European Alliance Against Coronavirus

Tuesday 2nd June 2020 at 8:30

Mobility – Transport – Automotive

Working format is based on "*Gilles Rules*":

1. conception framework
2. needs and disruptions
3. solutions

Speaker:

- Isabelle Dussutour, ID4CAR (FR)

Link to session´s recording

CONCEPTUAL FRAMEWORK

Speaking for the inter-cluster initiative in France, French Mobility, Isabelle Dussutour highlights that the ecosystem is experiencing major disruptions that come to light during the COVID-19 crisis. However, the crisis might not be the only reason – it is likely that **tensions were already existing and are now breaking their way**.

Areas which are experiencing changes and disruptions

- Automotive sector:
  - Disruptions in supply chains
  - drop in production
  - drop in registrations of new cars/sales
  - factory and HRM adaptations due to safety requirements
  - marketing and branding due to changes in behaviour of customers
  - open question of value/supply chains, possible relocation of design and production
- public transport:
  - drop in usage
  - new safety/hygienic challenges and increase in cost
- Shared modes operators:
  - new safety/hygienic challenges and increase in cost
- Road transport:
  - Increase in deliveries, which are booming during the crisis

Important topics and trends which are developing

- Clear directions for safety requirements are needed, which leads to a new emerging sector around safety/hygiene/cleaning
- New role of urban planning and street design to foster coexistence between all modes, there is a boom in circle lanes, management of pavements, street signs and temporary equipment
- There is a need for (sustainable) business models for all modes and the opportunity to invest in innovation and new kinds of vehicles

- Collaboration and control by cities /public operators with regard to offers by private enterprises

Rebuilding the mobility ecosystem

Clotilde Nadé from Pôle Vehícule du Futur informs the group about a COSME funded project within the European Automotive Strategy Network (EASN), which covers the areas industry 4.0 and AI, digitisation of processes and flexibility of production, and competences of workers. The project showed that it is difficult to bring automotive stakeholders in Europe together. With the EASN, they try to foster the collaboration, to find solutions especially to this crisis. They started with 9 members, now they count with 20 clusters from all over Europe, working on roundtables and workshops about the economic recovery. **They are a partner for further cooperation**.

Jaime Quesado recommends a report from the World Economic Forum about challenges and opportunities after COVID-19, which gives a broad idea about the new context in which important sectors like mobility will work.

One question came up in the chat: "Could you elaborate a bit more on the future of ICE and EV cars following the crisis?" Besides Volkswagen investing in EV manufacturing in China, are there others investing in diversification of supply globally? Is there an overview of countries and the conditions of their financial support programs?"

IDENTIFICATION OF DISRUPTIONS

Lockdowns leading to disrupted supply chains

Evidence:

Because of the lockdowns in Europe and Asia/China, the factories of the automotive industry had to close, disrupting the production of components and the assembly of vehicles, and affecting various stages of the supply chains. This has already come up in various meetings of the EAAC.

Geographical impact: world wide

Stage of value chain: inbound logistics, operations (manufacturing), outbound logistics, human resources management

Character of the disruption: regulations, coordination failure, lack of input

Uncertainty of business models

Source: Isabelle Dussutour, ID4CAR (FR); Luk Palmen, Cluster Silesian Automotive (PL); Clotilde Nadé, Pole Vehicule du Futur (FR); Sonsoles Jiménex Pérez, RSC Talent (ES)

Evidence:

Various developments are playing into the growing uncertainty concerning business models. There is a drop in customers and revenue, especially for the automotive industry, but also in railway and bus. Due to the crisis, contacts in France report problem with importing raw material and a dependency on the Chinese market. On international level, the tensions between the United States and China

influence the markets, making the future situation uncertain. However, the extent of these disruptions is not yet assessed.

Furthermore, there are actions on national and regional/local level to promote innovative mobility. Examples are given on city roads being reshaped for bikes (green solutions) and on the use of autonomous vehicles in deliveries and mail.

All these developments feeds into growing uncertainties about the business models of the companies. This disruption is interconnected with the disruption “uncertainty in consumer behaviour”.

Geographical impact: world wide

Stage of value chain: all stages

Character of the disruption: emerging substitutes

Agents to solve the disruption:

Clusters can be involved to support members create joint strategies. Furthermore, clusters and the public administration on EU/national/regional level should align the analysis of needs and the support through funding. Close cooperation is needed.

