ACEA European Automobile Manufacturers Association

Keeping the Automotive Industry on the Road

FT FUTURE OF THE CAR SUMMIT

MILLBANK TOWER, LONDON

Erik Jonnaert

Secretary General

Monday, 18 May 2015

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KEY FIGURES ABOUT THE INDUSTRY

12.1 million direct and indirect jobs

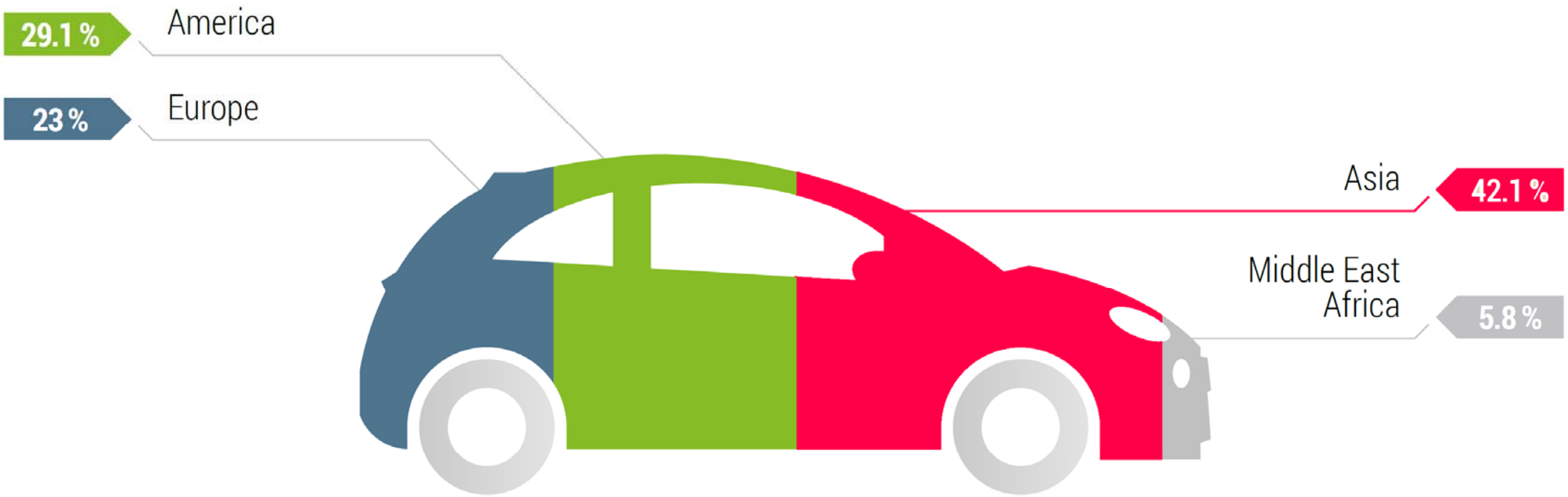
17.2 million motor vehicles produced

€41.5 billion in R&D spending, largest private investor

€94.6 billion positive net trade contribution

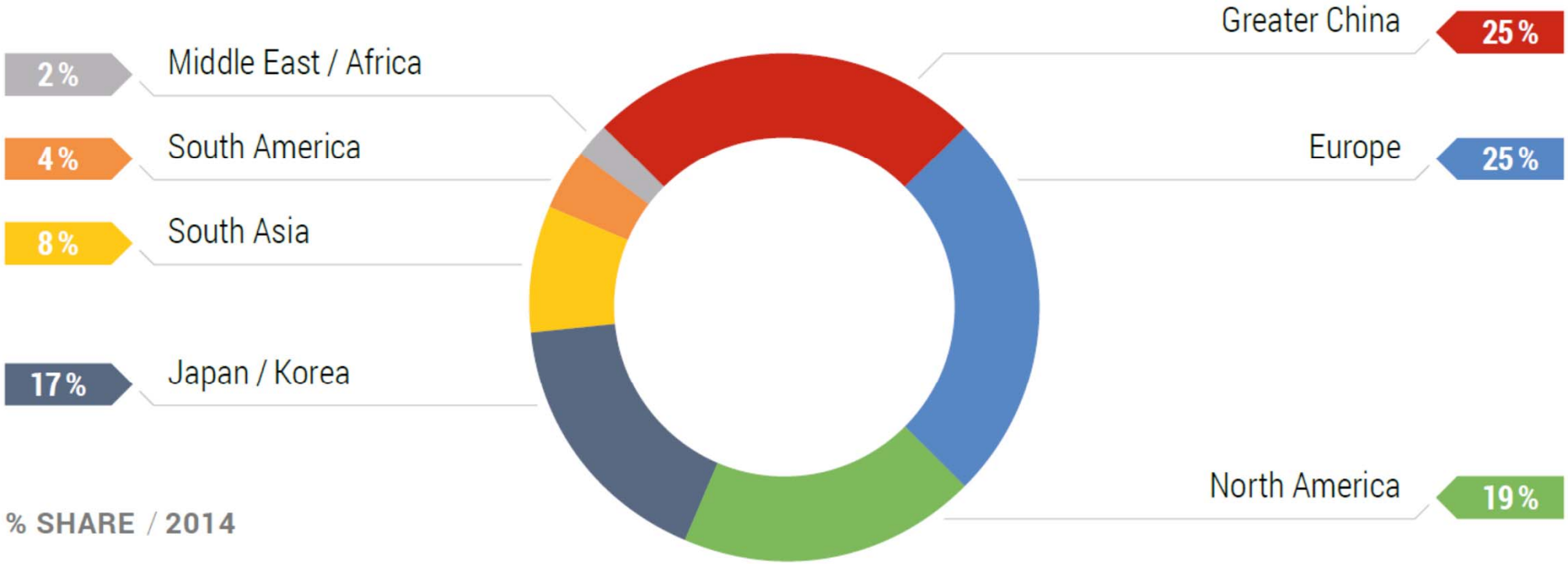
WORLD PASSENGER CAR REGISTRATIONS

