



EUROPA



Position Paper

October 2025

Economic



COM(2025) 95 final

Industrial Action Plan for the European Automotive Sector

Executive Summary

The content:

The European automotive industry has fallen behind technologically – both in terms of automated driving and electromobility. To counter the resulting crisis, the European Commission launched a communication entitled “Industrial Action Plan for the European Automotive Sector” on 5 March 2025.

- This comprises five pillars:
- Innovation and digitalisation
- Clean mobility
- Competitiveness and supply chain resilience
- Support for employees
- Level playing field with competitors from non-EU countries

With the action plan, the Commission aims to future-proof the European automotive industry through innovation, decarbonisation and digital transformation. It is very welcome that the Commission now recognises that an active industrial policy is needed to overcome the current challenges.

In the view of AK, the plan contains both progressive approaches and significant gaps. This does not do sufficient justice to a socially just implementation consistent with the principles of a just transition.

Although the action plan sends out the right initial signals, for example with regard to skills development, the expansion of European value chains and the emphasis on social dialogue, it remains non-binding on key social policy issues and is underfunded. Whilst the Commission is focusing on strengthening competitiveness, there are no clear regulations to protect employees and avoid social upheaval. As a result, the social dimension of the transformation threatens to lag behind the economic goals.

AK points of criticism in brief:

- The problems in the automotive industry were foreseeable and were the fault of the corporate managements. They should therefore fund the counter-strategies themselves. The German car manufacturers BMW, Mercedes-Benz and VW alone have generated annual pre-tax profits of around 60 billion euros in recent years. AK questions whether billions in taxpayers’ money are really necessary.
- It is positive that the qualification and social protection of employees is to be promoted and taken into account. However, in view of the billions in subsidies for research and development and for industry, the proposed 90 million euros for employees seems more like a fig leaf.
- AK is clearly against an extension of the lowered emission standards. This not least undermines the planning security required by the industry.
- The origin of the action plan goes back to a meeting between Commission President von der Leyen and (mainly) industry representatives. Civil society (trade unions and NGOs) was clearly underrepresented. Accordingly, the announcement was industry-driven.
- A strategy to promote the European rail industry is completely lacking. Although there are far-reaching EU expansion targets for rail transport, there is no plan to achieve these targets. This is also the conclusion of a report by the European Court of Auditors. A rail industry strategy is necessary and could also be used for a possible conversion of motor vehicle companies (or their jobs).

AK's Position

On Chapter 2.1: Innovation and digitalisation

The Commission's view is too technology-centric and manufacturer-driven. As such, it fails to recognise the failure of many applications. For truly sustainable solutions, autonomous driving must be embedded into a broad political and legal framework. Only a public transport system that is complemented by cycling and walking is an environmentally- and climate-friendly transport system. Automated mobility by car can even counteract climate and environmental goals. Therefore, this form of mobility should only be considered as a feeder for public transport on the first and last mile. In the case of safety, consumer legal problems are consistently left out of the equation. In cases where algorithms and data systems of assistance systems lead to damage, liability is ultimately placed on the consumer.

AK notes the following: In the event of a failure, especially of semi-automated driving systems, there must be no liability for car owners and professional drivers. From a consumer's point of view, the importance of data protection, as well as questions regarding the ownership of data, the transfer of data and the possibility of objection must be pointed out with regard to vehicle data and the announced guidelines on in-vehicle data.

On Chapter 2.2: Clean mobility

In order to promote the spread of e-vehicles, the plan provides for the accelerated expansion of the charging infrastructure. It should be noted that the electrification of the European energy system plays a central role in decarbonising our economy and achieving the climate targets. Accordingly, the expansion of the charging infrastructure and easier access to the grid cannot be viewed in isolation from the general challenge of expanding the electricity grid, which simply by virtue of the switch to renewable energy generation needs to be massively expanded. In Austria alone, this will require billions in investment over the next few years, which consumers will have to fund through rising grid fees. In the view of AK, the funding of the European electricity grid infrastructure within the MFF 2028-2035 must therefore have the highest priority. In particular, more EU funds should be used for the expansion of cross-border and high-level electricity grids.

