



European automobile manufacturers call for EU policy on automotive industry to be translated into urgent action

Brussels, 8 November 2012 - Between 2007 and the end of 2012 new car registrations are expected to have dropped by over 3 million. This translates into a fall from 15.5 million to about 12 million units - making 2012 the worst year since 1995.

"Vehicle sales will not recover to pre-crisis levels in the near to mid future, so the industry needs to adjust for the overcapacity that exists," stated Ivan Hodac, Secretary General of the European Automobile Manufacturers' Association (ACEA). According to ACEA, the current average overcapacity across Europe is in the range of 25-30%. This overcapacity is not evenly spread across Europe; some manufacturers are operating at 50-60% of their capacity, whereas others are at 80-90% or even higher.

A number of European manufacturers have already announced that they have no alternative but to implement significant restructuring plans. It is highly likely that there will be further such announcements over the coming months.

Now more than ever, the industry needs a supportive framework and strong industrial policy in order to keep jobs and production in Europe. ACEA therefore welcomes the European Commission's recent Communication on Industrial Policy as well as CARS 2020, the action plan that it launched today for a competitive and sustainable automotive industry in Europe.

The industrial policy and CARS 2020 put the focus on developing long-term policies and facilitating investments for the future. "This is necessary but not sufficient," explained Mr Hodac. "Recent events show that the car industry in the EU is undergoing an important process of adaptation and restructuring right now. The EU should urgently use all the means at its disposal to mitigate the social and economic consequences of this process." In particular, it should explore ways to improve labour flexibility and support the affected workers and regions.

In such a contracting market, care needs to be taken not to add further pressure on overcapacity and employment by concluding unbalanced trade agreements. Hodac: "We cannot afford to open up our markets in times of crisis unless there is a level playing field." It is therefore essential that the EU and member states assess the cumulative impact of existing and potential free trade agreements.

ACEA supports a number of proposals made in the Communications, such as making 'clean vehicles' an investment priority; carrying out a 'fitness check' of EU legislation on type-approval of motor vehicles; and conducting a 'competitiveness proofing' of all major initiatives that have a significant impact on the automotive industry in the areas of trade, transport, energy and climate policy. Indeed, as suggested by a number of Member States recently, the Competitiveness Council should play a major role in this initiative. Smarter, more coordinated and streamlined regulation is needed to reinforce the automotive industry's competitiveness, and benefit the European economy as a whole.

"Both Communications contain good principles. It is urgent that these are now translated into real action. Although past experience has taught us that this is not always the case, we trust that the CARS 2020 monitoring process that the Commission intends to set up will make a difference this time," went on Hodac.

Notes for editors

- ACEA members are BMW Group, DAF Trucks, Daimler, FIAT S.p.A., Ford of Europe, General Motors Europe, Hyundai Motor Europe, IVECO S.p.A., Jaguar Land Rover, Porsche, PSA Peugeot Citroën, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, Volvo Group. More information can be found on www.acea.be.
- ACEA's recent position paper entitled 'A competitive auto industry for Europe' can be found online at www.acea.be/files/competitive_auto_industry_for_europe

Facts on the EU automobile industry

- The automotive sector contributes positively to the EU trade balance with a €114.1 billion surplus. This contribution is highly significant today as the EU economy as a whole struggles with a total trade deficit for goods of €152.8 billion.
- Some 11.6 million people - or 5.3% of the EU employed population - work in the sector.
- The 3.2 million jobs in automotive manufacturing represent 10.2% of EU's manufacturing employment.
- The sector is also a key driver of knowledge and innovation, representing Europe's largest private contributor to R&D, with €26 billion invested annually.

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