70.9 million passenger cars were registered in 2014



WORLD PASSENGER CAR PRODUCTION

72.3 million passenger cars were produced in 2014



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- What has the industry achieved?
- What are the challenges ahead?
- How to respond?
- Policy as an enabler
- Conclusions

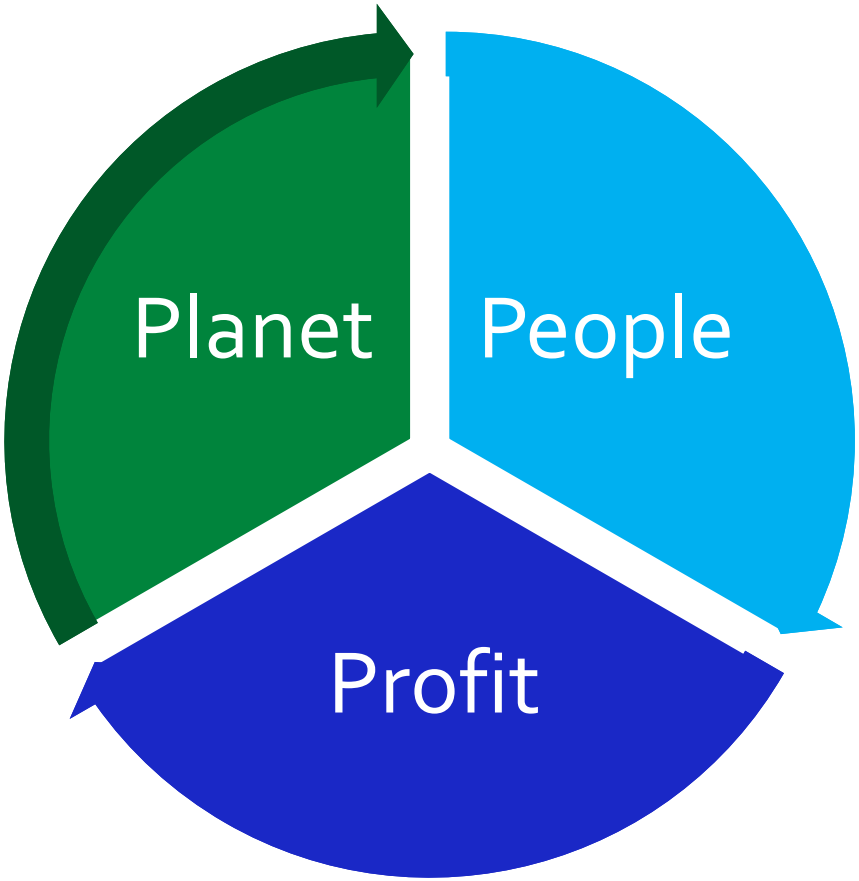
WHAT HAS THE AUTOMOTIVE INDUSTRY ACHIEVED?

SAFER – SMARTER – CLEANER VEHICLES

THE CHALLENGES AHEAD….

WHAT ARE THE CHALLENGES?

Exploring future trends based on the 3 pillars of sustainability



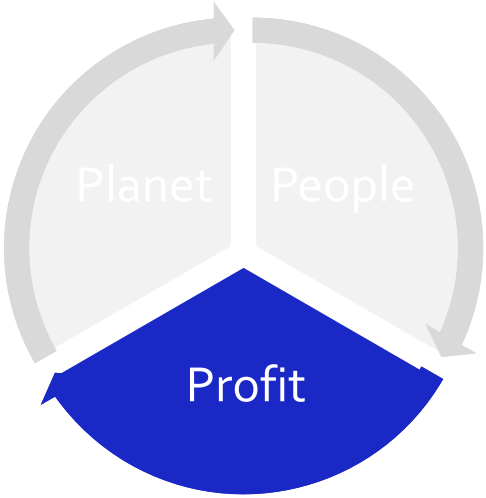
WHAT ARE THE CHALLENGES?

