

05/2020 STATEMENTS #2

RESTART!

SYSTEMATIC STIMULUS FOR
EMPLOYMENT, INNOVATION AND
CLIMATE PROTECTION

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The automotive industry is suffering from unprecedented economic difficulties as a result of the coronavirus crisis. As a central pillar of the German economy, it is also very closely linked to a number of other key sectors, such as the steel, aluminium, plastics and chemical industries, as well as mechanical engineering. Sustainable economic recovery is only possible if this key industry is supported.

This vital industry is especially important to North Rhine-Westphalia: some 200,000 people are employed by around 800 companies here. 70% of the value creation occurs in automotive suppliers. The downtime within the sector is coming at a massive cost to the state and social insurance companies due to loss of tax revenue, short-time allowance and other social security benefits, and not just in North Rhine-Westphalia. Then there is the cost of the downtime in production for the companies themselves. It is not possible to quantify the cost of the downtime for the research and development departments at companies and, as a result, for the future sustainability of the location. Automotive suppliers are like industrial and technological locomotives for the regional economy. They need to get going again soon.

Private and public sector transportation companies, as well as municipal enterprises as users of vehicles, are also closely linked with the automotive industry. The shaping of the mobility revolution through new digitally powered vehicles and business models is common to all. As a result of the massive falls in tax revenues and massive losses of income on the side of the local authorities (e.g. in the public transport network), it is to be assumed that future investment in the charging infrastructure, modern data-driven traffic management and modern vehicles will be either postponed altogether or significantly reduced. As such, vital conditions concerning infrastructure – a central factor required to successfully transform the German automotive industry – will be lacking.

The restart demands a comprehensive systematic strategy to bolster the economy

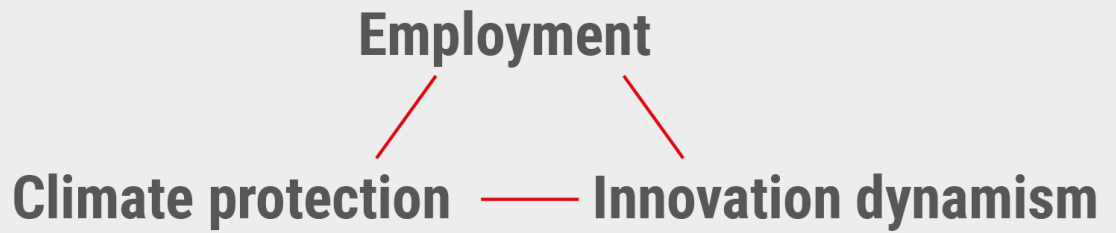
It is clear that a sustainable reinvigoration of industry must be shaped by the EU's **Green Deal**. The only way to create future-proof jobs and to contribute to the transformation of an industrial society with sustainable growth that sets the benchmark on the global stage is to address the **objectives of employment, innovation and climate protection** together.

These objectives can be achieved through **measures** at the EU, federal and state level, with a special focus on the **fields of infrastructure, vehicles and control**.

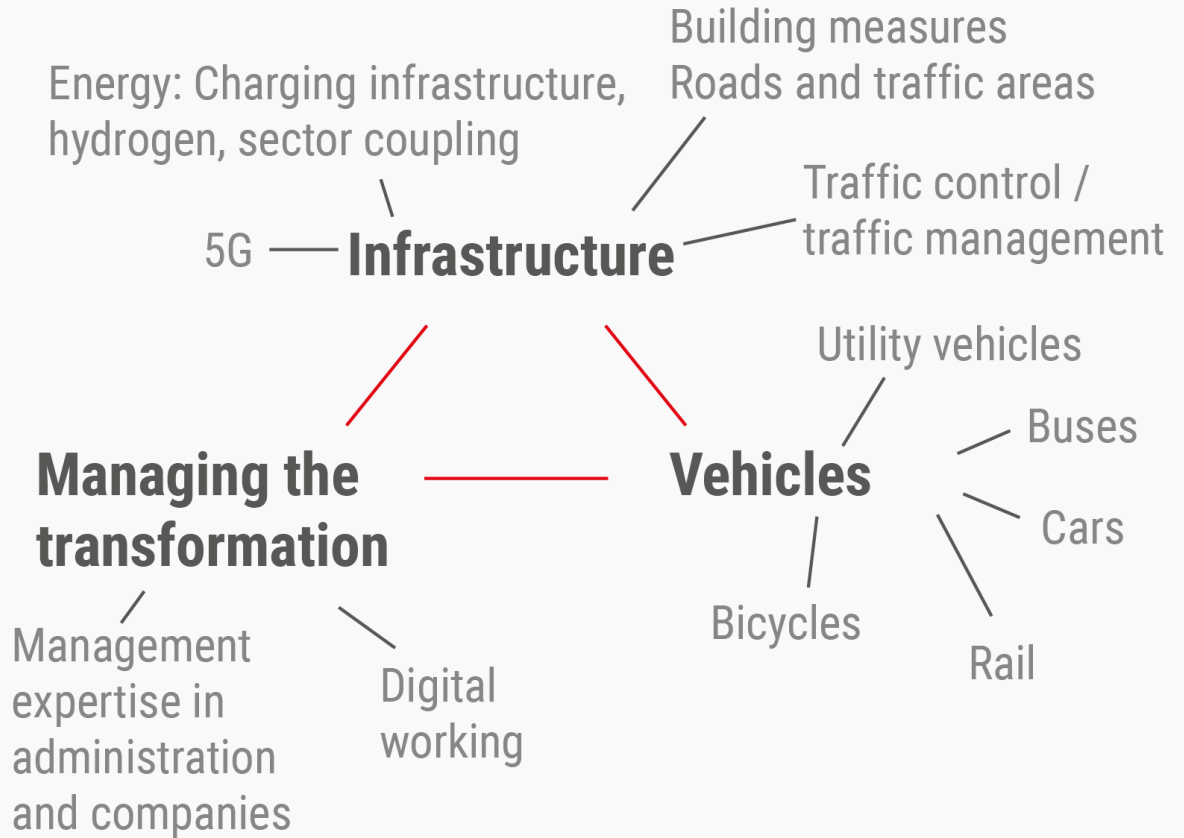
The measures must be implemented through the **comprehensive and coordinated use of different instruments**, such as buying incentives, fiscal measures, subsidies, public procurement and regulatory measures.

