BARMETAL

Country level results

France

Midterm Workshop
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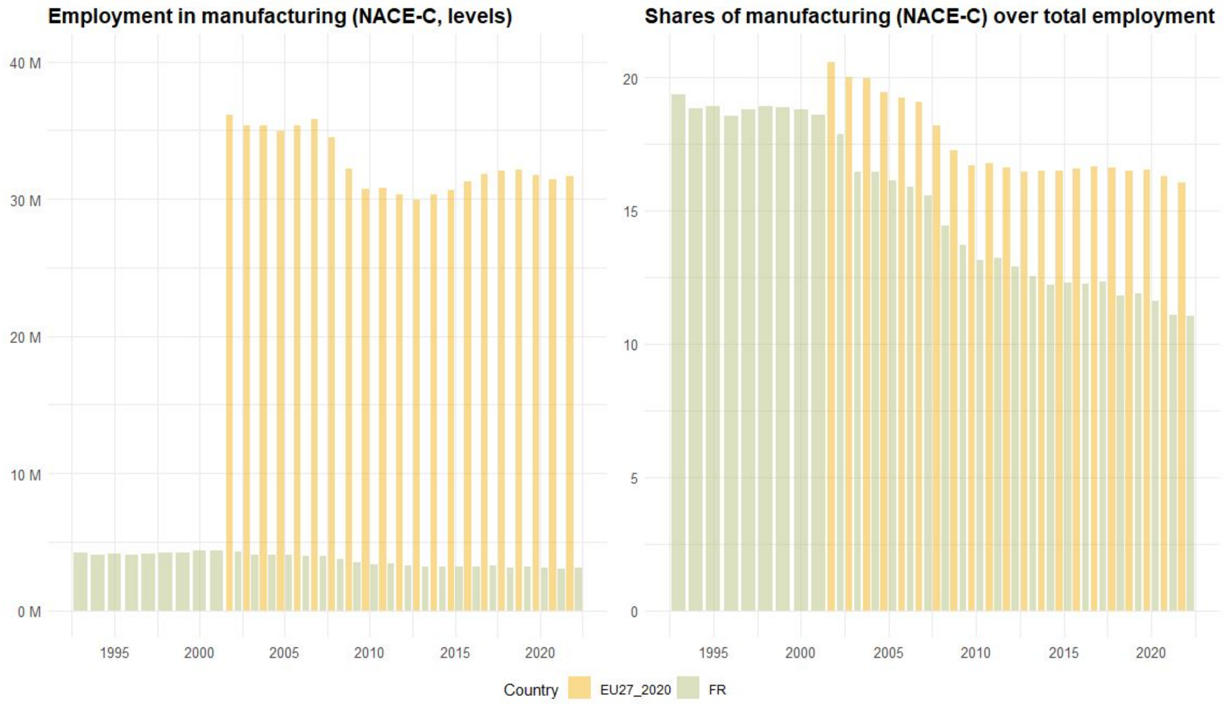
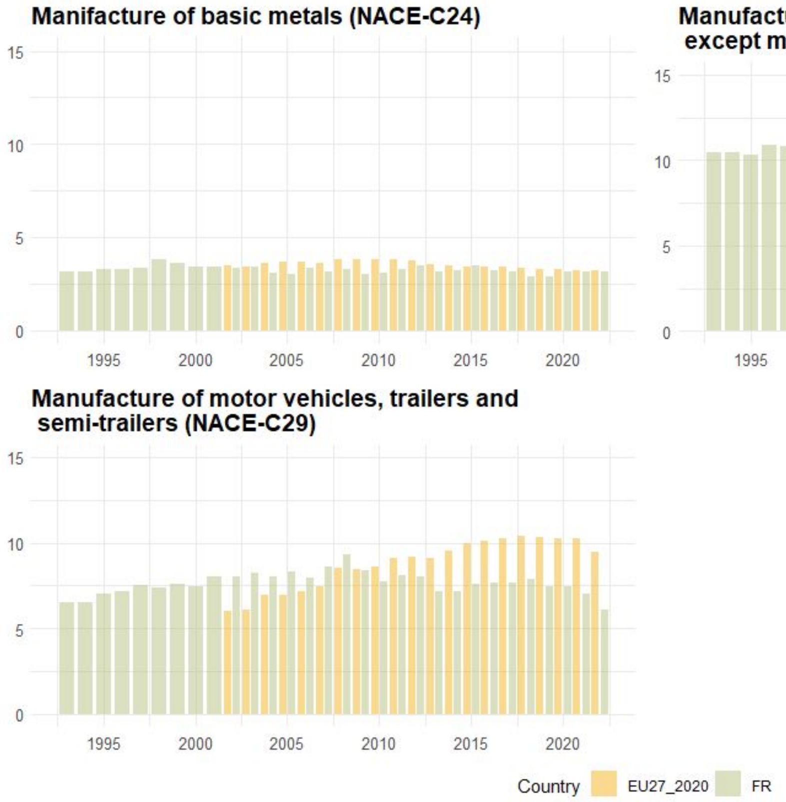
French General Overview-Employment (1993-2022- ELFS)