Increasing the proportion of e-vehicles also requires access to affordable, clean energy. The European Commission last stated in March 2025 as part of the Affordable Energy Action Plan that there must be a decoupling of electricity and gas prices. However, it has not initiated the necessary far-reaching reform of the electricity market design. When it comes to financing the grid infrastructure, there is also a need for greater participation by feeders and better use of flexibility. Especially with regard to the expansion of fast charging stations for heavy vehicles along the TEN-T network, an integrated approach is important to make this as cost-efficient as possible.

Since 2021, decarbonisation in the bus sector has been driven by the Clean Vehicles Directive (CVD) at the expense of cities and public transport operators (e.g. transport associations). The higher procurement costs of zero-emission vehicles make the operation and expansion of public transport more difficult. To ensure that cities and public transport operators can continue to receive funding, an EU transformation fund must be set up on the basis of the expiring Recovery and Resilience Facility. The approach that private companies (such as car rental companies, leasing companies and freight forwarders) must also contribute to decarbonisation through procurement quotas is welcomed.

Retrofitting conventional, heavy commercial vehicles – especially buses – with an electric drive can make a cost-effective contribution to the decarbonisation of fleets. The planned UNECE regulation, which aims to harmonise the type approval of such retrofitted vehicles worldwide, is therefore to be welcomed. However, EU initiatives should also be taken for passenger cars and light commercial vehicles, as the prices of batteries are increasingly falling and retrofitting is therefore becoming economical.

The EU fleet CO₂ emissions targets set stricter CO₂ standards every five years, which are easy for manufacturers to plan for due to their long lead time. As a rule, manufacturers only meet the fleet target value in the last year with the aid of their pricing policy. The "ad hoc flexibilisation" of the emission standards in the action plan, which states that the CO₂ value for passenger car sales only has to be achieved on average from 2025 to 2027 and not as early as 2025, means that:

- The credibility of this provision is weakened and a precedent is set for a softening of the 2030 target.
- Competition is distorted, as most manufacturers or manufacturer pools would have achieved their goal through timely investment and model development.
- Consumers are prevented from getting their hands on affordable electric or fossil-powered small and mid-range cars sooner.
- It will be more difficult for the member states to achieve the CO2 target in 2030 as fleet renewal is only progressing slowly.
- It cannot be ruled out that the standards will be relaxed again in 2027.

a) Decarbonisation and life cycle

Battery-powered vehicles will make the disclosure of all CO2 emissions along the entire life cycle even more important for consumer information and taxation. AK points out that the European Commission must fulfil its obligation to present an applicable methodology in accordance with (EU) 2023/851. From AK's point of view, the simplified eco-score system, which is already used in the EU's CO2 border adjustment system, could also be applied.

b) Amendment of the Eurovignette Directive

The proposal to completely exempt heavy zero-emission vehicles from tolls and road user charges is viewed critically. Instead, AK advocates making these vehicles more marketable through mandatory toll surcharges for external costs (CO2, air pollution and noise) for fossil-fuelled commercial vehicles. In the existing infrastructure costs directive, this is an optional and not a mandatory provision.

AK welcomes the fact that the existing 1999/94/EC Directive of the European Parliament and of the Council of 13 December 1999 on the availability of consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars is to be revised for the first time in over 25 years (!). This consumer information is intended to provide consumers with essential and realistic information on fuel and electricity consumption as well as the average costs for taxes, maintenance and operation of a car. It is particularly important that this consumer information is available online and also for used cars.

On Chapter 2.3: Competitiveness and supply chain resilience

a) Joint procurement of battery raw materials (p. 13)

Joint procurement improves negotiating power vis-à-vis raw material producers and traders, which is to be welcomed in principle. This strengthened role should also be used to enforce corporate due diligence obligations. Attention must also be paid to financing and risk assumption. As the companies are hoping for benefits such as better prices and secure contracts, they also have to bear the costs. In particular, risks such as non-delivery must not be passed on to the public sector.

This project is supplemented by measures under the Critical Raw Materials Act (CRMA). The CRMA aims to better safeguard critical raw materials along the supply chain. By expanding local processing capacities and diversifying sources of supply, dependencies on third countries are to be reduced and Europe's strategic autonomy in the area of key future technologies is to be strengthened. AK refers to its extensive position papers on the [CRMA](#) and the [Clean Industrial Deal \(CID\)](#).

b) On the international level of raw materials policy (p. 13-14)

The EU's focus on access to raw materials leaves central social and ecological questions unanswered. Instead of rethinking existing dependencies, the European Commission continues to prioritise securing raw materials from third countries, whilst ignoring the fact that their mining and extraction is often accompanied by environmental problems, human rights violations and the exploitation of workers. After exhausting all available means to reduce the European demand for raw materials, these problems must be tackled as a priority for the remaining import demand for raw materials. This includes, for example, the use of state-of-the-art mining methods to minimise environmental damage and make working conditions as safe as possible.

