Lost in Transition? Charting a Course for Europe's Automotive Industry Workers

Europaeum Scholars Policy Proposal

August 2021

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Table of Contents

Executive Summary

The automotive industry is a key industrial sector in the EU countries, both in terms of employment and contribution to the GDP. It is also a sector that is facing significant and immediate disruption because of the transition to a net zero-emission economy. This disruption will impact stakeholders unevenly, creating a new wave of "left behinds".

Specifically, while major car manufacturers (OEMs) are expected to successfully transition to net zero, shifting market demands will cause considerable economic and social dislocation to companies and workers within the supply chain, as conventional Internal Combustion Engine (ICEs) vehicles are replaced by Electric Vehicles (EVs). In order to ensure that the transition to a greener economic model is socially "just" this policy proposal advocates for the creation of an Automotive Suppliers Transition Agency (ASTA), to support workers in these companies who are at risk of being "left behind".

The existing EU Just Transition initiative functions on a regional basis, following the success of the START coal initiative (European Commission, 2020). However, while the coal industry is heavily concentrated in specific regions, and represented by powerful local actors, automotive suppliers are geographically dispersed and lack the organisational capacity to access regional funds in a uniform or cohesive manner. This proposal therefore calls for a sector-wide intervention that will help affected businesses and workers regardless of their geographical location within the EU. ASTA is participatory in design, based on the idea that those most affected by the transition are the best placed to solve the problems they confront as individuals and as a sector, and thus should have the most say in their future.

ASTA makes technical, organisational, and financial support available to affected businesses, known as Beneficiary Companies (BCs), that expect to be negatively affected by the transition to a carbon neutral economy. It is through the continued success of these businesses that we can best support the workers they employ, and ensure minimal disruption to the communities they are part of. Funds will be provided as a mix of grants and loans and can be used for retraining, early retirement, self-employment assistance, hiring and investments. BCs provide a Just Transition Action Plan (JTAP) that sets out these expenditures.

ASTA is comprised of:

- The ASTA Council, the top governing body of ASTA, which monitors the general performance of the agency, the efficacy of JTAPs, addresses grievances, and implements improvements;
- A Permanent Secretariat, responsible for distributing funding to BCs, and coordinating the activities of Just Transition Agents;
- Just Transition Agents, civil servants who provide technical support to potential beneficiaries and oversee BCs' implementation of JTAPs.

These institutions will engage with Beneficiary Companies through their Steering Groups, in order to deliver the necessary support. This mechanism will be set up by the European Commission as part of the Just Transition Mechanism and funded by the Just Transition Fund.

Introduction

The transition to a carbon-neutral economy is fast approaching in Europe. Pursuing a net zero emissions agenda has emerged as a leading priority for European policy, particularly in light of the European Green Deal proposed in response to Covid-19. This process will have significant economic and political consequences for European societies.

Moving away from conventional technologies and towards clean alternatives will cause concentrated short-term losses for specific groups of people, even as it might benefit society at large. The automotive sector is among those most heavily exposed to disruption, as well as one of the sectors whose green transition is most critical to achieving net-zero global emissions (Hannon et. al, 2021). Changes to consumption and mobility patterns, new regulations, and technological change are likely to lead to significant net job losses and redundant infrastructure in automotive supply chains, which are the focus of this proposal.

Even in countries with a strong political consensus around carbon neutrality, evidence shows that political resistance from incumbent industries has been slowing the pace of climate and environmental policy reforms (Hess, 2014). Policies for accelerating the transition must be politically sustainable and well-targeted to effectively provide alternative economic options to those economically displaced by it. The concept of a 'just' transition has emerged in recent years, broadly reflecting the notion that transition strategies should abide by principles of social justice (Henry et. al, 2020; Carley and Konisky, 2020), ensuring that negatively affected stakeholders' welfare is effectively safeguarded. This approach dovetails with the 'no one left behind' principle enshrined in the 2015 Sustainable Development Goals.

Just Transition has become part of a common language across EU institutions, industry, trade unions and major employers alike. The latter three issued a joint statement in July 2021 calling for a European Just Transition framework (ACEA, 2021). EU Just Transition policies initially focused on 'coal regions', in which coal extraction and processing are major sources of employment. As part of the European Green Deal package (EU 2019a), the European Commission introduced a broader Just Transition Mechanism (JTM), establishing a €40 billion Just Transition Fund (JTF) intended to generate €89-107 billion in additional investment (EU, 2019b). The JTM identifies three stakeholder groups likely to be most negatively affected by the transition: 1) workers, people, and citizens losing jobs and livelihoods; 2) carbon-intensive industries; 3) member states and regions highly dependent on fossil fuels and carbon-intensive industries (EU, 2019b).

