ACEA

European
Automobile
Manufacturers
Association

Press Release

EU must step up and coordinate support measures for the European economy and automotive industry

Brussels, 10 February 2009 – The European automotive manufacturers urge the EU to intensify and coordinate efforts to restore the functioning of the financial market and overcome the current crisis. The vehicle industry, in particular, needs significantly broader and quicker access to financial support through the European Investment Bank as part of a broader set of measures to survive the economic turmoil, ensuring innovations in low-carbon technologies and maintaining the high-skilled workforce Europe needs.

"2009 will be a decisive year for our economies and for our industry. The automotive manufacturers are taking all measures within their reach to emerge from the crisis. In parallel, governments have to take urgent and drastic measures to prevent a prolonged period of recession", said Carlos Ghosn, President of the European automobile industry's trade association ACEA and CEO of Renault. "We believe it is time for Europe to take the lead by designing and deploying instruments that are critically needed in this time of crisis. A coordinated European policy would not only ensure more fairness and greater respect for EU competition rules but - more importantly - greater efficiency in a single, European market."

Ghosn met today in Brussels with European Commission Vice-President Günter Verheugen and Competition Commissioner Neelie Kroes to discuss support measures for the automotive industry, which health is key to restoring the EU economy. He also addressed an audience of EU legislators and auto industry stakeholders at the ACEA annual reception in Brussels.

The ACEA members call for a number of immediate actions for the automotive industry:

- Ensuring a **level playing field** by deploying and coordinating support measures such as market incentives, fleet renewal schemes and relieving cost of temporary unemployment throughout the EU. While some member states have taken these important steps, other still have to follow.
- Improving **access to liquidity** by allowing state guarantees for low-interest loans.
- **Increasing the amount** of European Investment Bank (EIB) funding and ensuring a quicker availability of these funds
- **Safeguarding the competitiveness** of the industry by, among others, postponing costly new regulation and ensuring that newly negotiated free trade agreements are balanced.

"The measures that the EU has agreed upon so far are insufficient to meet the needs of our industry. In October last year, we have called for low-interest loans amounting to € 40 billion. Up to today, vehicle manufacturers have already applied for over € 6 billion in EIB loans and the funds needed in 2009 alone could easily add up to 15 billion. Similar levels may well be necessary in the years thereafter", said Ghosn. "The level of funding needs to be raised and decision making procedures must be simplified and shortened. This aid is urgently needed to maintain our industry's capacity for innovation and ensure the transition to a low-emission fleet."

Industry outlook 2009

Reflecting a dramatic drop in consumer confidence, passenger car and commercial vehicle sales in Europe fell sharply in 2008. Automobile production was subsequently trimmed back by around 20% in the last three months of 2008 and 5% year-on-year. Anticipating a further decrease of the markets in Europe and around the world, ACEA expects European vehicle production in 2009 to decline by at least 15%, which inevitably puts further massive pressure on costs and employment.

Provided the right framework conditions are in place and assuming that sales will pick up again in 2010, the industry strives to master this development with flexibility measures such as taken over the past few months: manufacturers are decreasing vehicle output by cancelling temporary contracts and cutting working hours, aiming to retain a high-skilled workforce. In addition, the manufacturers are cutting general expenditure and investment levels.

The European vehicle manufacturers are also urging EU support for suppliers, whose access to credit is often even more critical, and where many more jobs are at stake. In terms of employment, every job within one of the vehicle manufacturers provides at least another five at vehicle-parts suppliers, other equipment producers, car dealers, repair workshops and other vehicle-related activities. In countries such as Germany, France, Spain, Italy or the Czech Republic, the ratio is at least double as high. Preserving a solid supply chain from suppliers to dealers is indispensable for the existence of the automotive industry.

About ACEA

The European automotive industry is key to the strength and competitiveness of Europe. Direct employment in automotive manufacturing amounts to 2.2 million people; indirect employment involves another 10 million jobs. Annually, ACEA members invest € 20 billion in R&D, or 4% of turnover. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT Group, Ford of Europe, General Motors Europe, Jaguar Land Rover, MAN Nutzfahrzeuge, Porsche, PSA Peugeot Citroën, Renault, Scania, Toyota Motor Europe, Volkswagen and Volvo.

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