



ACEA

European
Automobile
Manufacturers
Association

EU must urgently deploy crisis measures

Brussels, 25/02/2009 – The European automobile manufacturers call on the European Commission and EU member states to urgently deploy measures to help the auto industry through the current financial and economic crisis.

“The EU has started filling a toolbox with potential instruments but too little of them have been actually put into use due to time-consuming procedures and a lack of guidance at EU level”, said Ivan Hodac, secretary general of the automobile industry’s trade association ACEA. The most pressing issue to resolve remains the limited access to credit due to the non-functioning of the financial market. Other immediate needs include fleet renewal incentives and the postponement of further costly regulation.

“The EU must show its ability to act in times of crisis. EU leaders, at their summit this weekend, should give the political message to lift bureaucratic barriers and speed up implementation. A coordinated European policy would not only ensure more fairness and respect for EU competition rules but - more importantly - greater efficiency in a single, European market”, added Hodac.

The Communication on the European automotive industry, presented today in Brussels by the European Commission, is a welcome step. “The paper clearly shows the need for urgent action and lists various options. What we now ask is to add an early deadline to each suggested measure.” The paper also emphasises the importance of the CARS21 process, a tested framework for dialogue between the industry, EU policy makers and other stakeholders. “CARS21 is proving its value as an early-warning mechanism for developments that affect the European automobile industry’s strength and competitiveness”, said Hodac. “We fully support today’s recommendation to weigh up the costs and benefits of any new legislative initiative and to avoid creating new economic burdens.”

Necessary measures

Automakers have called for urgent and drastic measures to prevent a prolonged period of recession, to support manufacturing and continue to drive forward the environmental goals that are shared by policy makers and manufacturers. In short, the automotive industry asks the EU to:

- Ensure a **level playing field** by coordinating support measures
- Improve **access to liquidity** by allowing state guarantees for low-interest loans and provide low-cost funding
- **Increase European Investment Bank (EIB) funding to 40 billion EUR**, a more rapid validation of projects (2-3 weeks instead of 2-3 months), a higher level of EIB intervention (75% instead of 50%)
- **Stimulate demand** through measures such as market incentives, fleet renewal schemes including vehicle scrappage, public spending on infrastructure
- Relieve the cost of **temporary unemployment and/or training** in production downtime through the EU Social Fund and Globalisation Adjustment Fund
- **Safeguard the competitiveness** of the industry by, among others, postponing costly new regulation and ensuring that newly negotiated free trade agreements are balanced.

Support is vital

New ACEA data shows that vehicle production declined by 28% in the last quarter of 2008, almost 10%-point more than estimated, resulting in a 7% cutback for the year 2008. 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.

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Supporting the industry through the downturn will protect a sector that is vital to the wider European economy. The auto industry is a technology leader and the largest private investor in R&D in the EU. Twelve million Europeans rely on the automotive industry for their jobs, 2.2 million directly in manufacturing quality products for home and international markets. Vehicle production takes place in around 250 production sites in 18 EU countries, with the additional large automotive industry supply chain being present in all EU member states.

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, Slovakia or the Czech Republic, the ratio is at least double as high. In addition, the auto industry generates activity and employment in sales & finance, repair & maintenance, the energy and transport sectors, and many more.

About ACEA

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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