- The number of workers in manufacturing in France declines from **4 to 3 million**, corresponding to **9-11% of European manufacturing;**
- The share of French employment in manufacturing over total employment declines from **18% to 11% in 2022, around 2% lower than the European average.**

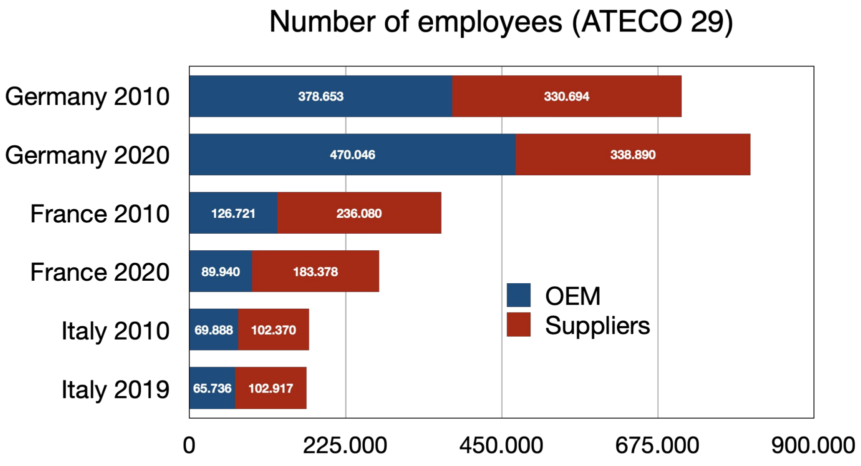
French General Overview-Employment (1993-2022- ELFS)



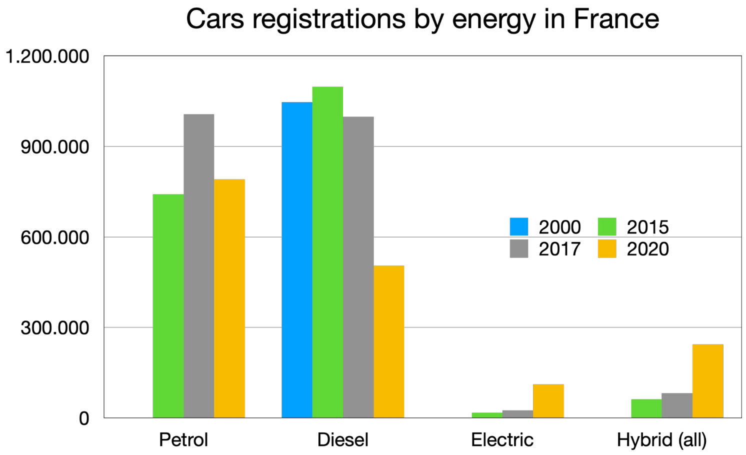
- The share of basic metals (**NACE-C24**) over total employment in manufacturing in France is stable **around 3%.**The share in fabricated metal products (**NACE-C25**) is around **10%.** The automotive sector (**NACE-C29**) covers **7%** of the total employment in manufacturing in France;

- Slight **decrease in employment in the automotive sector** since 2008 compared to the European average