Uncertainty of customer behaviours

Source: Isabelle Dussutour, ID4CAR (FR); Luk Palmen, Cluster Silesian Automotive (PL); Bruno Grandjean, Pole Vehicule du Futur (FR); Jaime Quesado (PT)

Evidence:

A disruption in mobility models occurs because people are reconsidering their transportation mode. Car sharing and public transport are gaining customers. Adding to this trend, the crisis has led to emerging alternatives to transportation: telework and delivery. People don´t necessarily need to go to the office, conference, or meeting anymore, being able to attend them virtually. Business trip will probably decline. Also, there is an increase in deliveries. Due to the confinement, people ordered more things so that they don´t have to go to the shops.

This is clear change in behaviour. However, it is unclear whether of how long it lasts. People could resume living like before. The real consequences are not yet known. This disruption is interconnected with the disruption in the business model.

Question posed by Jaime Quesado: It will be very interesting to verify how the intelligent mobility agenda will be influenced by the different behaviours of our society and economy - will people be available to maintain their habits in terms of their daily mobility agenda?

Geographical impact: EU

Stage of value chain: Marketing and sales

Character of the disruption: emerging substitutes

Recommendation:

There is a need to work with citizens and end users to know better the behaviours. These changes in behaviour need to be analysed so that the impact on the mobility ecosystem can be determined.

Missing flexibility and resilience in supply chains

Source: Luk Palmen, Cluster Silesian Automotive (PL); Athanasios Konstandopoulos, CERTH (GR); Bruno Grandjean, Pole Vehicule du Futur (FR); Sonsoles Jiménex Pérez, RSC Talent (ES); Lukas Gorecki, Cluster Silesian Automotive (PL)

Evidence:

When the value chain in a region is composed by only one agent of a stage in the chain, e.g. one customer, one supplier, the chain is not resilient and collapses easily. This is the case in Spain or France, where many value chains in the automotive sector work this way. In central Europe, there are chains in which a network of suppliers is working with a network of clients, making it more resilient. The disruptions created by this non-flexible structure need to be addressed.

Furthermore, the clusters refer to the new regionalisation of supply chains, in this case of how the French government is supporting the automotive sector. They are uncertain how the crisis will be used to reorganise value and supply chains, and expect this strategy to have an impact on local automotive SMEs all across Europe as new regional concentration of certain production models in new regions are possible.

The sector has been driven by efficiency in the past years and has cut down what was unnecessary. About relocation of production, this is considered mainly a question of cost.

Geographical impact: especially Southern Europe (but not exclusively)

Stage of value chain: procurement, inbound logistics, outbound logistics

Character of the disruption: coordination failure

Recommendation:

Clusters can play a role at the local level to ensure that local chains are efficient and flexible enough. They need to be involved in all stages of the value chain and be in close connection with the public authorities.

Rapid reconfiguration of production lines: There is a clear need to differentiate the production and to be able to reconfigure the production for other markets and alternative customers. Concepts could be transferred to other ecosystems, bringing opportunities to use techniques from the automotive value chain in other local productions, e.g. (smart) construction as we have to develop a more protective environment.

Clusters can also play a role in this transition, but it also needs incentives at national level.

Complex policy strategies

Source: Isabelle Dussutour, ID4CAR (FR); Lukas Gorecki, Silesian Automotive cluster (PL)

Evidence:

The automotive sector feels to be moving in a complex policy field. It is a big industry which creates significant employment, and which needs to increase the demand for cars for an economic recovery. However, the green tendencies and climate policies led to a need to invest in innovation. For

example, the French government is focused the financial support to buying electric vehicles, and investment in H2 is growing. This trend needs to be further analysed in the context of more independency from external countries in the energy provision.

Geographical impact: EU

Stage of value chain: Research and development

Character of the disruption: Technology, regulations, standards

Certifications for safety

Source: Isabelle Dussutour, ID4CAR (FR); Elena Lluch, AVIA (ES)

Evidence: To ensure safety in shared mobility, e.g. car sharing, there is a need to develop new systems of disinfection.

Geographical impact: EU

Stage of value chain: operations

Character of the disruption: Standards

Recommendation: In the "new normal", there is need for clear standards on disinfection for vehicles of shared mobility.

IDENTIFICATION OF NEEDS

- In the mobility – transport – automotive ecosystems, cluster support is needed on three levels:
  - Work for individual companies to innovate
  - Work on ecosystems to improve
  - Work on environment, e-mobility
- Companies need to prepare for a possible rebound. They are working to prepare, but indicate that is second outbreak could be the death sentence for many SMEs.

SOLUTIONS/OPPORTUNITIES

- For Europe´s competitiveness in this ecosystem, the crisis should be seen as an opportunity to bring forth creative ideas and to put new projects into practice