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# Impacts of the COVID-crisis on automotive production in Germany: industrial restructuring, government intervention, and trade union positions

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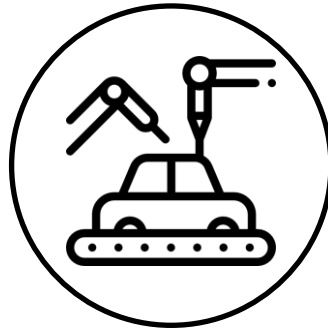
Funding:



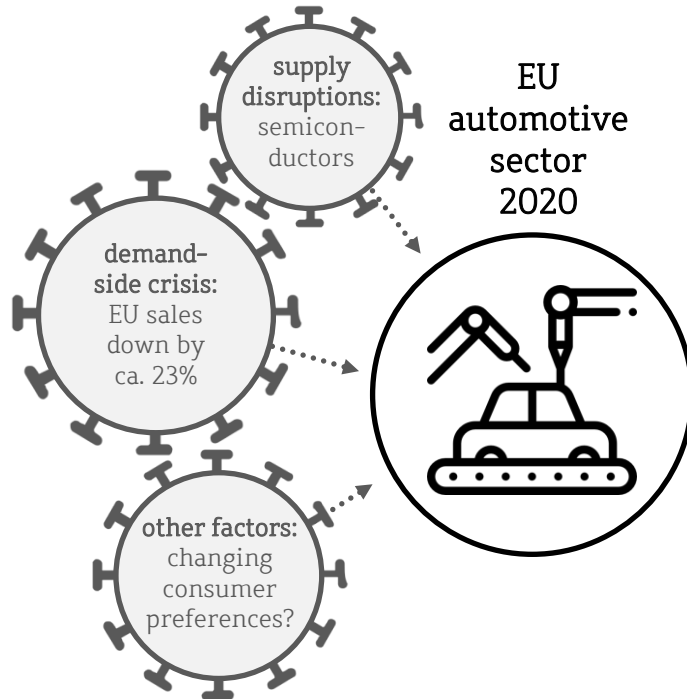
Volkswagen**Stiftung**

## The COVID-crisis in the EU automotive industry: what kind of crisis?

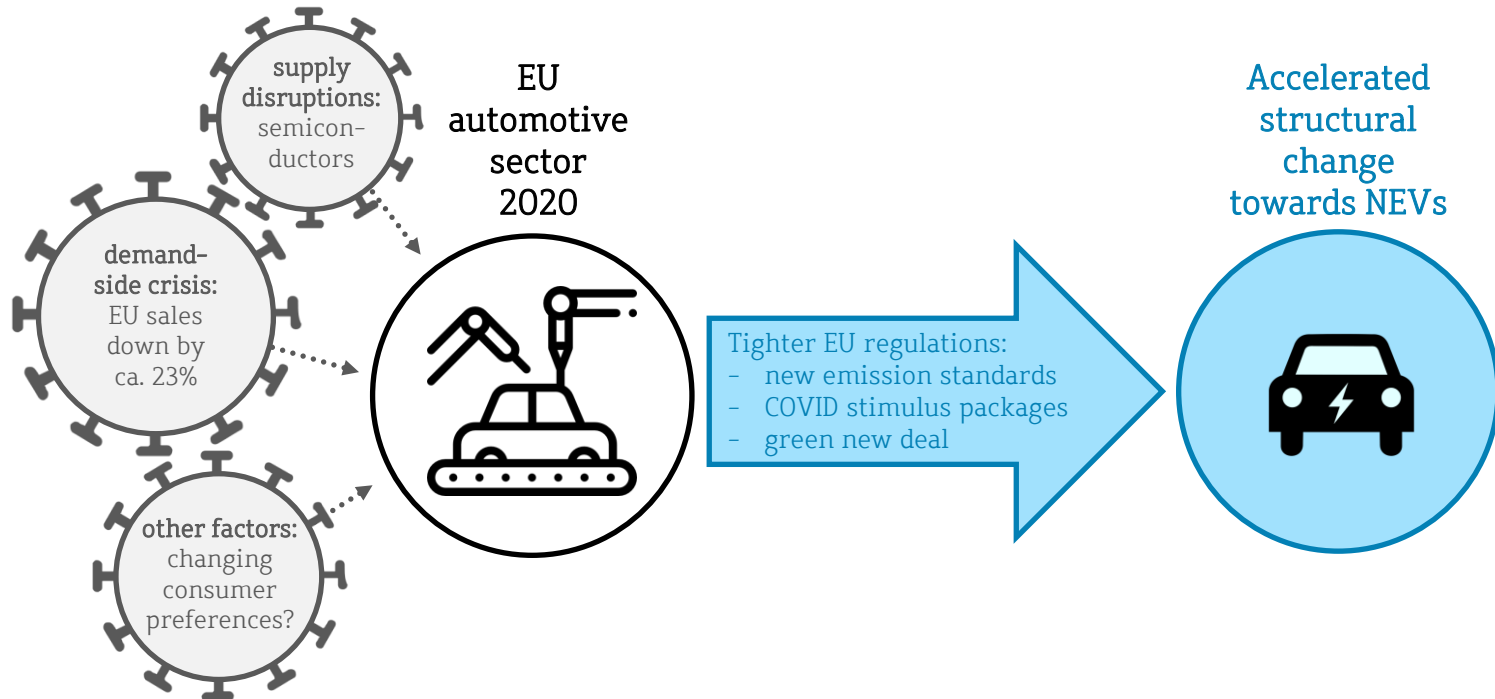
EU  
automotive  
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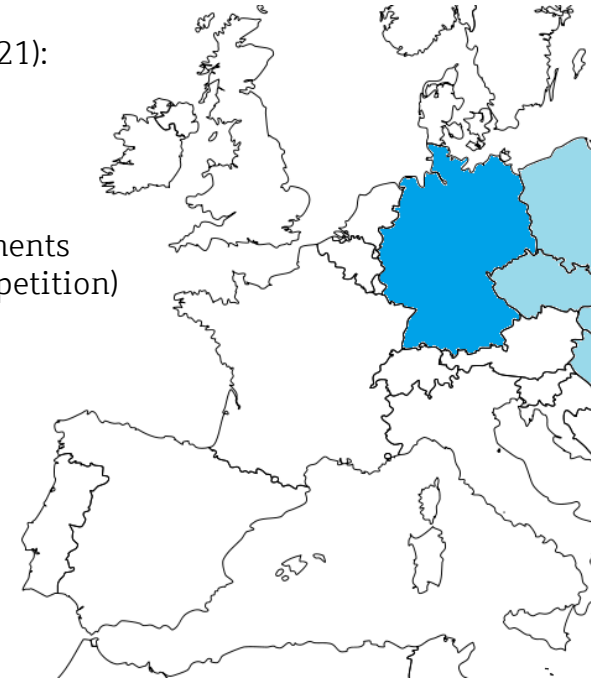
## The COVID-crisis in the EU automotive industry: what kind of crisis?