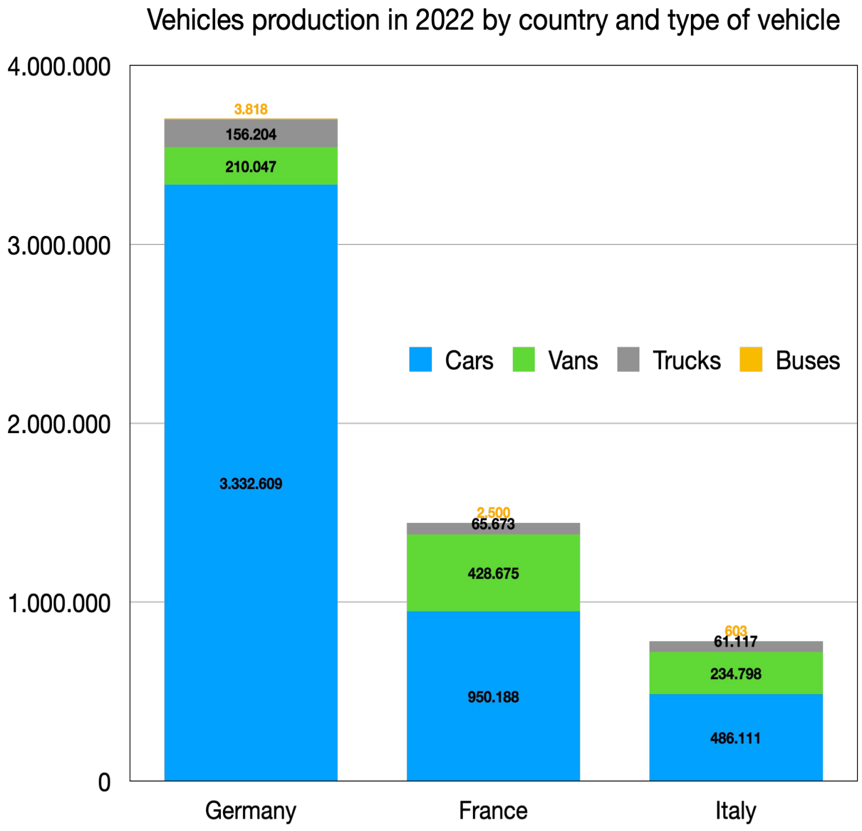
Comparing three car-producing countries



Source: Osservatorio Nazionale Automotive (2023)

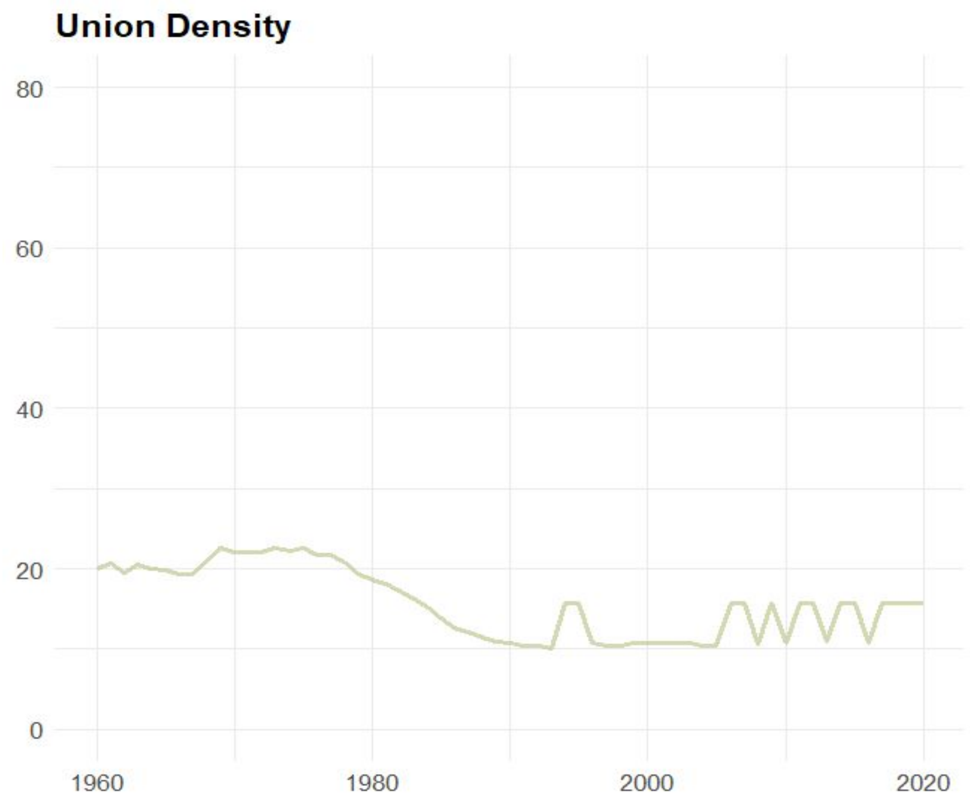


Source: CCFA 2021



Source ACEA

French General Overview-Bargaining. Source: ICTWSS



	2018-2020
Employer Organization Density	75%
Bargaining Coverage Rate	98%
Bargaining Level	3