People: Demographic changes

- **Consumer profiles changing**
  - Universal need for mobility
- **Global population growth**
  - Expected to reach 9 billion by 2050
- **Urbanisation**
  - Need for solutions that respond to increased urbanisation

WHAT ARE THE CHALLENGES?

Profit: Economic Sustainability

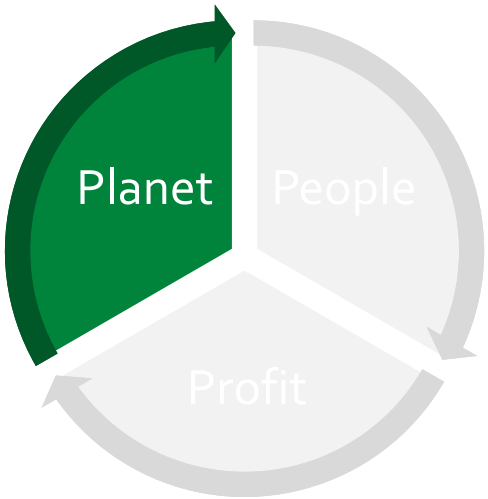


- **Cost & Profitability**
  - €42bn invested in automotive R&D annually
  - Suppliers offer a range of solutions – but at what price?
  - Overcapacity – low profitability in Europe
    - **+-80% with significant variation between OEMs/regions**

- **Economies of scale**
  - Finding the right balance between globalisation and meeti local needs
  - Need for globalised standards and regulations

WHAT ARE THE CHALLENGES?

Planet: Environmental Challenges



- **Climate change**
  - COP20 - UN aim to limit total warming to 2.0°C
  - EU aim of 30% reduction by 2030 compared to 2005 for non-ETS sectors
  - 60% cut for the transport sector by 2050 compared to 1990.

- **Air quality**
  - WHO: "*Air pollution is a major environmental risk to health…*
    …causing 3.7 million premature deaths worldwide in 2012"

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HOW TO RESPOND?

RESEARCH & INNOVATION

Three pillars guide the industry's approach

Sustainable Propulsion

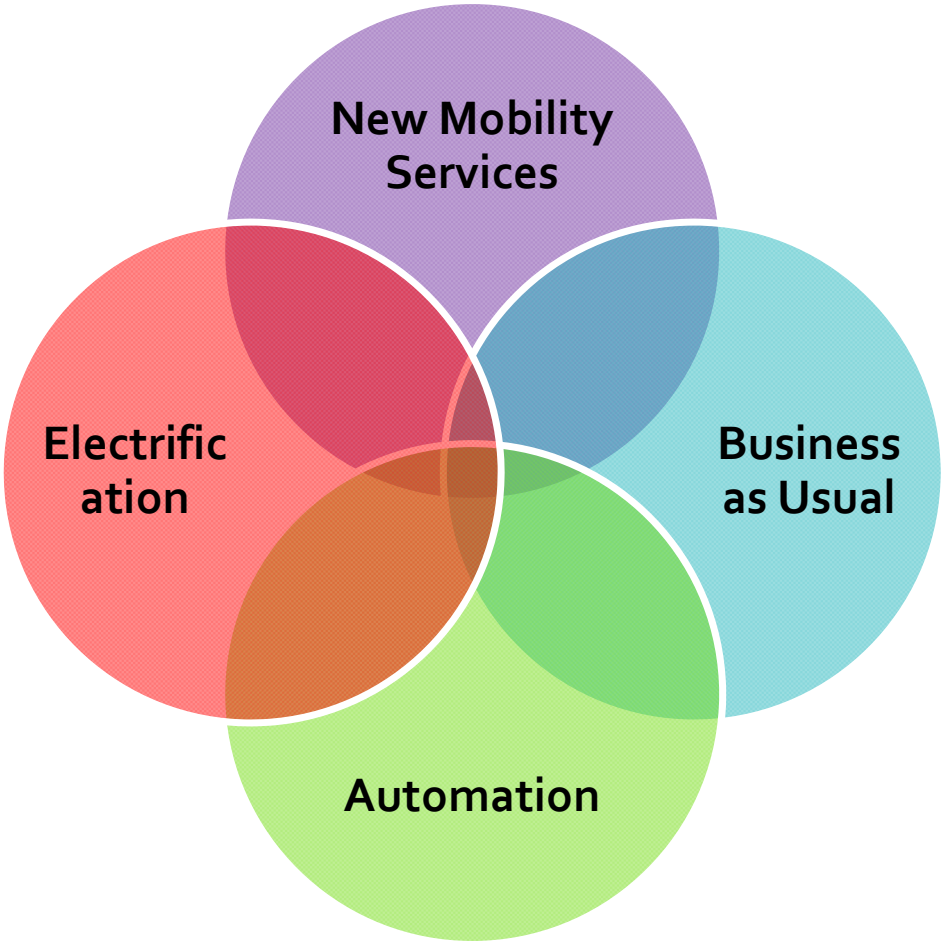
Safe & Integrated Smart Mobility

Affordability & Competitiveness

Integrated approach: **for reliable, clean, safe and efficient freight transport and passenger mobility, through dedicated vehicle concepts and effective logistics**