With the numerous existing and planned EU raw materials agreements, it is unclear what benefits will result for the partner countries involved in extraction. There is a risk that these will be limited to purely extractive activities which generate high social and environmental costs. Although the EU agreements partly aim to contribute to the creation of local added value, there are no concrete mechanisms for this. The development of our own processing capacities for battery raw materials must not be at the expense of the economic

development of countries rich in raw materials. In any case, binding sustainability and traceability standards as well as transparency standards are required for future commodity agreements.

The “Battery Booster” package is a key component in strengthening European value chains. It is providing up to three billion euros from the Innovation Fund for the expansion of European battery production. The aim is to secure and expand the industrial base in the field of electromobility and energy storage. AK sees fundamental potential for the creation of good and sustainable jobs in the new branches of industry that are being created or supported. The prerequisite for this, however, is greater financial participation by the automotive industry. If subsidies are awarded, social and ecological criteria must be observed. This applies in particular to compliance with collective bargaining agreements, the expansion of employee co-determination rights and location and employment guarantees.

Whilst the strategy of establishing production facilities of foreign manufacturers is generally to be welcomed, this is occurring, in particular, in countries that do not comply with social, environmental or occupational safety regulations. In Hungary, for example, numerous cases are known in which neither ecological nor social, democratic and constitutional standards are observed in the construction and operation of battery factories. The European Commission is therefore called upon to play its role as guardian of the EU treaties and EU secondary legislation particularly actively in this context and to initiate infringement proceedings in the event of violations.

On Chapter 2.4: Support for employees

In the context of transformation policy, social dialogue is highlighted as an important instrument for ensuring that trade unions and employee representatives are involved in far-reaching change processes. This commitment is expressly welcomed by AK, but it must also be put into practice. In the context of digitalisation, the European Commission refers to a “human-centric” approach that is intended to open up opportunities for co-determination in the introduction of artificial intelligence and automation. AK considers this approach to be important, as it demonstrates a fundamental awareness of the social dimension of technological change. However, AK notes that the implementation has so far remained too non-binding. For example, there is a lack of concrete regulations and effective sanctions for violations of employee rights, which limits the actual impact of these principles.

AK welcomes the commitment to the establishment of a monitoring system to analyse regional and sectoral employment trends and to be able to react early to developments, particularly in the labour market. The European Fair Transition Observatory plays a key role in the evidence-based design of measures and thus contributes to knowledge sharing and transparency.

AK is equally positive about the commitment to expanding the European Globalisation Adjustment Fund (EGF) to enable faster and more comprehensive support for employees in restructuring processes. AK considers the close involvement of the social partners in this process to be indispensable and the development of a Quality Jobs Roadmap to also be an important building block.

AK welcomes the European Commission’s commitment to make the ESF+ program more usable for the member states and sectoral partners and to actively work on this with the social partners. AK sees the promotion of qualification and retraining as a central instrument in structural change and is of the opinion that these should be used more effectively and ambitiously. AK supports the targeted channelling of funds into the development of expertise and skills for future technologies in the sector. Given their considerable share of value added, the focus on batteries and the digital sector is reasonable and appropriate. In view of the billions of euros made available to industry, the “up to 90 million euros” earmarked for the further training of employees and other social issues appears to be very low.

Although AK recognises that these measures are the first important steps towards socially flanking the transformation, decisive measures have not been taken. For example, there is a lack of sufficient financial resources to enable comprehensive retraining programmes. If labour market and education policies are too timid, there is a risk that social protection will not keep up with the pace of structural change. However, this concerns not only the political level of the Commission, but in particular the ambition and coordinated implementation at Member State level. Accordingly, the Commission should monitor the concrete implementation of measures, make appropriate recommendations and keep a watchful eye on them.

Despite the recognised need to shape the transformation in a socially just way, central protection mechanisms for employees at EU level have so far been inadequate. For example, there are no binding job guarantees, particularly in traditional industrial sectors such as the production of combustion engines. At the same time, regional inequalities are increasing, as targeted support measures have not yet been imple-

mented to a sufficient extent. This applies in particular to structurally weak regions, which are particularly affected by decarbonisation, and to regions in which numerous automotive suppliers are located. In order to counteract these developments, the Just Transition Fund (JTF) needs to be continued and comprehensively increased, and governance needs to be improved, particularly in the areas of coordination, implementation of measures and monitoring.