This policy proposal complements the renewed emphasis in EU initiatives by focusing on the first of those groups: the workers at risk of losing their jobs. It does so by proposing a mechanism making sure that Just Transition principles are applied to workers in the automotive sector facing potential obsolescence.

The automotive sector is a logical starting point for extending the scope and flexibility of EU's existing JTM. The sector is expected to undergo an accelerated transition in the coming years, posing urgent challenges in terms of job losses and digital/electric transformation skill and investments requirements. Plans to move to electric and fuel-cell vehicles are rapidly being adopted by EU member States and regions, placing (often specialised) suppliers of parts suited for ICEs at risk of losing their primary sources of revenue. In response to the European Commission's (2021) "Fit for 55" draft legislative package, the automotive industry has called for financial support, notably in France, where the 'Plateforme Filière Automobile' (PFA), representing 4000 companies, claimed an additional €17 billion was needed in investments over the next five years, of which 30% should come from public funds (PFA, 2021; ACEA, 2021b).

The automotive industry is structurally different from the carbon-heavy extraction industries that have so far been the focus of EU Just Transition measures. To date, such measures have been implemented on a regional basis, yet a regional approach is too blunt a policy instrument for effecting a just transition in the geographically dispersed automotive sector (See figure 1). The reason for this is that the primary vulnerability in the automotive sector is not at the level of the relatively few large, integrated Original Equipment Manufacturers (OEMs) operating in a handful of EU states, who are likely to see net increases in employment as they shift to producing zero-emissions vehicles. Rather, it is the much more numerous, smaller, more dispersed network of automotive suppliers specialising in soon-to-be-obsolete, ICE-specific parts that are at greater risk (Clean Energy Wire, 2021). An open letter to the European Commission representing trade unions, associations, and foundations, specifically mentions supply chain workers as those particularly exposed In addition, while supply chain jobs are concentrated in particular subnational regions, they are not easily interchangeable due to differences in required skill sets, suggesting a need for a transregional approach able to match at-risk automotive workers with skills and jobs required in the local or wider EU-level economy (ACEA, 2021a). Approximately 1.5 million automotive supply chain workers are likely to be directly affected by the transition away from ICEs (ACEA, 2020). The European Association of Automobile Suppliers (CLEPA) represents more than 3,000 companies employing 1.7 million people directly, and supporting more than 5 million total jobs (CLEPA, 2021). The nature of automotive supply chains and their exposure to the transition suggests that the approach taken to date needs significant revision if it is to work in this context.

There is, therefore, a clear need for an EU-level mechanism to help mitigate the negative impact of the transition on employees whose livelihoods are at risk, including by supporting an effective transition for the companies employing them. Successfully ensuring a just transition for at-risk workers in the automotive sector can also help consolidate political support for the transition to a net-zero economy and provide an institutional model for extension to other affected sectors with similar characteristics.

