



“ACEA Freight Transport Event - Matching the Transport Challenges”

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Introduction

- Thank you and good afternoon!
- Ladies and gentlemen, this conference is well timed – the freight transport industry really has a lot to talk about these days:
 - *Pirates are kidnapping ships again.*
 - *The financial crisis is “kidnapping” the liquidity.*
 - *And now the recession is “kidnapping” our customers.*
- I’m afraid there is little we can do today to stop the pirates.
But I am all the more glad to be here to discuss answers for two other pressing questions with you:
 - First, what is the environment we operate in today?
 - And, second, what can we expect from policy makers to get beyond the current economic turmoil?

I. State of the industry

- The short answer to my first question is:
No industry is immune to the effects of the financial crisis.
But manufacturers of capital goods like us are among the first to feel the pain.
- In the first ten months of 2008 the European market for commercial vehicles is down 5.3 percent. And that’s in spite of a cumulative 5.9 percent growth in the new EU Member States.
- In October 2008 new registrations of commercial vehicles in Europe were even down 17 percent compared to the same month last year. And November figures are heading in the same direction.
- Order intake - net of cancellations - in our industry has almost come to a stand still, as transport demand has decreased by 30 percent. In addition, banks are very reluctant to finance those customers that are still willing to buy trucks.
- So the situation in the truck market can be summarized as follows:
right now, there is little need to invest, little willingness to invest and little ability to invest.
- And the bad news is: **There is still no rebound in sight.**
- Therefore, we’re preparing for two scenarios:
 - either slow recovery beginning in late 2009
 - or a deep recession with a recovery in 2010 at the earliest.
- Speaking on behalf of all my colleagues, I can say:
We know the ups and downs of the market.
And we are ready to deal with them.
- But the financial crisis is not the only thing on our plates.
- According to the British economist Nicholas Stern, climate change could generate costs as high as 20 percent of gross world product – that is approximately 11 trillion dollars.

- *With that amount of money, the U.S. could continue its 700 billion dollar bailout program for the next 15 years.*
- The Stern report shouldn't be overstated, but the message is clear: **Protecting our environment is protecting our bottom line.**
- And after all, our customers demand it:
According to a recent study, fuel economy and emission standards are among the top three purchasing criteria for trucks.
- In September, the European manufacturers therefore announced the "Vision 20-20":
"We will further decrease the consumption of modern trucks by on average 20 percent per tonnekilometre by the year 2020."
- And I assure you: **We will stick to our commitment – even though the economic conditions have changed dramatically.**
- To some, it may be an inconvenient truth, but it's right:
The world is not served by less transport, but by more efficient transport. And commercial vehicles are among the cleanest and most efficient ways of getting freight where it's needed.
 - Trucks, vans and buses deliver more and more goods and passengers – but with less and less emissions. Since 1990, the commercial vehicle manufacturers have cut emissions of their products by on average 85 percent.
 - Modern buses set the benchmark in terms of efficiency: The average fuel consumption per bus-passenger is less than one litre diesel per 100 kilometres.
 - And when you take a fully loaded vehicle, the "one-litre truck" is also reality.
- But that's not the end of the story.
- For instance, at this year's IAA in Hanover, every manufacturer presented tremendous progress.
- Our industry presented the world's cleanest diesel engines with a parallel hybrid system and powerful lithium-ion batteries.
- Another promising concept is to unite the great fuel efficiency offered by hybrids with the clean combustion of a natural gas engine.
- At the same time, our industry is pursuing alternatives that range from trucks running on low emission BTL and renewable fuels to zero emission fuel-cell buses.
- You see:
We – the European truck and bus industry – are not dragging our feet when it comes to "going green".
- Yet, our efforts alone are not enough to strike a balance between the requirements for mobility and environmental protection.
- We, as an industry, also seek an active dialogue with actors in the other modes of transport. We have contacted our colleagues from rail, waterways and logistics with the aim to jointly make our voice heard.