From an employment policy perspective, social risks must also be taken into account in newly emerging sectors such as battery production and recycling. Global cost pressure poses a mounting threat of precarious employment relationships and a weakening in co-determination rights. The lack of uniform, EU-wide minimum standards exacerbates this problem. Therefore, a focus on social and ecological conditionalities in publicly funded projects and the promotion of opportunities for co-determination are necessary. This also applies to the quality of social dialogue. Particularly in phases of upheaval, good social dialogue is crucial to ensure that the transformation can be driven forward quickly and implemented fairly. Although the European Commission emphasises the involvement of the social partners and their importance, this remains voluntary in many areas and there are no binding participation rights. There is also a lack of effective sanction mechanisms for violations of employees' rights. A Just Transition Directive must be implemented quickly for co-determination to be effective. This should include securing the equal involvement of employees in transformation processes.

On Chapter 2.5: Market access and fair competition

a) On EU trade agreements with third countries (p. 16)

Despite frequent criticism that EU trade agreements are detrimental to the climate, workers and the environment, the European Commission continues to uphold them as a key policy tool. Old-generation agreements that cement unequal and unsustainable trade and production structures are counterproductive in the context of the climate crisis. AK is therefore in favour of a fundamental revision of all trade agreements. Instead of simply increasing trade, for example in cars, and procuring more raw materials, the focus must be on social, ecological and climate policy objectives. Concrete plans are needed on how to advance the decarbonisation of trade and the social and environmental transformation of the economy.

b) (EU) Trade defence instruments (p. 17-18)

With trade defence instruments such as the Foreign Subsidies Regulation, the discussion should primarily aim to curb practices that come at the expense of workers and consumers around the world, as well as the environment and climate, and to make globalisation fair. Companies and investors that can offer their goods and services more cheaply on the EU market by not complying with internationally recognised core labour standards and international environmental standards ultimately also contribute to the fact that labour and environmental standards within the EU come under pressure as well. The conditions that the EU attaches to the opening and access to the EU internal market must counteract such a practice. This applies both to the EU's trade agreements, in which internationally recognised minimum labour and environmental standards must be binding, enforceable and sanctionable in the event of violations, and to the EU's existing anti-dumping and anti-subsidy instruments. Since the revision of the trade defence instruments in 2017, international minimum labour standards and environmental agreements have been mentioned, but they do not necessarily have to be taken into account when assessing market distortions. Lower social and environmental standards must never be used as a competitive advantage.

From AK's point of view, "local content" requirements would be much more sensible in the interests of employees, to overcome the challenges of decarbonisation and to secure local value creation and small-scale economic cycles, as they force production and investment in Europe. Accordingly, AK is committed to adapting the corresponding WTO rules. The aim is to make "local content" provisions easier to implement, as they are currently not compatible with WTO law and/or international investment protection agreements. In practice, however, they are often not legally contested, especially not in the current situation in which the WTO is weakened and many states are already pursuing a more active economic policy.

AK has long been in favour of using investment audits in a more targeted manner to promote technology cooperation between non-European industry leaders and European companies, for example in the form of joint ventures or cooperation with technology leaders in the field of green battery technologies. AK therefore welcomes the European Commission's deliberations to consider joint venture requirements for foreign investments in the EU for the first time (p. 17). After all, the green transformation will not be possible without Chinese technology; at the same time, however, European standards and security of supply and employment must be guaranteed. There must be no one-sided focus on geopolitical and security risk considerations.



Contact us!

In Vienna:

Heinz Högelsberger

heinz.hoegelsberger@akwien.at

In Brussels:

Florian Wukovitsch

florian.wukovitsch@akeuropa.eu

Austrian Federal Chamber of Labour

Prinz-Eugen-Straße 20-22

1040 Vienna, Austria

T +43 (0) 1 501 65-0

www.arbeiterkammer.at

AK EUROPA

Permanent Representation of Austria to the EU

Avenue de Cortenbergh 30

1040 Brussels, Belgium

T +32 (0) 2 230 62 54

www.akeuropa.eu

About us

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at national level and at EU level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.