National policies on DAD in France

France 2030 - plan of public investment approved in 2021 by the French Government (€54 billions over 5 years) with the objective of:

- encouraging the national supply of small modular reactors by 2030;
- becoming the leader in green hydrogen and renewable energies by 2030;
- decarbonizing the industry (greenhouse gas emissions - 35% between 2015 and 2030);
- producing nearly 2 million electric and hybrid vehicles by 2030;
- producing the first low-carbon aircraft in France by 2030. **[1]**

France Relance - government plan of public investment 2020-2022 - with €30 billions devoted to the ecological transition, 34 billions devoted to increasing French firms' competitiveness and €30 billions devoted to territorial cohesion. **[2]** Moreover, France Relance allocates €908 millions for increasing the diffusion of the optical fiber, promoting the digital inclusiveness and the digitalization of the public administration at territorial level. **[3]**

Additional investments through the **PNRR** in:

•**Ecological transition** (energy renovation: €5.8 billion, ecology and biodiversity: €2.1 billion; green infrastructure and mobility: €7 billion; energy and green technologies: €5.3 billion).

•**Competitiveness** (financing firms: €0.3 billion; technological sovereignty and resilience: €3.2 billion; digital upgrading: €2.1 billion). **[4]**

The automotive sector in France

Trends in production

- Significant drop in the production of vehicles from 3.5 million vehicles in the mid-2000s to 1.4 million vehicles in 2022.
- The relation between produced cars and new registrations in 2022 is 62%, while in Germany is 125% **(Source ACEA) [5]**
- BEV cars represent 1% of the total car fleet (0.8% in EU 27 and 0.3% in Italy) and about 13.3% of new registrations.

Challenges

- The two OEMs - Stellantis and Renault - that dominate the national production of cars are restructuring their production both in terms of products (moving to premium cars and increasing models variety) and geographical location.
- Competitiveness of the supply chain under pressure because of decarbonization transition **[6,7]**

Institutional response

- In 2018 establishment of “Contrat Stratégique de la Filière Automobile 2018-22”involving the State, the Regions and all firms belonging to the supply chain and Plateforme Filière Automobile (PFA) with co-ordination functions in relation to initiatives promoted in support of the entire sector **(Source ANFIA) [8]**
- Specific plan of measures to support automotive suppliers in France 2030 **(Source ANFIA) [8]**

Infrastructures

- In 2023 83,000 recharging points (of which more than 3,200 ultrafast) and 590,000 BEVs in circulation, ambitious target of 7.2 million recharging points by 2030 (the on-going installation of 404 new points weekly corresponds to 14.6% of the necessary amount to reach the goal according to ACEA).**[8]**

Industrial relations in France - General overview

“Polarised” representative pluralism: highly politicised role of social partners and ideological fragmentation (van Ruysseveldt & Visser 1996):

- 3 major trade union confederations (CGT, CFDT and FO) which account for 80% of members. Two other organisations representative at national level: the CFTC and the CFE-CGC, a sectoral organisation representing technicians and management staff;
- 3 main employer associations with functional divisions (MEDEF, the largest, CPME and U2P).

IR system traditionally **highly institutionalised**, with **substantial state intervention and regulation:**

- traditional ***hostility of employers towards social dialogue***, viewed as a threat as to their prerogatives (some exceptions, e.g. Renault)
- ***government has often intervened to regulate the employment relationship*** due to social partners inability to develop stable practices of collective bargaining and cooperation on labour relations issues (Howell 2009).
- ***limited contractual autonomy*** of social partners and ***multiple obligations to negotiate*** at industry and company level

Multi-tier bargaining system:

- Collective bargaining takes place at ***three levels: cross-industry, sectoral and company.***
- Cross-industry bargaining defines the regulatory framework. The law determines which subjects are negotiated at industry level, which at company level and which are left to the bargaining freedom.
- Collective agreements negotiated by the unions ***apply to all employees***, regardless of whether they are union members or not.
- ***Coverage rate*** of collective agreements is ***one of the highest*** of all OECD countries: 98% in the private sector.

