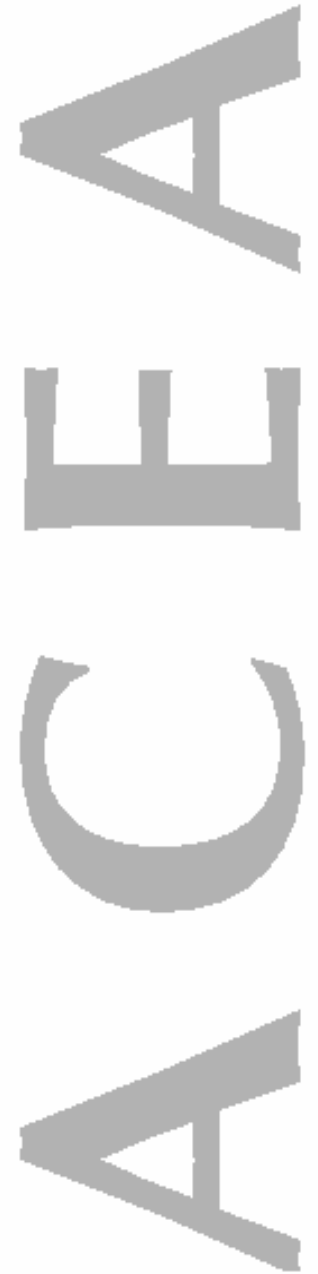




Challenges & Opportunities in Transport & Mobility

11th Plenary Meeting of the
eSafety Forum
"An Economic Recovery Plan for
eSafety"

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Current economic situation of the automotive industry (1)

The Automotive sector is central (system relevant) to EU economy...

- Employment: 1 job at vehicle manufacturers supports another 5 jobs in the supply base and 5 more in the wider economy
- Innovation: European vehicle makers
 - are world leaders in making mobility more environment friendly and safer
 - invest twice as much in R&D than other manufacturing industries

... and particularly hard hit by the current crisis

- Vehicle production 4th quarter 2008: -26%
- Forecast 2009: -25%
- Situation for commercial vehicles even worse (-30%)



Current economic situation of the automotive industry (2)

Viable businesses in Europe are at risk because of the extraordinary circumstances

- Potential insolvency of one large manufacturer would trip chain reaction with dramatic consequences
- OEM suppliers: dramatic decline in order intake, many suppliers at the verge of bankruptcy, risk of production stops due to lack of parts
- Too serious to be left to political election strategists



The crisis is world-wide

Automobile production in Japan hit by economic crisis as well

- -17.2% last quarter 2008, Dec '08 vs. Dec '07 -25,2%, -41% in Jan 2009/08
- Automobile export value of passenger cars down - 45,4% in December 2008 vs. 2007, Jan'09 vs. Jan '08 - 66,1%

USA is suffering the most

- Vehicle sales - 18% in 2008 versus 2007, tremendous losses in last quarter and first months of 2009

China shows first recovery after 3 month of decline

- -15% vehicle production last quarter 2008, passenger cars -21,4% in Dec '08, Jan '09 - 13,8%
- Vehicle sales -8,2% last quarter '08, -11,6% in Dec '08 and -14,4% in Jan '09, tax cuts in February lifted car sales by 25% vs. last Feb

➤ **Not enough to offset loss in other markets**



National Support Measures (1)

Some countries have reacted faster than others but better coordination of measures needed

France

- € 6.5 bn state loans in France at 6% interest rate to vehicle manufacturers based in France over 6 years to develop clean & more fuel-efficient vehicles
- € 2 bn for automotive finance companies (at 8%)
- € 5 bn loan for SMEs
- € 1,000 for scrapping a > 10 year old car when replaced by a new one emitting less than 160g/km CO₂

Germany

- Premium of € 2,500 for scrapping 9 year+ old car and replacing it with a new one, limited to 600,000 cars
- € 100 bn loan guarantees for enterprises but highly controversial discussions on conditions
- Tax incentives



National Support Measures (2)

Spain

- € 4 bn government support in total for automotive sector including € 800 m in direct support
- Government loans for car buyers with no interest on the first € 10,000 for 5 years provided the car has a value of max € 30,000 and CO₂ emissions of max 140 g/km and an old car (> 10 years or 250 T km) is scrapped simultaneously. Limited to € 1,2 bn.
- € 950 m for improving freight transport & logistics

Italy

- € 1,500 incentive for scrapping a EURO 0, 1,2 car and replacing it with one emitting max 140 g/km (petrol) or 130 g/km (diesel)
- Higher scrapping schemes for CNG, electric cars to up to € 5,000

Others

- Various schemes according to national policy



What is requested by industry?

Specific measures for the automotive industry

- Harmonized European approach to ensure a level playing field and speed up approval procedures
- Access to finance: General financing and EIB for both OEMs and suppliers
- Stimulate demand: More coordination of fleet renewal schemes and market incentives
- Share in the cost of unemployment: Adopt and implement new rules for European Globalisation Adjustment Fund quickly
- Regulation: Postpone further costly regulation in time of crisis
- Trade: Do not adopt unbalanced Free Trade Agreement with South Korea that would further increase pressure on industry
- Agree on a “new deal” for the transport of the future using a holistic approach for safe and sustainable mobility, stimulating the economy and support the transition to a low carbon society



What does it mean for transport & mobility?

Economic decline will bring many transport companies to the verge of bankruptcy

- Increasing cost of road usage, internalisation of external costs and competitive pressure on transport fees (over-capacity)

Individual mobility and traffic will suffer

- Customers will become more cost conscious, travel time gets less important
- But: Lack of reasonable multi-modal offers and related information

Pressure on ITS measures to optimise usage of existing road capacity in spite of short budgets

- Vehicles and infrastructure have to become more connected



What does it all mean for safety?

Environmental aspects will further gain in importance over safety measures

- Most incentive schemes are only related to “cleaner” cars
- Key focus of R & D will be on environmental friendly (electric) vehicles and green transport
- Enforcement & education/training will probably dominate safety discussion but with positive impact on driver behaviour

Active & preventive safety options will probably sell less or negotiated down

- Further vehicle price increases not enforceable
- Regulations on safety will not help, on the contrary



How to make eSafety/ITS contribute to economic recovery?

Step up investments to modernize Europe's Infrastructure

- Use the crisis as a chance to make road infrastructure more intelligent
- Better Traffic Management

Increase investments in R&D, innovations and education

- Prepare the base for larger-scale introduction of cooperative systems
- Multi-modality

Increase the demand from the professional and consumer market on available ITS solutions

- Navigation & guidance
- Better traffic & travel information
- Advanced Driver Assistance Systems
- Provide incentives for safety options



What can the eSafety Forum do?

The Forum should have a louder voice to promote safety in parallel to energy efficiency and environmental protection

- Mobility and safety aspects will not disappear just because of different engine and powertrain technologies
- Actively promote the execution of the ITS Action Plan
- Focus on deployment what is already available but also prepare for the future
- Promote incentives for safety equipment

□ The current crisis needs to be used as a chance

- To build necessary infrastructures and deploy research results takes time so that any delays today will negatively impact economic recovery
- eSafety AWARE campaigns could play an important role to communicate the benefits