DIFFERENT SCENARIOS

- Business as usual
- Move to mobility services
- Full electrification of the fleet
- Fully automated mobility



EMBRACING THE CHALLENGES

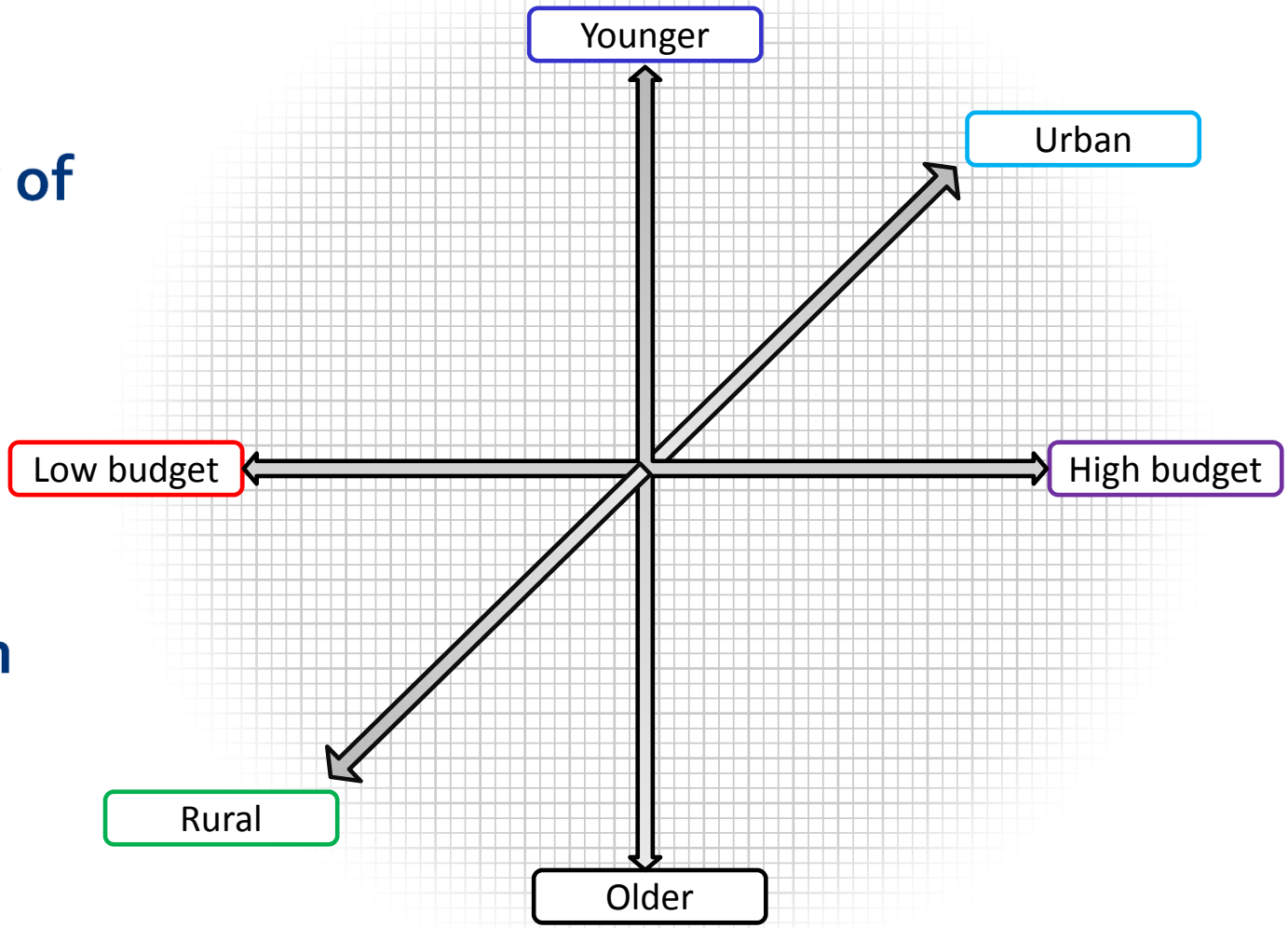
A mix of possibilities for the industry

- **The future of the industry will see a combination of new and old solutions employed**
- **Some common trends**
- **The mix of solutions will reflect diversity of consumer needs and mobility needs**

1. MORE CONSUMER ORIENTED

- **Addressing the diversity of profiles**
  - Older/Younger
  - Urban/Rural
  - Low budget/High budget

- **Consumer segmentation leads to portfolio segmentation**



2. GREENER TECHNOLOGIES

- **Keeping the world clean**
  - Industry has responded with **significant investments** to reduce the environmental impact of all vehicles

