



Case study summary sheet : ZWICKAU

PN, Nov. 8th, 2006

- ✓ The ZWICKAU region, located in Saxony (former GDR), has a long tradition in the automotive industry and a skilled labour force. In terms of economic development and despite a very high unemployment rate (18%), Saxony also has one of the best rates of economic development of the new Länder. The south-western part of Saxony consists of an auto cluster built around the cities of Zwickau and Chemnitz. Regional development is well organised at the institutional level, with a development agency set up by the local authorities. Key players in the automotive industry, such as Volkswagen (VW) as well as a number of equipment manufacturers and subcontractors, have set up operations in the region. Economic cooperation and coordination agencies and union members (IG METALL) have adopted a proactive approach to economic development.
- ✓ In this relatively favourable context, the European directive on the recycling of end-of-life motor vehicles and its transposition into German law is seen as a valuable opportunity by local players, who foresee a development potential resulting in jobs based on the established automotive background of the labour pool. To this end, an association is being created by an IG Metall union member which also includes the local authorities, the economic development agency and the VW training centre. A prospective 1,866 unemployed individuals from the labour pool with the necessary qualifications are targeted.
- ✓ The goal of the association is to facilitate the creation of an innovative plant that complies with the latest standards on automobile recycling. This new site could encompass local small automobile recycling companies which do not have the critical size to survive on their own. Indeed, the recycling market is not in a very strong position in Germany: decrease in volumes handled, unofficial channels, costly investments for many small businesses in the sector to comply with the standards, and so on. Compared to the current situation, the project that has been developed (is being developed?) incorporates the most up-to-date technologies favouring the use of all categories of employees, from the very young to the very old (this point seems to be important for the union members involved in the project). European funds (FEDER, FSE) could be called upon. However, in the summer of 2006, VW, which is the major manufacturer in the region, withdrew its support for the project because of its use of another high-capacity recycling site located in Leipzig.
- ✓ The operation examined here appears to be an attempt to energize a business of the future by building on the advances made in European environmental protection policy.