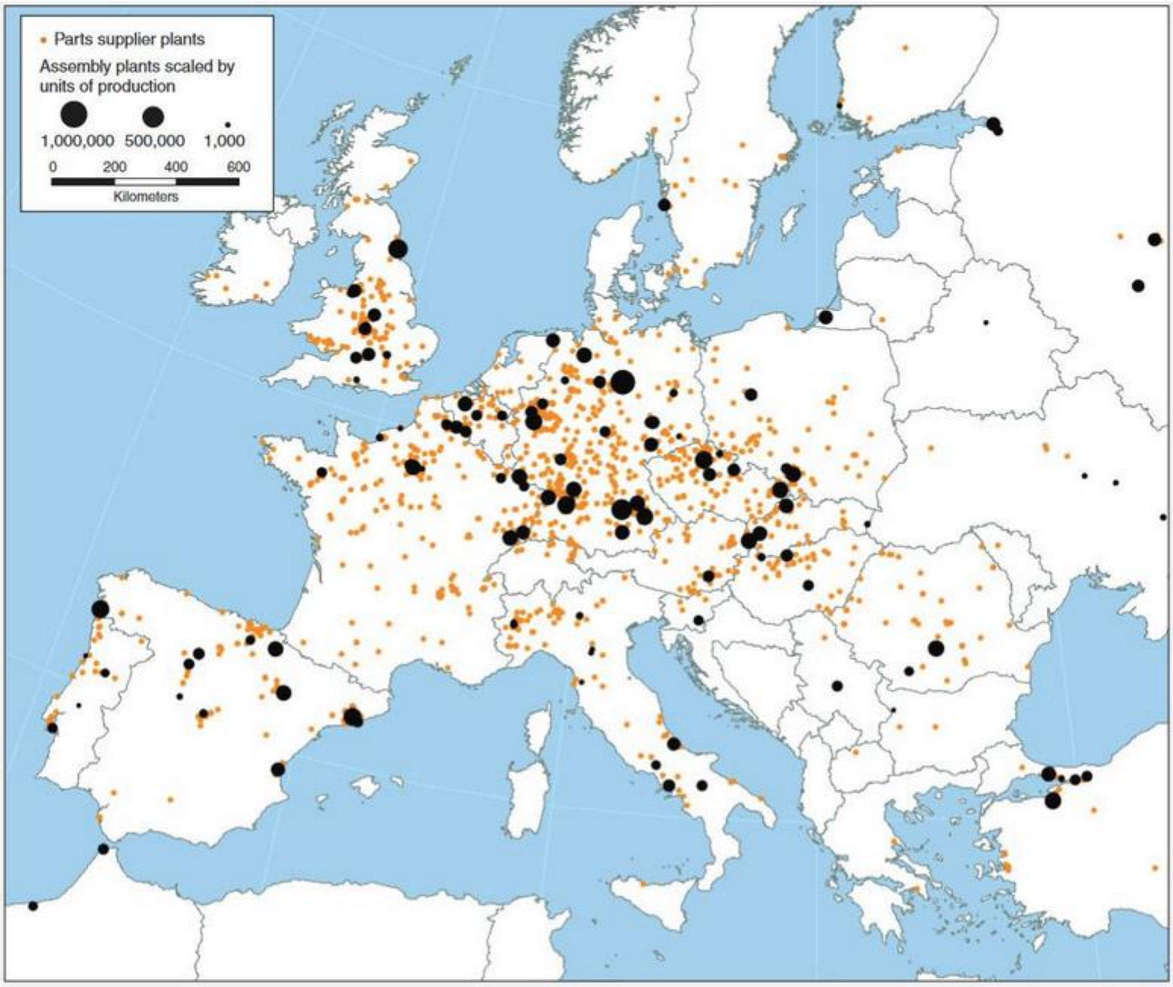
Design Principles

This policy proposal is developed on three complementary approaches. First, a **participatory approach**. Workers are involved in the implementation of transition measures, turning the process of transition from doing *for them* to *with them*, devolving context-specific decision making to workers and automotive supplier firms as far as possible. Participatory approaches have multiple benefits and including ensuring that any outputs are informed by genuine needs, and are more likely to meet the “leave no one behind” goal (Kenis et. al., 2016).

Second, a **sectoral approach**. Some sectors will be declining irreversibly in terms of economic output and employment, while other sectors will need to transform (European Commission, 2020). In this context, urgent action is required in the automotive sector, which faces the dual challenge of adapting to digitisation and electrification, while also preserving the skilled employment it has historically generated.

Third, a **transregional approach**, supporting workers in affected sectors wherever they are in the EU. In this way our approach markedly differs from the EU's existing JTM initiatives, which take a regional approach. As automotive suppliers are split over many regions and small companies (see Figure 1), a purely regional initiative would fail to provide the adequate co-ordinated assistance the sector as a whole, with companies' fates decided by other, more powerful local actors in their areas who are better positioned to capture regional funding.

Figure 1 - Regional concentration of automotive industry assembly plants (black) and suppliers (orange) in Europe



Source: Federal Reserve Bank of Chicago, via Clean Energy Wire
https://www.cleanenergywire.org/factsheets/how-many-car-industry-jobs-are-risk-shift-electric-vehicles

Organization

The Automotive Suppliers Transition Agency (ASTA) supports firms supplying the automotive industry that expect to face disruption as a result of the shift to zero-emissions transport in the European Union. The funding provided under the initiative is intended to limit the immediate exposure of firms' employees to this disruption and support the firm in shifting its production towards sustainable activities, and/or equipping its workers with the skills required to engage in such activities. This 'adaptive governance' approach is similar to that taken in the EU's existing and recently expanded LIFE programme, featuring loose interfaces between individual projects and programme overseers, and incentives structures designed to create interdependency between actors of varying amounts of power (in this case, companies and workers). It also contrasts with more typical EU-level structural funds, which rely on close supervision of projects with relatively little scope to adapt to evolving local conditions (Vihma and Wolf, forthcoming; Hodge and Adams, 2016).