- **Further optimised combustion engines & more alternative fuel vehicles**

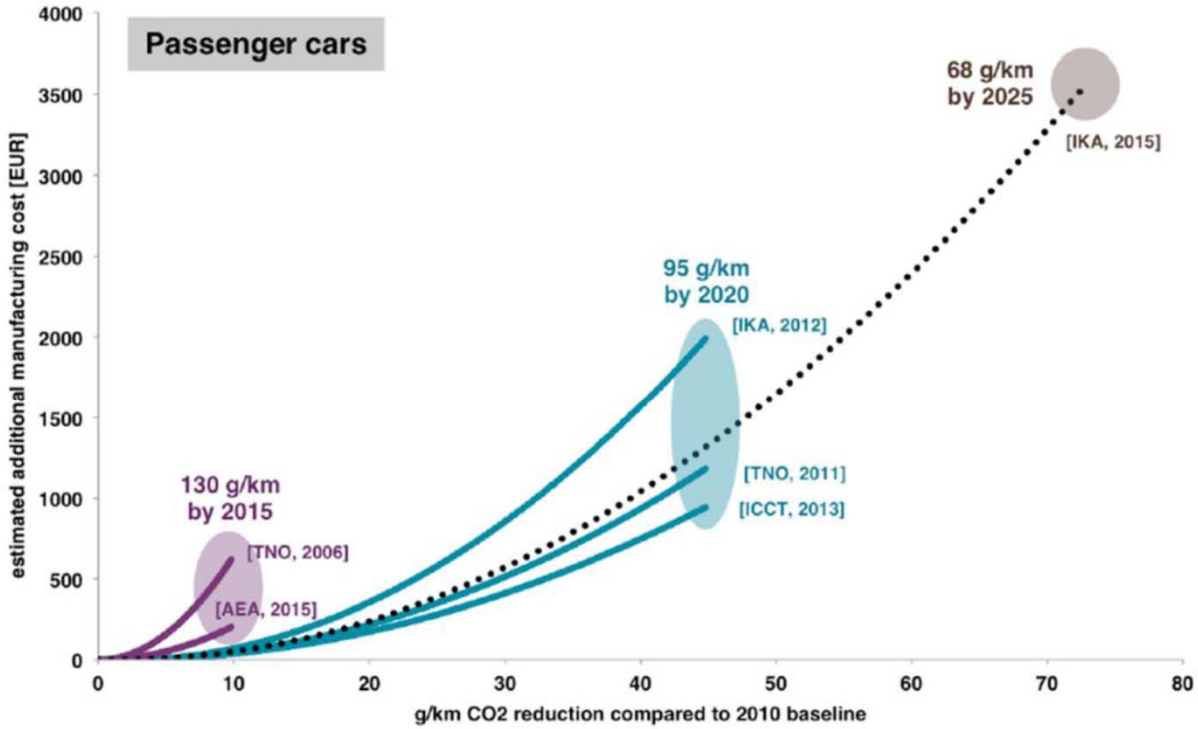
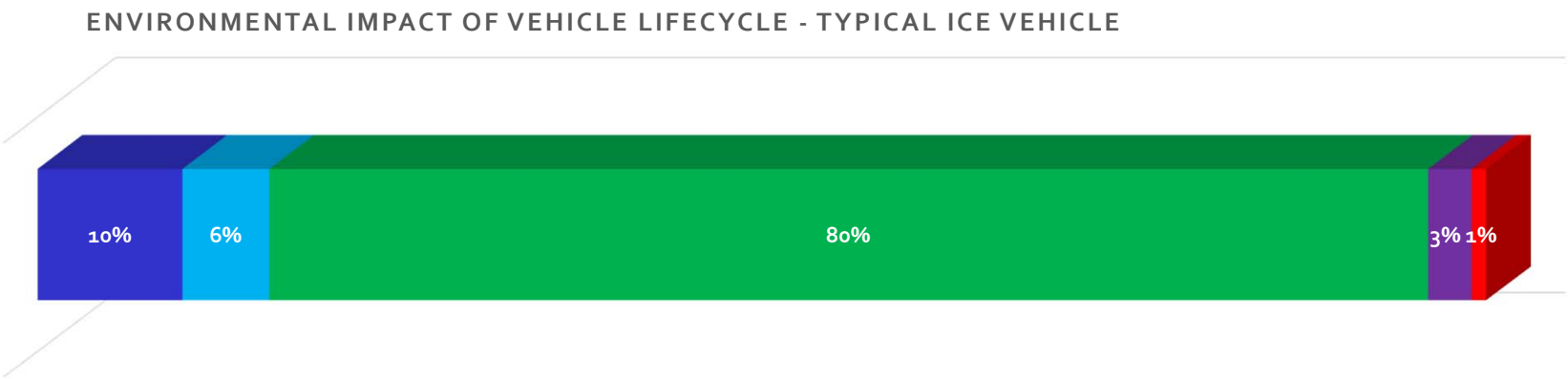


Figure 1. 2015, 2020 and 2025 cost curves for passenger cars in the EU.

