

DRIVES NEWSLETTER – POLICY UPDATE

◆ Automotive Sector

Providing 13.8 million jobs, the automotive industry is a key EU employer. Due to its strong economic links to many other industrial sectors, it has an important multiplier effect in the economy. At the same time, road transport emissions continue to represent a main source of air pollution. The aim of the EU's policy in the automotive sector is to establish an internal market for vehicles, ensure a high level of environmental protection and safety, strengthen competitiveness, and provide a stable level playing field for the industry.

According to the answers given by Commissioner Thierry Breton during his hearing at the European Parliament, “**sectors such as machinery, automotive, construction, creative industries, fashion or beauty products will benefit greatly from an integrated approach**”. For that, the Commissioner will make sure that “**sectorial legislation is reviewed and made fit for the digital age**”. One of the Commission's priorities for this mandate will be to accelerate the transition of energy-intensive industries towards climate-neutrality - such as steel and chemicals - **and the automotive value chain**.

According to the [new Industrial strategy for Europe](#), there should be a special focus on sustainable and smart mobility industries, which have both the responsibility and the potential to drive the twin transitions (ecological and digital), to support Europe's industrial competitiveness and to improve connectivity. **This is notably the case for the automotive**, aerospace, rail and ship building industries, as well as for alternative fuels and smart and connected mobility.

From 11 September until the 12th of November 2019, a public consultation on the [European Partnership for safe and automated road transport \(Horizon Europe programme\)](#) was opened. The initiative provides a long-term framework for planning research and pre-deployment programmes for driverless vehicles across the EU and nationally. **This is in line with the May 2018 Communication “ On the road to automated mobility: an EU strategy for mobility of the future”**. Through the initiative, all relevant research and innovation activities can be streamlined, creating opportunities for integrated mobility solutions. **The**

Commission was aiming at proposing the regulation on the first quarter of 2020, but it has not been published yet.

The Commission is preparing a communication on the Sustainable and Smart Mobility Strategy. The [public consultation](#) is open between the 1st of July and the 21st of September 2020. The adoption by the Commission is still scheduled for the fourth quarter of 2020. With this, the Commission intends to adopt a comprehensive strategy to meet this target and ensure that the EU transport sector is fit for a clean, digital and modern economy.

Finally, the Commission has launched a [public consultation](#) aiming at examining all areas where the EU's 2011 white paper on transport made policy proposals, such as: eliminating barriers to a single EU transport market; promoting innovation; improving infrastructure; reducing emissions.

◆ **Skilling and Re-Skilling**

In the next five years alone, **120 million Europeans will have to upskill or reskill** and so, Europe will have to ensure that education and training keep pace. 70% of the companies report that they are delaying investments because they cannot find the people with the right skills. Retraining and reskilling have to be a major part of our social market economy and European **higher and vocational education and training** systems will also need to provide more scientists, engineers and technicians for the labour market. Moreover, the twin ecological and digital transitions will shape new types of jobs that do not yet exist which **need skills** that we do not yet have¹.

On the 1st of July, the European Commission published the [Communication: “European Skills Agenda for sustainable competitiveness, social fairness and resilience”](#), including a [Commission proposal for a Council Recommendation on Vocational Education and Training](#). The Communication starts by regretting that the containment measures due to the Covid-19 pandemic have led to 1.1 million jobs being affected due to factory shutdowns. Besides this, it clearly states that, although most responsibilities for skills policies remain at the national, regional and local level, Europe has an important role to play, since many people work for small companies belonging to value chains that span across Europe. In all sectors, from **automotive** to textile, from pharmaceuticals to energy, **there is a European chain of talent**. It continues by saying that the **automotive sector** - which accounts for 7% of EU GDP and was already confronted with major structural changes – **needs to invest in digitalisation, green technology** (e.g. batteries to bring along electrification of transport and other alternative fuel solutions) **and greater connectivity and automation**

¹ [A new Industrial strategy for Europe](#)

as well as transform existing business models and value chains. Moreover, the transport and especially the automotive sector needs a clear agenda to boost a range of new skills including big data analysis, software development, artificial intelligence, robotics, chemistry, electronic engineering and a new range of soft skills. The maximization of the use of these skills across the ecosystem and supply chains should be encouraged, for example in the roll out of the electrical charging infrastructure.

The [Commission proposal for a Council Recommendation on Vocational Education and Training](#) intends to modernise the Union policy on VET by supporting the transitions to a green and digital economy in times of demographic change, to upward convergence of national VET systems, to confirm the central role of VET in the lifelong learning continuum and its strong links to all education and training sectors and to simplify the VET governance at Union level.

Furthermore, the [Next Generation EU](#) will raise new financing on the financial markets for 2021-2024 for the newly proposed [Recovery and Resilience Facility](#) and [REACT-EU](#). Both programmes will include investments in skills, education and training to lay the basis for a green, digital and resilient recovery.

The upcoming **Renovation Wave** will focus on creating jobs in construction, renovation and other labour-intensive industries. **The transitions in these areas lead to an increased need in re- and upskilling. VET programmes can play a key role in delivering on these skills.** Equally, the [SME Strategy for a sustainable and digital Europe](#) highlights how an increasing number of SMEs is confronted with the challenge of finding the necessary skills and the fact that availability of skilled staff or experienced managers remains the most important problem for a quarter of SMEs in the European Union **VET is particularly relevant for SMEs to make sure that their workforce has the skills needed on the labour market.**

All this will require collective action from industry, Member States, social partners and other stakeholders through a new **“Pact for Skills”** to contribute to up- and reskilling and to unlock public and private investment in the workforce. The Pact will put focus on sectors with high growth potential for Europe or those undergoing the most significant change.

The Commission is fully committed to make the **European Education Area a reality by 2025** and this will require a whole of life approach, from early to adult age and will also present a **new Action Plan on Integration and Inclusion** to ensure our societies protect the most vulnerable.

Also with relevance for the sector is the **Just Transition Fund**, which will, according to the [Sustainable Europe Investment Plan European Green Deal Investment Plan](#) support the reskilling of workers in view of equipping them with the necessary skills to take on new jobs

Finally, in January, the Commission established the need of proposing a **European Unemployment Reinsurance Benefit Scheme (EUBRS)**, aiming at supporting those in work and protect those who have lost their jobs because of external shocks, **notably by supporting their reskilling**. Public finance for training and reskilling will address unemployment, and **create the skills basis that are needed**. The Covid-19 pandemic accelerated that goal and, in the beginning of April 2020 as part of the comprehensive economic response to the coronavirus pandemic, the Commission proposed a temporary Support to mitigate Unemployment Risks in an Emergency (**SURE**). The SURE instrument is the emergency operationalisation of the EUBRS and is specifically designed to respond immediately to the challenges presented by the coronavirus pandemic. It in no way precludes the establishment of a future permanent EUBRS.

Looking ahead

- ⇒ **Launch of a European Pact for Skills** during the German Presidency and the European Vocational Skills Week, November 2020
- ⇒ **Digital Education Action Plan** (Public consultation: 18 June 2020 - 04 September 2020)
- ⇒ **Achieving the European Education Area** (non-legislative, Q3 2020);
- ⇒ **Action Plan on Integration and Inclusion** (non-legislative, Q4 2020)