Existing networks of automotive suppliers are the most effective means of reaching beneficiary workers. Complementing this approach with matched funding requirements, and requirements for the co-development of transition plans between company management and workers, can support workers directly while also matching their needs with market demands for skills and products. Beneficiary companies are therefore the agents that receive funding. Each company is eligible to receive up to €50,000 in total per worker to be spent on a range of eligible activities including retraining, capital investments and, in exceptional cases, early retirement. Of those, up to €25,000 can be covered through grant funding and up to €25,000 in European loans. Non-repayable grants with no matched funding requirements will cover up to €15,000 per worker. For grant requests exceeding €15,000, the applicant is expected to match at least 50%, with the option of doing so itself, or through a concessional loan of up to €25,000 per worker to be made available from the European Investment Fund.

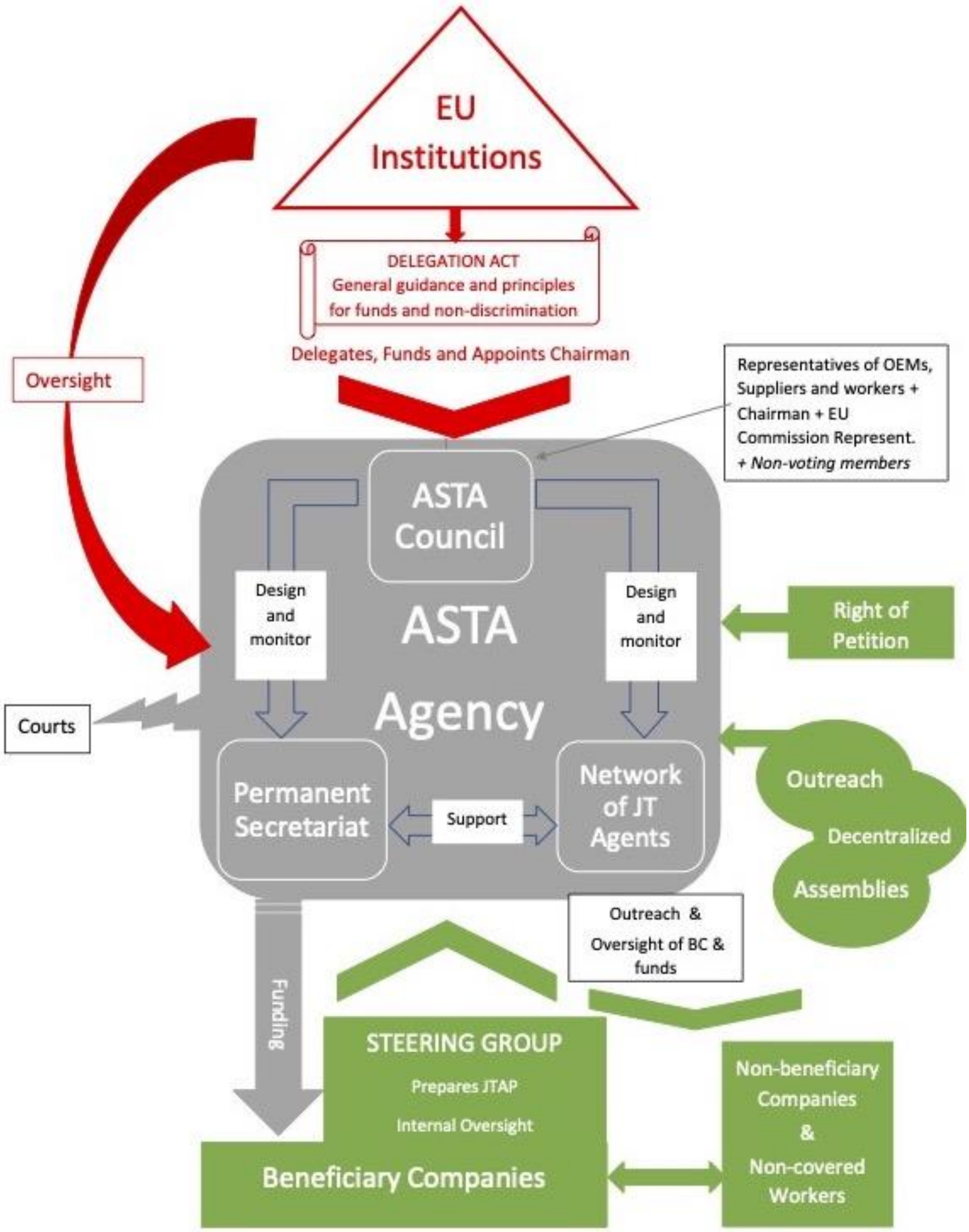
The total funding to be allocated under the mechanism will not exceed €7.5bn, including €3.25bn in grants and another €3.25bn in the financing of loans. Grants will be drawn from the EU budget, and loans from the balance sheet of the European Investment Fund (EIF) and, where appropriate, the European Investment Bank (EIB). Since the automotive supply industry generates an estimated €250 billion in annual revenues (CLEPA, 2021), a significant part of the funding can conservatively be expected to be recovered by national treasuries through corporation taxes and income tax contributions, while also helping to maintain the €30 billion in annual research and innovation (R&I) investment currently contributed by the sector.