The diagram below provides an overview of this systematic strategy. The measures and instruments required are then introduced.

OBJECTIVES



MEASURES



INSTRUMENTS

BUYING INCENTIVES

FISCA MEASURES

SUBSIDIES

PUBLIC PROCUREMENT

REGULATORY MEASURES

Infrastructure measures: investment plus research and development

A modern, public infrastructure is the foundation of a prosperous economy. Investing in this infrastructure and its development, together with companies from the automotive and mobility sector, is not just a vital precondition for a successful mobility revolution – these industries also support the transformation towards electric mobility and automated driving.

With this in mind, the financial instruments that are currently available must be continued and, where necessary, increased in order to counterbalance the loss of income at the municipal level. The instruments also need to be revised to make administration easier, so that they can be applied more quickly in the future. Furthermore, communities should not just be able to invest in modern infrastructure; they should also be working together with industrial partners to develop innovative solutions in joint R&D projects. In many places, this requires a more flexible approach from the authorising bodies.

In addition to financial support, reforms to the regulatory framework are also required in many areas of this sector (e.g. restrictions regarding extending the charging infrastructure). On-going reforms, such as with regard to the regulatory framework for automated driving (e.g. standard operation) must be rapidly brought to a conclusion as – as the motto “regulation creates markets” states – they provide key incentives for market and innovation dynamism within the industry. And this dynamism is one that creates futureproof jobs!

The following areas in particular need to be supported through this funding instrument:

- Collation and integration of traffic and environmental data for use in traffic management (floating car data, detection of data on the infrastructure side), including the provision and management of data on data platforms, as well as the procurement of modern AI-supported traffic management (traffic signal systems, detectors, traffic computers, control centres etc.)
- Implementation of new vehicle concepts within the local transport network, urban logistics and in municipal enterprises (on-demand, highly automated/automated and connected driving)
- Faster and more comprehensive expansion of the 5G infrastructure for highly automated/automated and connected driving
- Remodelling of roads to allow for highly automated/automated and connected driving
- Innovative projects in the supply companies for eMobility, more alternative drive systems and for highly automated or fully connected production concepts
- Procurement funding for electric/hydrogen-powered buses and community utility vehicles
- Extension of the charging infrastructure and the hydrogen infrastructure in view of
- sector coupling

Promoting the vehicle as a driver of innovation – to increase traffic safety and to optimise transport use

How can the demand for innovation facing the automotive industry be stimulated over the long term? It is essential that the demand for technical features that ensure road safety of all participants and manage the traffic load are supported as a whole. Regardless of the drive concept. Active safety features, such as driver assistance systems, the networking of traffic users and the various modes of transport for communicating, are already available or available as an optional extra.

A rapidly implemented buying incentive for vehicles with this technology would include a component of market and transport policy and would, therefore, also generate demand for technology in vehicle segments that are price-sensitive.

An increased networking of road users and mobility could act as a trigger for more intermodal transport, which would make individual mobility more flexible in line with people's needs and would help to optimise the traffic load. It is important to recognise that both safety and communication in transport can be improved through the use of technology and this applies to all modes of transport. Vehicles, cars, rail etc. can all communicate with one another. With this in mind, programmes should be drawn up that are addressed to vehicle manufacturers and transport providers, as well as suppliers, tech companies, telecommunications companies and infrastructure providers.

At the same time and in view of the technologies for automated driving features and their services resulting from this, the market-inhibiting regulations concerning the use of data and road approval need to be reformed.

The buying incentives for electric cars need to be continued, consolidated in a targeted manner and increased where possible. After all, companies need a solid foundation to safeguard the investments that they have already made in establishing the electric car market. Public authorities can encourage the provision of electric vehicles by updating and transitioning their fleets (cars, commercial vehicles, buses) and, as a result, can promote new developments across the market.

Further developments to the charging infrastructure and the removal of market-inhibiting regulations are required in addition to this.

