impacts.** The industrial transition threatens to increasingly hit regions that rely on internal combustion engine (ICE) manufacturing particularly hard. A Just Transition Fund for automotive regions is needed to help diversify the economy during the next transformation towards new mobility, provide new jobs, and ensure social safety nets. The prospects are dire; for instance, more than 70,000 jobs are at risk in Italy alone as the ICE vehicle phase-out proceeds in line with efforts around the globe, necessitating targeted regional support.
- **Supporting SMEs and industrial clusters.** As SMEs make up the very backbone of Europe's automotive supply chain, they need specific support. Also, industrial clusters and innovation hubs need to be scaled to drive collaboration between SMEs and large manufacturers.
- **Reinforcing end-of-life vehicle recycling and the circular economy.** The EU should reinforce sustainability through binding recycling targets and extended producer responsibility (EPR) schemes. According to the European Commission, end-of-life vehicle recycling could decrease automotive carbon emissions by 30%. Second-life battery applications and remanufacturing of vehicles can offer new business opportunities and negative waste.

### **Conclusion: The EU automotive industry at a turning point**

The EU automotive industry is at a turning point. A proper industrial strategy is crucial to securing Europe's leadership and achieving an ambitious, fair, competitive and socially responsible transition. Finding the right balance must be a top priority for the European Commission, ensuring that European industrial policies are focused not just on maintaining innovation but also on securing jobs, economic stability and, ultimately, strategic autonomy. To this end, the future of the EU automotive industry hinges on a coherent and discoverable action plan that promotes sustainability without undermining its industrial might.