

Automobile manufacturers call for change of direction in EU trade negotiations

Bruges, 20 March 2012 – The European automobile manufacturers call on the European Commission and Member States to change their approach in conducting trade negotiations. EU trade policy should help strengthen its domestic manufacturing industries rather than giving up on them for reasons that are unfit.

Debating with European Trade Commissioner Karel de Gucht at the 3rd European Business Conference at the College of Europe in Bruges, ACEA President Sergio Marchionne, CEO of Fiat, put the existential dilemma on the table that Europe needs to solve on behalf of its citizens. “Globalization is disruptive, but it can also be transformative, offering new opportunities to sell, to source and to grow”, Marchionne said. “The test ahead of us is to adapt to new competitive realities while preserving and strengthening the values that are the foundation for the European Union.”

The ACEA President, speaking on behalf of all European vehicle manufacturers, stressed that the long-term economic prospects of the automobile industry require the further liberalisation of markets and the reduction of barriers to trade and investment.

However, he argued, “In choosing liberalised markets, it is critical that Europe foster an internal economic framework that is more competitive than the one that exists today. In parallel, Europe needs to push for the world to become more of a level playing field, with equal access and opportunities for all of the players involved.”

Restraints on competitiveness

Unfortunately we are, at present, far from such competitive conditions and even further from such equilibrium, said Marchionne. “In fact, we find ourselves in the bizarre situation in which Europe is pushing for one Free Trade Agreement after another – and not always with mutual benefits – while internally, we’re suffering from inflexibilities and other restraints on our competitiveness.”

Marchionne: “A recognition of the importance of strategic sectors must determine our trade policy and approach to trade negotiations. Manufacturing creates high wages, fosters research and development and helps maintain a trade surplus. In short, manufacturing industries are key to sustaining economic growth and prosperity in Europe.”

The ACEA President emphasised that other countries recognise the importance of a strong automotive sector as a powerful engine for growth. “It makes zero sense for Europe to use the auto industry as a bargaining chip to give away in return for doubtful benefits for other sectors.” *(continued on p.2)*

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Equal conditions

Potential FTA partners regard the EU as a big fish to catch. Entry is easy, and the market is made up of 500 million affluent people. In contrast, for example, India's government takes an interventionist approach to protect its domestic market, and there is no indication that this strategy will change any time soon.

A guarantee of equal conditions for all is the one fundamental principle that must apply, argued Marchionne. "We have the tools to get there and they begin with tariff dismantling on both sides, until tariffs are brought to zero. In specific and limited cases, we are open to an asymmetric dismantling of tariffs."

Non-tariff barriers also need to be eliminated. Fair trade will require the monitoring of domestic legislation that unfairly tilts the playing field. "The way the EU has dealt with South Korea is an example of how it should not be done, casting shadows over the negotiations with Japan and India where the stakes are even higher."

About ACEA

The European automotive industry is key to the strength and competitiveness of Europe. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT S.p.A., Ford of Europe, General Motors Europe, Hyundai Motor Group, Iveco S.p.A., Jaguar Land Rover, MAN Truck & Bus, Porsche, PSA Peugeot Citroën, Renault Group, Scania, Toyota Motor Europe, Volkswagen Group, Volvo Car Corporation, Volvo Group. They provide direct employment to more than 2.3 million people and indirectly support another 10 million jobs. Annually, ACEA members invest over €26 billion in R&D, or 5% of turnover.

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