In line with the 'Fit for 55' policy proposals laid out by the European Commission in July 2021 (European Commission, 2021), in which the sale of new petrol and diesel-fuelled vehicles will be banned by 2035, ASTA will run initially until 2030, with the possibility of extending its duration for a maximum of two periods of up to 5 years with the support of EU institutions, or winding down the program ahead of this date subject to programme status upon EU budgetary review in 2027.

ASTA has its own staff and its offices are financed by the EU Budget. The size and structure of the ASTA will be reviewed a year after its creation and then on a three-year basis by the EU Council and European Parliament, acting on recommendations of the EU Commission.

ASTA bridges the gap between automotive suppliers and support from the EU and engages with both. As such these comprise the three key stakeholders: (i) existing EU Institutions, (ii) ASTA, and (iii) Beneficiary Companies and their Steering Groups (see Figure 2).

Figure 2 – Organizational configuration of ASTA



EU Institutions

EU Institutions have the ultimate control of ASTA and the principles for just transition in the automotive sector. EU Institutions dispose of two basic powers: (a) delegation to ASTA, and (b) general oversight. In delegating decisions to ASTA and its governance scheme, the EU institutions set the basic principles and general terms and conditions for the funding, take the budgetary decisions to appropriate the necessary funds, and create all the legal permissions for the operation of the mechanism. In their general oversight function, EU Institutions monitor the performance of ASTA and can amend the delegation act as required.

ASTA

ASTA is internally divided into three layers of bodies: (a) an **ASTA Council**, with ultimate oversight and command of the agency (b) a **Permanent Secretariat,** responsible for day-to-day operations of the agency, and (c) a network of **Just Transition (JT) Agents**, who engage directly to support companies in transition.

ASTA Council

The ASTA Council is its top governing body, representative of different actors, and which meets periodically. Its functions are to:

- Delegate basic decision-making: revise Standards, design the basic conditions of each Call for Funding, ratify or override the most important decisions of the Permanent Secretariat, issue guidance to the Permanent Secretariat and Network of JT Agents
- Monitor the decisions, actions and performance of the Permanent Secretariat, the Network of JT Agents; monitor the general performance of the Mechanism and implementation of Just Transition Action Plan (JTAP); address and decide on petitions and grievances brought by any of its members or externally by any interested party (see petition right).

The Council is chaired by a full-time, executive official appointed by the European Parliament amongst a short-list presented by the EU Commission and approved by the EU Council. The ASTA Council is composed of the following voting-members: (a) the Chairman of the Council, (b) one representative of the European Commission, (c) two representatives of OEMs, initially indicated by the European Automobile Manufacturers' Association (ACEA), (d) two representatives of Suppliers, initially indicated by the European Association of Automotive Suppliers (CLEPA), (e) four representatives of workers of the automotive sector in Europe, initially indicated as follows: two by the European Trade Union Confederation (ETUC), one by the International Trade Union Confederation (ITUC) and one by IndustriALL.

The actors of each stakeholder group (c)-(e) may self-organize and indicate representatives in alternative to the indications of the representative organizations. All voting-members are subject to limited terms and a principle of rotation. Terms and appointment rules shall ensure the representation of minorities (of companies and workers). The stakeholder group (e) has a veto right over the Council's decisions, provided that at least three of the four members of the group so decide.