Company and workplace representation:

- Double channel employee representation in companies: ***union delegates***, designated by representative unions and in charge of collective bargaining, and ***works council*** (the CSE) directly elected by all staff and in charge of employee grievances.
- ***Representation criterion***: to participate in collective bargaining, a union needs to gain, dependent on the level concerned, at least 10% of the votes in the elections for employee representatives and 8% at sectoral and cross-industry level).
- ***Employee representation on executive and supervisory boards*** has existed in France for many years. The 2013 law has increased the number of companies subject to this obligation. However, the law do not provide for ***any form of co-determination***.

Industrial relations in France - Recent developments and current challenges

Challenges on collective bargaining system:

- Sectoral bargaining dominates, though over the last few decades, there has been a **trend towards company agreements**. These increasingly derogate from the rules set in the sectoral collective agreements (e.g. so-called “***competitiveness agreements***” in the automotive sector, Carbonell, 2022);
- Over the past few years, several new laws (2013, 2014, 2016 and 2017) have led to major changes in industrial relations and the labour market.
- Especially the so called “Ordonnances Macron” adopted in September 2017 have ***weakened the individual and collective protections provided by the Labour Code*** through the decentralisation of collective bargaining the easing of the procedures for making workers redundant for business reasons
- Under the new architecture resulting from the 2017 decrees, coordination between bargaining levels is no longer based on the “favourability principle” but on a **distribution of the bargaining topics between the various levels**. However, the sectoral level still remains the priority level for the majority of topics.
- **Social dialogue unequal from one company to the other**, even if sector collective agreement can make up for the scarcity of company negotiations.
- In company where union representative are present, negotiations occurred in 23% of those with fewer than 20 employees and in 98% of those with at least 1,000 employees.
- Collective bargaining even weaker in small companies without any union, n**eed to organise social dialogue beyond the boundaries of the company**, at territorial leve
- **2017 law on ‘duty of vigilance”**: MNEs are asked to identify and prevent the occurrence of social, human and environmental risk resulting not only from their activities but also from subcontractor and suppliers.

Case Studies: technical description

Case Study I

- Body-work car assembly plant located in Northern France, belonging to the EV division of a national OEM;
- 3300 workers employed (considering also those with a temporary job);
- Strong union division and rivalry (FO 26%, CFDT 19%, CFE-CGC 17%, SUD 16%, CGT 15%), Low tradition of social dialogue at factory level (dialogue is traditionally held at centralised company level).

Flagship factory of the electric division, with production converted solely to BEV and installation of a battery assembly department. Expectation of new hires (several hundred), but strong reduction of the workforce in recent years.

Case Study II

- Gearboxes production plant located in Northern France, belonging to the EV division of a national OEM;
- 336 workers (+ plus a few dozen in the battery pack department, see below)
- CFE-CGC (representing technicians) main organisation, taking over CGT. Low tradition of social dialogue at factory level (dialogue is traditionally held at centralised company level).

Plant at risk of closure but crisis solved so far: with the creation of the EV division the future of the factory was uncertain, but transfer of production from other European factories of the group and creation of a joint venture with a Chinese company to set up a battery pack construction department within the site.

Comparability

1. Both cases are in the same EV division of a national OEM;
2. Both factories subjected to the same centralised bargaining process related to the birth of the EV division;