2. GREENER TECHNOLOGIES

Lifecycle impact of vehicles

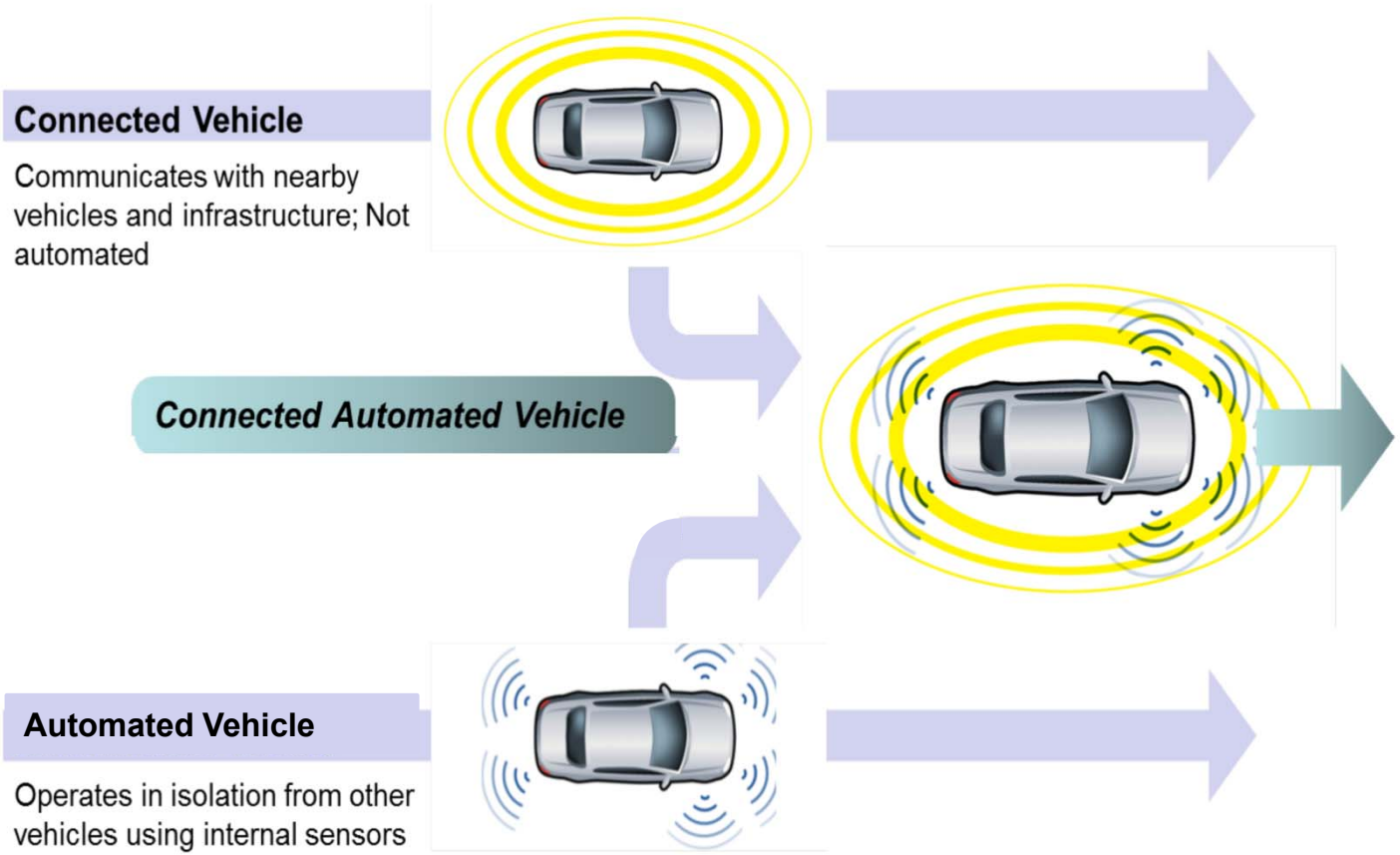
Driving phase accounts for ±80% of total environmental impact of average cars' lifecycle



