



Brussels, 11 July 2007

## **ETUC's position on the implementation of the renewed strategy to reduce CO<sub>2</sub> emissions from passenger cars and light-commercial vehicles**

The European trade union confederation represents 81 national trade union confederations in 35 countries, for some 60 million workers. As a confederation of trade unions, the ETUC represents workers across all sectors, notably those that will be highly affected by the impact of climate change – for example workers in agriculture in the south part of Europe.

The European trade union movement welcomes the EU taking the global lead in combating climate change through a wide set of environmental, economic and social policies and measures creating economic opportunities and mitigating adverse social and employment impacts. The ETUC believes that the ambitious target of 20% - 30% emissions reduction by 2020 can only be achieved in a socially acceptable way by engaging all economic sectors through EU wide legislation.

The October 2006 resolution of the ETUC's Executive Committee<sup>1</sup> pointed to the transport sector as a key sector where efforts must be stepped up in order to reach the EU CO<sub>2</sub> target:

“The Executive Committee is of the opinion that there is an urgent need to share the burden of reducing emissions more fairly between 'domestic' sectors (transport, residential, tertiary) and other sectors, in particular industry, which are directly exposed to international competition. Efforts must be stepped up in the transport and residential sectors where emissions are increasing at a very fast rate”.

The ETUC therefore welcomes the Commission's proposal for a legislative framework on CO<sub>2</sub> emissions from new cars, laid down in its Communication published on 7<sup>th</sup> February 2007. This paper aims to present the ETUC's viewpoint on some of the key aspects of the Communication.

### **Achieving the EU objective of 120 gr CO<sub>2</sub>/km by 2012**

The ETUC believes that it is fair and reasonable to impose mandatory reductions of the emissions of CO<sub>2</sub> to reach the objective of 130 g CO<sub>2</sub>/km by 2012 for the average new car fleet through improved engine technology.

If we ask for more efforts coming from the automotive sector, this is because, to meet the Kyoto target by 2012, we need to impose a fair burden to each and every sector and to keep

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<sup>1</sup> <http://www.etuc.org/a/2964>

in mind that any advantage given to one industry will be paid by another one, its workers and its consumers, especially the poorest ones.

Compared to other European industry sectors that are also exposed to international competition and included in a mandatory scheme – namely the emissions trading scheme-, the automotive industry has not provided a comparable effort in terms of emissions reduction over the last decade.

### **The need for longer term targets for CO<sub>2</sub> emissions from new cars**

The new regulation should help the European automotive industry to improve its long term competitiveness. Fuel efficiency and CO<sub>2</sub> emissions standards will be key future drivers for global vehicle markets, especially emerging markets. The cars manufacturers that will produce “clean” products will be leading in their markets and will create tomorrow’s jobs.

As trade unions, we are indeed concerned that, while its international competitors have already stepped up their innovative efforts with regard to hybrid cars and hydrogen technology, the European car industry may miss those breakthrough innovations.

As a consequence, the regulation should include ambitious long term targets for beyond 2012, that will trigger innovation and investments in order to bring the automotive industry significant competitive advantages in the long-term and maintain employment in this sector.

### **Target setting**

The ETUC believes that the polluter-pays principle should apply. This means that the regulation should reward early achievers while not threaten the viability of companies currently producing high emissions cars.

The setting of the targets for the reduction of average emissions should avoid providing any incentive to further increase cars weight, power and speed.

### **Improving the employment aspects of the impact assessment study**

We regret that the employment dimension of the impact assessment (SEC(2007) 60) is very weak.

Neither quantitative nor qualitative features of employment in the European car industry are addressed. In particular, the reorganisation of the industry through outsourcing processes, the impact on the quality of job of increased flexibility, are not taken into account. As a consequence, the impact assessment may miss a major implication of the proposed regulation on employment, if companies compensate the loss of margin or use the threat of relocation by further ‘flexibilising’ labour contracts and increasing the pressure on their subcontractors.

Concerning the risk of relocation, the impact study rightly points to the relocation process already taking place, but does not attempt to quantify the potential marginal employment impact of stringent emissions targets in Europe, corresponding to the difference between business-as-usual relocation and additional relocation that may be triggered by tougher standards.

These comments do not intend to put into question the need for ambitious targets as proposed by the February 2007 Communication. However, we believe that a scientifically robust and objective assessment of the forecasted employment impacts is essential to help identifying means to mitigate potential adverse impact – that is avoiding, minimizing and compensating for the impact. A well-designed social impact assessment integrated into the decision-making process is key to gain public acceptance of the policy proposals.

### **Need for a stronger industrial policy geared towards sustainable development in the automotive sector.**

Finally, we would call upon the EU Commission to develop a strong and coordinated industrial policy in the automotive sector, based for instance on the strengthening of ‘innovation clusters’ at the European level, as well as a strong education and human capital development policy in the sector in order to safeguard employment and ensure workers’ increased adaptation to change in line with the principles of a genuine social Europe.

### **The opening of a European social dialogue on implementation of climate change policies**

We would like to reiterate our call for the opening of a European social dialogue on the implementation of climate change policies. The role of such a dialogue between employers, trade unions and the Commission, and also civil society would be to support economic opportunities for job creation and to predict and address social and employment impacts.

The ETUC wants to be closely associated at the preparatory work undertaken by the Commission on the coming legislative proposal.