The Council also includes the following non-voting members: (f) all JT Agents; (g) one representative of the Council of the EU, (h) three representatives of the European Parliament, and (i) one representative of the Government of each Member-State of the EU. Non-voting members are allowed to participate in discussions and submit proposals, but not to vote on deliberations.

Permanent Secretariat

To conduct its operations, the agency hosts a Permanent Secretariat whose task is to administer the running of ASTA in all European countries and regions. Its responsibilities include:

- Administering the day-to-day operation of the mechanism;
- Reviewing, approving/declining JTAPs from BCs, and distribute funds accordingly;
- Providing EU wide coordination and support for the network of JT Agents;

It shall consist of expert civil servants, and be coordinated by the Chairman of the Council. Members and officials of the Permanent Secretariat must be impartial and independent from all stakeholders, be recognized experts, and shall not seek or take instructions from any other EU institutions, national governments or stakeholder groups.

Just Transition Agents

The network of Just Transition (JT) Agents is a group of civil servants of the ASTA who are assigned to work with a number of Beneficiary Companies (usually but not necessarily these BCs will be within the same geographical region, in accordance with the local expertise and language skills of the JT Agent). Their functions are to:

- Provide advice, education, and support to potential beneficiaries;
- Promote the mechanism and funding opportunities amongst companies and workers of the automotive sector;
- Organise Outreach Decentralized Assemblies as a forum where companies and workers can collectively discuss solutions to problems associated with the Green Transition;
- Collect information on the sector, companies, workers, and potential impacts of transition;
- Oversee Beneficiary Companies' use of funds and implementation of just transition plans;

Each JT Agent has to be impartial and independent from all stakeholders, be a recognized expert, and shall not seek or take instructions from any EU other institutions, national governments or stakeholder groups. The JT Agents are supported by the resources and staff of the Permanent Secretariat, to be designed by and accountable to the ASTA Council, so as to avoid duplicating the responsibilities of existing EU functionaries and national counterparts, and ensure consistency in the provision of just transition support measures across EU states.

Beneficiary Companies and Steering Groups

A Beneficiary Company (BC) is a company, or alliance of companies, which meets the criteria laid down below and is thus eligible to set up a Steering Group and submit a Just Transition Action Plan (JTAP).

The Steering Group consists of at least three members, with at least one employee representative. Labour unions must be part of the Steering Group whenever present. Equal representation of employers (company leadership) and employees should be achieved whenever possible. Employee representatives must agree to/have veto powers on the decisions of the Steering Group. The internal Steering Group who is responsible for the participated preparation, approval, implementation and oversight to the JTAP.

A BC may also be an SMEs in the automotive sector that voluntarily decide to pool resources, capabilities and needs to form a joint Steering Group and prepare a joint JTAP to develop joint and/or separate, but coherent initiatives. The Steering Groups of such alliances of SMEs ought to ensure the representation and consideration of interests of all the SMEs involved.

Each BC may only commit to a JTAP once, although this might subsequently be amended and supported by additional funds upon justification.

In order to qualify for receipt of funding under ASTA, firms must meet a series of conditions. A qualifying firm must at a minimum:

1. be a registered company headquartered in a Member State of the European Union;
2. currently generate at least 10% of gross revenues from the supply of components to the automotive industry, either directly to Original Equipment Manufacturers (OEMs) or to intermediate suppliers;
3. show either that the company's revenues from automotive industry clients are currently in decline due to the products being sold becoming obsolete, or that revenues are expected to decline in future, or both, while being as specific as possible in linking product obsolescence to the transition to zero-emissions transportation;
4. complete a JTAP template (see below).

Processes

Just Transition Action Plan

Steering Groups on behalf of BC prepare a Just Transition Action Plan (JTAP) and submit it along with their application for funding. It should include the following:

1. an assessment of the consequences of the transition for the company's employees;

2. an overall strategy for responding to the automotive sector transition explaining how the company will seek to replace lost revenues, and how its product offerings, skills requirements, and investment programme will change as a result;
3. a breakdown of time-bound, specific activities or actions to be undertaken as part of the transition;
4. a budget detailing how expenditures will be allocated to implement the plan;
5. a breakdown of where financial support from the ASTA scheme is being requested and for what specific purposes;
6. an assessment of risks faced in implementing the transition plan and how it will be amended or adjusted if these risks materialise;
7. [Optional] a company emissions strategy explaining how its greenhouse gas emissions footprint will be reduced over time consistent with EU and national climate policies.