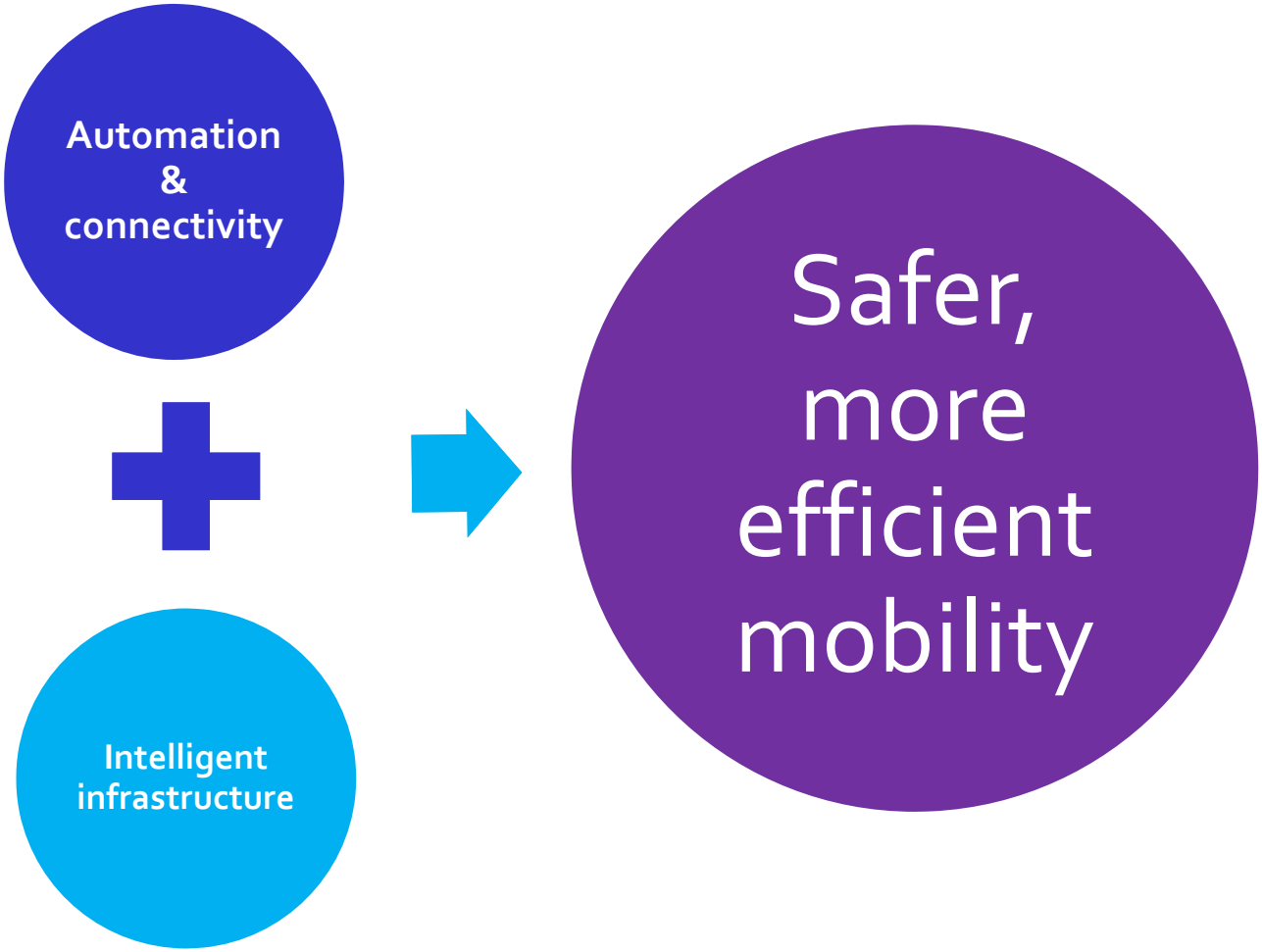
	% Environmental impact
Material Production	10%
Vehicle Production	6%
Use Phase	80%
Maintenance	3%
Recycling	1%