Managing the transformation: management expertise and new ways of working in administration and companies

In many areas, establishing a modern infrastructure and developing new technological solutions demands both a new way of thinking and a new way of working. In order to successfully implement the aforementioned measures, a different type of management is required to that which is often practised. This affects both public administration as well as many companies.

Flexible, digitally networked working in interdisciplinary teams with a high share of home office will not just enrich and accelerate the innovation process; it will also allow many people to work more intensively whilst also finding a balance between family and work. This is an important "soft factor" of a modern stimulus package. The failed implementation of these new types of working is often not due to the technology; but, in many sectors is rather due to the lack of openness and awareness of its economic and societal potential.

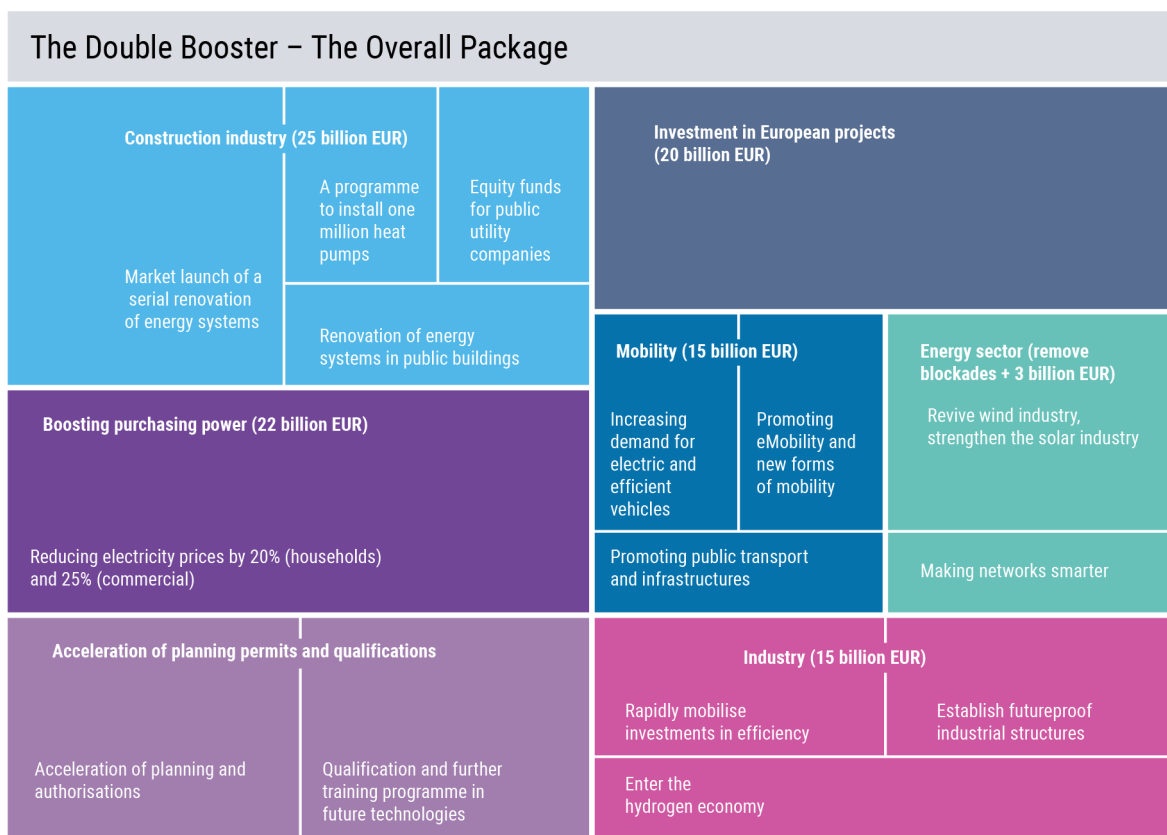
There is a need here for targeted consulting for public administration and companies, especially in view of the new types of employee management and the digital organisation of processes. However, this requires the comprehensive provision of broadband, or 5G accordingly, which can be achieved through a rapid development of the infrastructure.

The legislator must also provide the necessary conditions in view of employment law and occupational safety law.

Integration in third-party initiatives

The Berlin political consultancy Agora Verkehrswende has developed a 100-billion-euro funding programme, which could help to cushion the impact of the coronavirus crisis while also accelerating approaches in Germany, such as those put forward in this statement. As part of this, Agora Verkehrswende is calling for a 15-billion-euro economic stimulus package to promote structural change within the automotive industry. This type of “package” would then also facilitate the funding of the proposed systematic objectives of *automotiveland.nrw* in full. Initiating this type of stimulus package now requires a broad political discussion in which we will actively participate.

The overall package recommended by Agora is as follows:



Source: Agora Energiewende

Let's start to shape the future!

The systematic proposal put forward can be viewed as a marker for a really sensible funding programme, which places an equal focus on employment, innovation and the issue of climate change, so that we can emerge stronger from the crisis.

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PETER LÖSCHER

automotiveland.nrw is networking industry, science, innovators and governments in joint projects to provide smart solutions for global mobility challenges.

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