## Impacts of the COVID-crisis on the German automotive production model

### Initial conditions

- Growing domestic employment since 2008 crisis. In 2018 (ACEA, 2021):
  - Germany: 882,046 jobs (+130,000 vs 2010; ACEA, 2013)
  - France: 229,422 jobs
  - Poland: 213,708 jobs
- A transnational division of labor (here as “ideal types”):
  - GER: lead-plant roles, innovation, premium products, key components
  - CEE: price-sensitive manufacturing (but upgrading, growing competition)



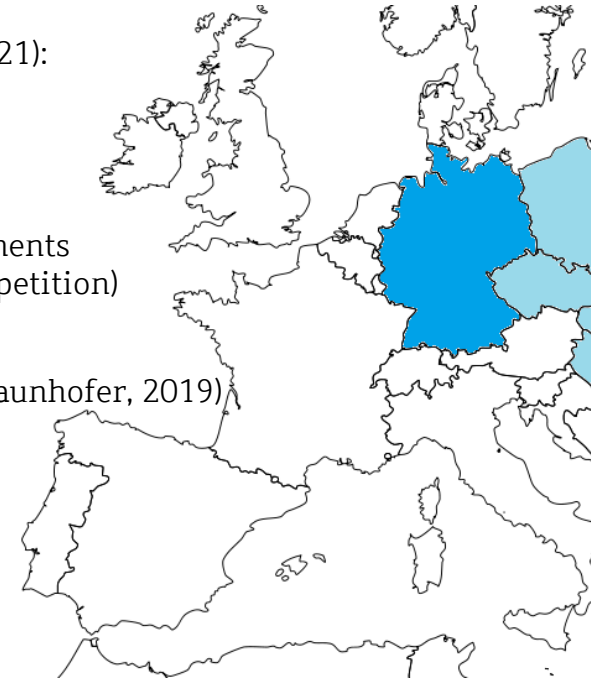
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### What change can we expect?

- Electromobility can mean 125,000 less domestic jobs until 2030 (Fraunhofer, 2019)
- But how will companies manage the change?
  - The case of Continental (preliminary observations):
    - the “pessimistic” scenario
    - restructuring accelerates during the COVID-crisis
    - 13,000 jobs in Germany will be “transformed”
    - closure of multiple domestic plants announced
    - 2021: a new electric-drive plant opens in Hungary



## Industrial restructuring in the COVID-context: government interventions

### A “corporatist” governance of the electromobility transition

- “Nationale Plattform Zukunft der Mobilität” involves government, industry, and trade unions
- only limited impact until 2020
- new relevance of multi-actor coordination in the context of the COVID-crisis

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### Government interventions post-COVID

- Key demand-side measures:
  - buyer incentives only for EVs; funding for charging infrastructure
  - no direct incentives for petrol and diesel cars (contrary to what the industry proposed)
  - but at the same time:
    - financial support covers hybrid vehicles (PHEVs)
    - technology-neutral tax reductions for all kinds of passenger cars
- Key supply-side measures:
  - governmental stimulus package “Ziffer 35c”
  - financial support for production-process innovation (digitalization, I4.0)
  - clustering to prevent off-shoring (focused mostly on suppliers and SMEs)
  - supporting new product specializations: focus on digital product innovation



## Industrial restructuring in the COVID-context: trade union positions

### Where does IG Metall stand in the post-COVID context?

- The high-level strategy: discourse of “ecological modernization”
  - but at the same time:
    - demanding buyer subsidies for petrol and diesel vehicles (the path not taken by the govt)
    - demanding a “technologically open” transformation strategy
- Acknowledging the uneven distribution of transformation costs between firms:
  - emphasizing the situation of suppliers and SMEs
  - the initiative “Best Owner Group” wants to support most affected suppliers
- Pushing for a “solidaristic” employment transformation in the automotive sector
  - working time flexibility measures as an established crisis response strategy in Germany
  - IG Metall proposes: 4-day working week as a permanent solution for the automotive industry

Thank you for your attention!