3. GOING DIGITAL

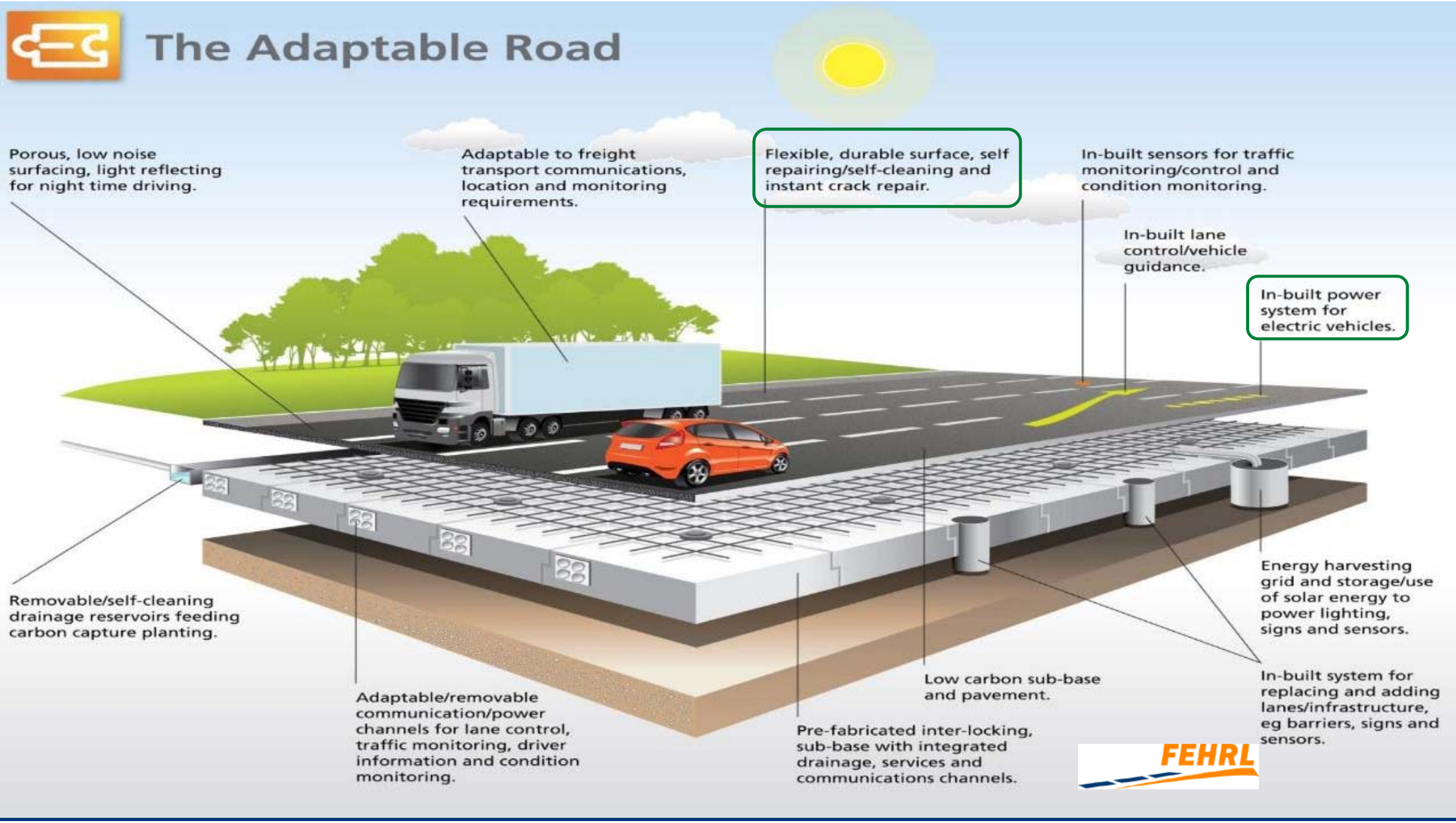
- **Connected vehicles**
- **Automated vehicles**



4. SAFER & SMARTER ROAD INFRASTRUCTURE



The Adaptable Road



5. CREATING NEW ALLIANCES AND PARTNERSHIPS

- **Economically sustainable innovation will mean working together with non-automotive partners to respond to consumer demands…**

- **…as well as developing new services around new technologies with other sectors**

http://wire.images.wordnow.com/images/4359222_G.jpg

6. NEW MOBILITY SERVICES

- **New business models offer new mobility solutions**
  - E.g. OEM car sharing schemes
    - **Quicar (VW), Car2Go (Daimler), DriveNow (BMW)**

- **Mobility services will complement existing business models**

POLICY AS AN ENABLER…

THE RIGHT POLICIES TO ENABLE GROWTH

- **Industry needs a policy environment that focuses on:**
  - Driving innovation
  - Fostering growth through international trade
  - Developing a smarter and simpler regulatory framework

- **These should help support the competitiveness of the automotive industry**

THE RIGHT POLICIES TO ENABLE GROWTH

Drive innovation

- **Policy recommendations:**
  - Based on **technological neutrality**
  - Enabling investment in **infrastructure** for:
    - **Connectivity applications,**
    - **Charging/refuelling for alternative powertrain vehicles**
  - Exchange **best practices** on improving market uptake
  - EU funding for **collaborative** research

THE RIGHT POLICIES TO ENABLE GROWTH

Fostering international trade

- **Policy recommendations**
  - Insist on full **elimination** of both tariff & non-tariff barriers
  - Assess individual and cumulative **impact** of Free Trade Agreements
  - Support **globally harmonised standards**, lowering costs for consumers and raising quality

THE RIGHT POLICIES TO ENABLE GROWTH

A smarter and simpler regulatory framework

- **Policy recommendations**
  - **Smart regulation** with prior cost-benefit analysis
  - A more **coherent and consistent** approach to policy making
  - Provide **reasonable deadlines for implementation** that take into account the long development cycles in the industry

THE RIGHT POLICIES TO ENABLE GROWTH

Support for the competitiveness of the industry

- **Implementing the policy recommendations will help:**
  - Create a **robust regulatory framework** that fosters growth, jobs and investment
  - Consolidate and boost **manufacturing in Europe**
  - **Reduce the burden** of excessive regulation

CONCLUSIONS

- **Automotive industry is committed to staying ahead of the curve through consumer-driven innovation**

- **Automotive Industry 4.0 in the making:**
  - **SMARTER-SAFER-CLEANER** mobility solutions

- **Policy makers should focus on supporting the competitiveness of the industry through:**
  - **INNOVATION**
  - Fostering growth through **TRADE**
  - A smarter and simpler **REGULATORY FRAMEWORK**

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Thank you for your attention

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