- All interested parties need to team up and join the effort – the fuel industry, the operators and, last but not least, the political leaders.
- And this all the more so next year, with the European elections coming up and the high-profile Climate Change Conference coming to Copenhagen.
- *And since we are in Brussels today, let me share a few points on public policy.*

II. Public Policy

- Let me emphasize:
Regarding the European automotive industry, the recent stimulus packages announced by the European Commission and the Ecofin Council, are an encouraging signal.
- However, in our view there are still additional measures necessary to tackle this crisis.
 - First of all, an effectively working transport sector requires an effectively working financial system – so commercial vehicle manufacturers, suppliers and operators are looking at political decision makers to resolve the credit crunch.
 - For our industry, extra liquidity for R&D and product programmes is essential to help us bridge these difficult times and sustain our investments in clean technologies.
 - And for our customers, the European governments should look at additional incentives to encourage the renewal of the fleet – to the benefit of economy and environment.
- But in general, my impression is that during this crisis, political action across Europe is decisive and not bureaucratic.
Tomorrow, at the EU summit, we could see more of this.
And we appreciate that.
- *So, I really don't want to spoil this conference by nagging about counterproductive political decisions.*
- However, there are still some initiatives that endanger the efforts to stabilize our economy as a whole.
- A great start to revive the economy and help the transport industry to tap its full potential in terms of efficiency is increasing infrastructure investment – and not road tolls.
- Automotive tax revenues in the EU15 add up to 360 billion EUR annually. Nonetheless, only a fraction of this value is re-invested in better traffic systems.
- Consider that an insufficient road network can considerably increase the fuel consumption and hence the emissions of a truck. One stop per kilometre increases the fuel consumption by 50 percent.
- **It's not just about building more and better roads; it's about creating more intelligent solutions.**

- Substituting just half of the current traffic lights here in Europe with dynamic systems for better flow could save more than 2 million tons of CO₂.
- And a recent study by the European Commission found that the use of longer truck combinations would reduce consumption and emissions by up to 30 percent. At the same time, the required space on the roads would decrease by 25 percent.
- In short: That's relief for our customer's purse, relief for the transport system and relief for the environment.
That's what I call a "win-win-situation"!
- However, we could achieve even more with a little less regulatory complexity.
- Legislation for the European automotive industry today already covers about 20,000 pages.
This makes "War and Peace" look like a short story!
- And the problem is: The U.S. and Japan have their own and very different regulations.
- *To us, it sometimes feels like being forced to play European soccer on an American baseball field by Japanese Sumo wrestling rules!*
- As a consequence, getting clean and efficient vehicles out on the road takes much longer than it could! And that's bad for our customers, bad for our environment and bad for our economy.
- **So let's cut this complexity by harmonizing regulatory standards on a reasonable level – instead of adding more.**
- Next, it's important to remember that European citizens today already spend more of their per capita income on transport than those in Japan or the U.S.
- In this context, the proposed revision of the Eurovignette Directive approaches the transport challenges in a far too narrow way.
 - First, its implementation would make road transport prices increase, putting us in an unequal position compared to other transport modes.
 - Second, the current proposal is inaccurate by definition. Most of the cited "external costs" of road transport, such as congestion, are already internalised or addressed by other tools.
- Another example of "well meant but not well made" is the proposal to merge CO₂ emission regulations for passenger cars and light commercial vehicles.
 - It denies the different characteristics of these two vehicle segments – transport of freight and individual mobility.
 - It ignores the immense progress in reducing the environmental impact of vans in the last years.
 - And it disregards the fact that a single Sprinter-class vehicle offers the loading volume of 6 small vans – but with only a third of the CO₂ emissions of these 6 vans.
- In other words: Applying the same legislation to unequal vehicles is counterproductive and will fail to achieve the desired CO₂ reduction. **Instead, we must focus on more efficient traffic with less impact on our environment.**

III. Conclusion

- Ladies and gentlemen, it's still a few days to go until Christmas, but let me seize the opportunity to summarize our wish list for the freight transport sector:
 - We need a supportive policy and regulatory framework, even more so in light of the current crisis.
 - We need a fast harmonization of emission regulation – and we would like to stress that a sense of proportion is needed here.
 - We ask for a better infrastructure for all modes of transport - trucks, ships, trains and planes.
 - And we should all cooperate with a little more common sense in an integrated approach.
- **To me, this would be the most effective “stimulus package” one could ask for!**
- I am absolutely convinced: As long as there is trade, there will be transport. So, commercial vehicles will still be a powerful engine of growth, when the current crisis is already yesterday's news.
- We are more than ready to do our part for a balance between the growing need for transportation and the growing need to save our natural resources.
- ***And, if we all work together, neither any pirate nor any crisis can kidnap our bright future!***
- Thank you for your attention.