Each **JTAP is reviewed, evaluated and approved by ASTA's Permanent Secretariat, according to the Standards laid out below.** All the information in the proposal should be verifiable by ASTA. In case funds are insufficient to satisfy all needs demonstrated in the JTAPs submitted, ASTA allocates the funds according to transparent and objective criteria established in advance.

Approved JTAP is then implemented and managed by the BC under the control of the Steering Group, who are obliged to gather information on JTAP fulfilment and report regularly to ASTA.

Application

Firms wishing to apply should submit, in support of their application:

1. the completed JTAP;
2. three years' annual accounts and tax returns (audited where possible);
3. financial projections for at least the next three years;
4. a full list of employees and their titles for each of the previous three years;
5. a full list of products supplied by the company.

Firms who need help can contact a JT Agent, who can give advice through each stage of the application. The contact information will be published on the European Commission's website and through active outreach initiatives.[2]

Selection of Beneficiary Companies

ASTA funding is allocated on a competitive basis subject to performance against a set of evaluation criteria. Applications will be screened for eligibility initially, before being assessed by the ASTA Council. The ASTA Council will use the following evaluation criteria:

1. Risk exposure (25%);
2. Achievability of transition plan (25%);
3. Ambition of transition plan (25%);
4. Effective use of proceeds (25%).

Use of Funds

Eligible Activities

1. Activities undertaken using ASTA funds must be directed towards minimizing the negative human and economic consequences of the transition to a carbon neutral economy.
2. Eligible activities are:
    a. **Re-training** of employees whose skills are redundant because of the transition to clean transportation.
    b. **Early retirement** of employees whose skills are redundant up to 5 years before their regular retirement date.
    c. **Entrepreneurial support** for laid-off employees to start businesses.
    d. **Hiring** of new staff if additional human resources are required.
    e. **Investments** in equipment for aligning companies with the requirements of carbon neutral economy.
3. All actions taken should adhere to a participatory ethos by providing agency and voice to those workers who are negatively affected by economic restructuring and by empowering SMEs to take action towards carbon neutrality. To this aim, the ASTA scheme relies on mechanisms of worker involvement through the Steering Group, the principle of Matched Investments and the principle of Avoiding Burdens placed on employees by restructuring and re-training.
4. **Matched Investments**: JTAP must include investments in human resources (activities *a-d*) as well as in means of production (activity *e*). Both employers and employees have each other's best interest in mind when planning and undertaking activities.
5. **Avoiding Burden**: Employee income must continue during re-training of employees. ASTA funding can be used to compensate employee absence from work and transport to and from training locations.
6. Entrepreneurial support must seek synergy with the existing support mechanisms for Green Transition plans in the region, state and field whenever possible.
7. All re-training, investments in equipment and entrepreneurial support have to be aligned with the general aims of the EC in achieving carbon neutrality by adhering to the taxonomy of Sustainable Activities approved by the EC[3]. Investments in equipment must follow the JTAP of the beneficiary.
8. All re-training must make best use of existing structures, standards and guidelines by relying on exiting VET strategies[4] in order to ensure the highest quality. When choosing training programs, maximum flexibility for employees must be guaranteed in terms of a) subject matter, b) location of training, and c) time of training.
9. Early retirement must be used as a last resort only, when it is more economical than re-training.
10. Hiring of new staff is eligible only when a) they bring a new skillset/expertise which is deemed essential to fulfilling the requirements of the JTAP, b) that expertise cannot be gained through re-training, c) hiring of new staff does not lead to the loss of existing staff.

Obligations

When using funds, beneficiaries must:

1. document the approval of spending plans by the Steering Group;
2. record and report any and all expenditure and engage fully in the auditing process. Expenditure can be discussed with the regional liaison officer if needed;
3. meet the standards set by the Climate KIC's Terms for Recipients of Financial Support to Third Parties (Non-Prizes);[5]
4. demonstrate how each specific expenditure relates to their JTAP, as laid out in their application. There should be a clear link between the goals in the JTAP and the actions taken by the company, particularly when ASTA funds are deployed. Beneficiaries must also make ASTA aware of any significant changes in their intended JTAP or changes to company structure, including intentions to sell, merge or close the company, or apply for bankruptcy;
5. demonstrate that the activities undertaken are included in the list of "sustainable" activities detailed within the framework of the EU Green Taxonomy.