Assembly plant (social dialogue)	Gearboxes plant (social dialogue)
Digitalization-Automation: introduction of new technologies ➢ Digitalisation used to compress production time and considered a precondition for electrification because it ensures the competitiveness of the factory despite high labour costs. However, factory still more automated than digitalised. ➢ **Ex-ante**: no room for negotiation, union representatives only informed when new technologies are implemented, but “design thinking workshops” allegedly organised with groups of employees.Technological substitution main concern for unions. ➢ **Ex-post:** monitoring of safety and ergonomic aspects, digital software information used against workers (no agreement on the matter) **Decarbonization** ➢ Negotiation of the reduction of working time and breaks and reconfiguration of overtime system (from voluntary to mandatory). ➢ Negotiation of new hires but at 'market-price' wages and without traditional company social benefits. ➢ Trade union focus on safety related to electrical processes, especially in the battery department.	**Digitalization-Automation:** introduction of new technologies ➢ Already highly automated factory, where digitisation is introduced to interconnect machines and facilitate operator accessibility to the machine. New battery pack department appears to be heavily digitalised. ➢ **Ex-ante**: no room for negotiation, union representatives only informed when new technologies are implemented. No mention of “design thinking workshops”. ➢ **Ex-post:** monitoring of safety and ergonomic aspects,strong managerial focus on safety precautions. No mention of digital software information used against workers. **Decarbonization** ➢ Point 1, 2 also apply here, but so far no new hires. ➢ No room for negotiation on the creation of the JV and the implantation of the battery pack department within the plant. ➢ The workers are offered the opportunity to go to work in the JV with the guarantee that they can 'go back' within two years. ➢ No established social dialogue in the JV so far.

Preliminary Findings and Conclusions

- The transition to electric mobility presents **risks to employment and working conditions** related not so much (or not only) to technical product issues, but to the **need to make plants competitive** through automation, digitalisation (and wage compression).
- In the negotiations on the creation of the EV division, trade **unions bargained essentially on wages, recruitment and working hours**, and were prepared to make concessions that did not directly touch their core representation (especially in terms of wages) → unions de facto **agreed to the creation of wage tiers** (against which UAW is actually mobilising in the US).
- **Low level of negotiation on technological innovation**, partly dependent on local bargaining traditions, partly on the weakening of some union tools (reform of health and safety representatives).
- **Poor involvement of TUs in the company's production strategies** related to electric mobility, regardless of their political orientation.
- TUs faced with **trade-off of whether to adapt to the transition** (accepting its more "unjust" consequences), **or to resist it**.
- TUs seem to **prefer to focus on their traditional bargaining agenda** and to relativise the importance of the transition to e-mobility as "just" one of the many transitions the sector has gone through in recent decades.

Interesting practices

Coordination among institutions, social actors and government

Specific roadmap approved in 2021 **“Numérique & Environment”** on the necessity of analysing the environmental impact of the *numerique* sector (with a specific focus on telephones and electronic goods). The implementation of the 15 measures is under the supervision of a coordination body composed by the 3 Ministries for Ecological Transition and Territorial Cohesion, for Energy Transition and for Digital Transition and Telecommunications. Source: https://www.ecologie.gouv.fr/sites/default/files/Feuille_de_route_Numerique_Environnement.pdf

Environmental impact of electric cars production

From October 2023, the “Bonus ecologique” to support the purchase of electric vehicles will take into account also the overall environmental impact of the production process. [Source: https://www.service-public.fr/particuliers/actualites/A16766]

[1] Report published by the French government of the plan France 2030 available at https://www.economie.gouv.fr/files/files/2021/France-2030.pdf?v=1697186793
[2]Data published by the French government on the plan France Relance available at https://www.economie.gouv.fr/plan-de-relance
[3] https://www.gouvernement.fr/actualite/le-numerique-pilier-central-de-la-relance
[4] Information about the French PNRR available at https://www.economie.gouv.fr/plan-national-de-relance-et-de-resilience-pnrr#
[5] ACEA data on the automotive sector in Europe https://www.acea.auto/files/ACEA-Pocket-Guide-2023-2024.pdf#page=88
[6] Sonzogni, M. and S. Schulze-Marmeling (2019) The French automobile industry: state of play, electromobility and employment change. ETUI Publication.
[7] Pardi, T. (2022). Heavier, Faster and Less Affordable cars: The Consequence of EU Regulations for Car Emissions. ETUI Research Paper-Report.
[8] Osservatorio Nazionale Automotive available at https://www.anfia.it/allegati_contenuti/DOC/323_STUDIO%20OSSERVATORIO%20AUTOMOTIVE_BENCHMARK%20INTERNAZIONALE%202023.PDF
Other source used for the graph: CCFA (2021) L’industrie automobile française https://ccfa.fr/wp-content/uploads/2023/07/CCFA-2021-FR-web.pdf