EMF Contribution:

The Components and Downstream Markets of the Automotive Sector

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Contents:

I. Current situation: Crisis

The current situation prevailing in the sector is directly attributable to the economic downturn. The negative consequences are mainly appearing under the guise of lower demand, but also in the form of modified customer behaviour in terms of repair.

I.1. Economic Situation

The current crisis is directly threatening many small and medium-sized companies in the sector. This is due to a reduced demand for new cars and a modified demand (for smaller cars).

Parallel to this, customers are requesting different services to those which repairers are offering: car owners do their own repairs instead of using a professional's services, mainly in independent repair shops.

Authorized dealers/repair outlets still see a high level of demand on the repairs side, but a real rupture in sales activities.

This situation has an impact on the existence of a diversified offer in the sector. Up to 20% of undertakings seem to be in serious difficulties and their existence is in jeopardy.

In addition, the modified customer behaviour with respect to repairs will have an impact on road safety in the medium and long run.

I.2. Block Exemption

From a trade union perspective, the block exemption regulation is a satisfactory solution. Trade unions would suggest maintaining the current regulation on block exemption as it is, for a specific period, especially given the current crisis.

Many of the sector's undertakings would not survive the challenges of regulatory modification in the current situation. A five-year prolongation of the current regulation would therefore be appropriate.

II. Upcoming Challenges

During the current downturn, many elements of previous industrial policy are coming under scrutiny. The future of the internal combustion engine has been called into question, especially as a consequence of the past period of high petrol prices.

II.1. Technological Change

Realistic scenarios foresee a growing percentage of hybrid and electrical cars in the fleet. This not only includes cars with electric batteries but also with H_2 fuel cells.

Some of the consequences of this change are as follows:

The workers' skill set in repair activities will change. Skill needs in the electrical domain will become more significant (change from low-voltage to high-voltage systems).

Systems including H_2 components will require yet a different set of new skills.

Training systems will need to be adapted to these new requirements, including the associated safety issues. It will be necessary to retrain the current workforce for the new activities as well as train entrant workers.

The sales part of the activities will require adaptation, too.

During the period of introduction of new technologies, the drivers of these new models will need training sessions as the usual set of information for experienced drivers will no longer be relevant.

II.2. Access to Technical Information

The block exemption regulation currently in force obliges manufacturers to make technical information accessible to all professionals in the sector. However, not all manufacturers are applying the rules correctly but bill extremely high prices for basic information.

Possible negative impacts on road safety cannot be excluded.

II.3. Counterfeit Spare Parts

The current EU directive on design protection is not working properly for the undertakings in the sector. Counterfeit spare parts are not efficiently excluded from the market.

This has impacts on road safety and occupational safety. Some spare parts contain hazardous products or need reworking by the local professional repairer.

III. Social Aspects of Work in the Sector

The components' sector and downstream market activities of the automotive sector are composed of very diverse elements. The structure of the sector is varies considerably in the various regions of Europe. The average company size ranges from very small structures in southern Europe to relatively concentrated national enterprises with local subsidiaries, for example in Germany and France.

III.1. Education and Training

Traditionally, education and training systems are well organised in the sector. This is mainly due to rules imposed by the car manufacturers and a consequence of rapid technical change in respect of the vehicles produced.

Practically no other sector exists where as many workers are trained every year. The picture varies however depending on the size of the company.

From a trade union perspective, however, many of the training courses offered are too closely related to the current job held by the trainee. This limits the scope of career advancement and social promotion for the workers. A more general approach as regards training contents would be helpful and empower workers in their professional lives.

Certification for professional training in the sector is typically linked to a specific company or brand. This limits the mobility of the workers not only within the sector but more significantly across related sectors.

It would be useful to have a European system of certification for professional training and skills thus ensuring mobility for all workers.

The period of time for introduction of the European Qualification Framework might be the right channel for tackling this question of mobility.

The situation in relation to apprenticeships varies considerably in the European regions. Small and medium-sized companies typically train very few apprentices. The challenges ahead for the sector - challenges of a demographic and technological nature - will necessitate a stepping up of efforts.

The senior generation of repair-shop workers has not been made familiar with technologies now emerging in the market. The effort required for teaching them the necessary skills for the future requirements will be significantly higher than the usual continued training efforts.

The ideal career of a worker in a typical garage is centred on moving from repairs to sales. This is due to a large extent to working conditions, health risks and income opportunities.

The proportion of white- and blue-collar workers is shifting in favour of white-collar workers. Unfortunately, the profession of salesperson or service dispatcher is not a recognised profession, whereas most activities in the repairs sector come with professional certificates that are recognised by the national education systems or sectoral systems.

Not all countries in Europe offer vocational training that can be used by independent undertakings as is possible within the realm of the current block exemption directive.

The probable tendency in Europe will be a more-than-one brand company. The skill set of the workers has therefore to follow the demands of several manufacturers, which means that the qualification requirements will increase.

III.2. Labour Policy

Work in various parts of the sector is difficult. In particular, repair activities are very difficult in terms of working conditions.

III.2.1. Occupational Health

Cars are still not tilted over during work at most production/repair sites, unlike at manufacturing sites. Heavy parts have to be carried by the workers, often by hand. For the workers, this implies spinal and back disorders, as well as articular problems after a few years of activity. Typically, workers beyond 45 years of age are no longer able to continue in the same position.

Given the demographic challenges ahead, the changes in work organisation that trade unions have been demanding for quite some time will become unavoidable in order to keep a sufficiently skilled workforce in good health and allow workers to go on working up to retirement age. Otherwise, the skills needed in the sector will not be available.

III.2.2. Occupational Safety

Dust, hazardous chemical substances and noise are not the only risks linked to the typical activities of the sector. In small trades, the usual protection procedures are often neglected.

New risks will emerge when new technologies appear on the market: electrical hazards from high-voltage systems and H_2-related explosion risks will have to be handled soon. This requires preparation.

For the moment, the possible changes to the typical workplace are not yet known. The various stakeholders need clear signals to begin elaborating the appropriate strategies however.

III.2.3. Demographic Change

The ageing general population has consequences for the automotive sector's downstream market. The average age of the workforce will increase and health-related issues will have a higher impact on the imperatives of work organisation, training needs, and working conditions.

The more detailed aspects of demographic change have been dealt with in previous sections.

III.3. Remuneration

Remuneration and wages do not fall within the realm of EU competences. However, the specific situation of the downstream automotive sector justifies it being questioned at this level.

In almost all EU countries, wages are under pressure in this sector even more so than for the average worker.

At the source of this pressure, we mainly find the car manufacturers. The dependency between car dealers/car repair shops and the car manufacturers that offer them their concessions is enormous. The manufacturers decide on investments, training standards and end-user prices, but it is the dealer/repairer who has to carry the financing burden and all economic risks.

As a result, wages are relatively low in the sector. This, coupled with the difficult working conditions, reduces the attractiveness of the sector in the eyes of young workers. Future recruiting difficulties are likely to arise.