After the funding has been released, beneficiaries must:

1. demonstrate that the expenditure had a meaningful impact/output. Expenditure on re-training that is provided out of house should result in a meaningful qualification that is locally recognised and a demonstrable increase in skills/knowledge related to the activities of the JTAP. In-house "on the job" training should be likewise meaningful. In-house training does not necessarily need to lead to a qualification. However, employers and employees must complete a mandatory ASTA workbook which records the purpose of the training, a detailed report of the topics covered, time spent on them, and demonstrating an increase in knowledge of the relevant topics;
2. return any funds that exceed the documented expenditures;
3. demonstrate for each case of early retirement that it was more economical than re-training;
4. pay back the loan according to the terms and conditions set in the offer.

Oversight

The mechanism involves a thorough, bi-dimensional oversight scheme of its implementation and results.

- The bi-dimensional oversight is divided as follows: (2.1.) the Internal Oversight is conducted by each Steering Group at the level of each BC. (2.2.) the External Oversight is conducted by the ASTA Council and network of JT Agents.
- Whilst the implementation and oversight of JTAP is based on a principle of self-reporting by BC, it is complemented by randomized inspections and regular visits on samples of cases conducted by JT Agents (and the Agency supporting staff), and by investigations into grievances exposed and petitions submitted by interested parties.

- The Permanent Secretariat must prepare an annual report submitted to the ASTA Council on the implementation of the mechanism, the various JTAPs, and the results achieved. Such report, after approved by the Council is published and send to the EU Institutions.
- When JT Agents find serious violations on the rules and/or JTAP it may propose the application of penalties to BC, which are to be approved by the Permanent Secretariat. The sanctioned parties may appeal internally to the ASTA Council (which decides on simple majority), and externally to Courts. Penalties may include the reimbursement of funds, additional financial sanctions, and in worst cases the BC may be banned from public financial assistance for a determined period of time.

Participatory Rights & Submission of Grievances

Direct Petition Rights

All BCs, European companies of the Automotive Sectors, their workers or the respective labour representatives have the right to file grievances and submit petitions to ASTA through their Network of JT Agents. Petitioners may express their grievances and seek remedies if they think a breach of the rules, a misuse of public funds has occurred or if their positions are not being taken into due consideration in the Mechanism.

Outreach Decentralized Assemblies

The Network of JT Agents shall periodically organize meetings of potential BCs and workers in the form of temporary Outreach Decentralized Assemblies within their respective jurisdiction with the purpose of:

- Raising awareness, informing and educating on Just Transition impacts, and the funding opportunities made available by the ASTA;
- Identifying difficulties in terms of JT in the automotive sector, needs still to be addressed and opportunities for further JT initiatives;
- Promoting the horizontal dialogue between potential BC and workers with the goal of promoting synergies and alliances among them.

Conclusion

Transitioning to a greener economy with zero carbon emissions is an inevitable reality and a current political must. The socio-economic changes induced by the transition process coming in the future require flexibility and adaptation of industrial agents in order to remain competitive in the market.

The present proposal sets out ASTA, a scheme for a European-wide just transition in the automotive sector. It relies on three elementary principles: it is sectoral, inter-regional and participatory. The ultimate goal of the mechanism is to financially support targeted actions to help firms and workers transition in a just way, “leaving no one behind”.

ASTA will be set up by the European Commission as part of the Just Transition Mechanism, under involvement of relevant actors, including EU member states, the EU parliament and stakeholders.

ASTA will be funded by grants through the Just Transition Fund and European Investment Fund and Bank. Efforts shall be made to involve the private financial sector. Next, the Commission will set up the Just Transition Agency, the regional assemblies by inviting the relevant stakeholders, the network of emissaries, as well as the EIB lending facility for the loan-component of the funding provided to the beneficiary companies.

Once ASTA is operational it is vital that the Commission engages with industry associations and member states to advertise the mechanism widely. Since it is aimed at companies of all sizes, every effort shall be made to reach smaller companies and make sure they are aware of the help they can get in writing their applications.

Since this is a new mechanism, the Commission and the Agency shall continuously monitor its effectiveness and make adjustments where necessary. In particular, it is recommended that workers in companies that did not apply or where rejected are offered additional support outside of ASTA. This may be addressed with direct financial assistance or granting OEMs that take responsible for all workers in their supply chain a certification. If it proves successful, the ASTA scheme may serve as a template for other sectors in Europe.

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