

Dr. Dieter Zetsche

ACEA Annual Reception

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Good evening, ladies and gentlemen!

It is my pleasure to welcome you to the 2010 annual reception of the European Automobile Manufacturer's Association, ACEA!

This reception is typically the incoming ACEA President's formal "entrance. And I'd like to use this opportunity to underline: I do not consider the office of ACEA president as that of a "business mercenary" caring only about what's best for his industry, let alone company. I'd much rather be seen as a partner in problem-solving – combining forces with you and other stakeholders to manage together what none of us can manage alone.

Today, more challenges than ever belong into this category. And I'd like to share a few thoughts on two of them:

Number one: Building a more stable foundation for economic recovery.

And two: Leading the transition to low-carbon, sustainable mobility.

With the right policy support, the automotive industry can and will play a key role in achieving both. Now, what do I mean by that?

The recession underlined yet again how closely the fate of Europe's general economy and of its automotive industry are intertwined. In fact, our industry accounts for 35 per cent of all European manufacturing employment; for 43 billion Euros of net trade contribution, and for nearly 380 billion Euros of tax revenue. In simpler words: If this industry is in trouble, Europe is in trouble. The financial and economic crisis has just reminded us of that.

At the height of the crisis, governments played a major role in protecting the market system and counter-balancing the negative effects. And many of those measures were clearly needed. Yet the road to recovery remains stony. While the worst is hopefully behind us, the upswing is far from stable. European vehicle markets may well decrease this year. So, if the economy looks better in 2010 – it's only in comparison with 2009! And that's why it is so critically important not to endanger whatever little stabilization has been achieved.

We need to pave the way for future European growth – and I won't conceal that ACEA is concerned Europe isn't yet using its full potential to achieve it. The EU-Korea Free Trade Agreement is an example. Of course, we're all for free and fair trade. But mind the word "fair": This agreement doesn't yet pass the test. Too many non-tariff barriers still exist for EU vehicles exported to South Korea. And there is no guarantee against new ones being introduced. We should make sure to always press for a level playing field – also when negotiating future agreements, for instance with India or South East Asian states. Remember: Europe offers access to a market of 500 million people. That's serious leverage. And now more than ever, we should use it!

As the Commission recently wrote: "The exit from the crisis is also the point of entry into a new sustainable economy." I couldn't agree more. But one condition of sustainability is competitiveness. And again: We need to combine forces to preserve and further increase it.

Speaking of “sustainability” – the second of the two challenges I announced at the beginning – I want to be very clear: We are standing on the threshold of a new era of individual mobility. And that’s hardly an exaggeration. The change truly has that dimension.

High-efficient combustion engines will remain the primary form of propulsion in the near future. In the long run, however, this monopoly will be broken: slowly, but surely. I know there’s been talk about that for quite some time. But now we are in a position to turn the “buzz” into business. We’re pushing the development of advanced biofuels and the necessary infrastructure. There’s finally a market for transition technologies like full-, mild- and plug-in hybrids. With advanced lithium-ion batteries, modern electric vehicles are becoming a viable option for urban transport. And we’ve started small volume series production of fuel-cell vehicles – with the utility of a conventional car but without the emissions.

Make no mistake: This will be the game-changer for the automotive industry. The deck is going to be re-shuffled. And what we do now – together – will shape the competitiveness of our industry’s future as well as the future of Europe’s economy in general.

The U.S., China or Japan – and a number of other nations – already have well-coordinated activities to encourage R&D investment for sustainable mobility – and they’ve reinforced these during the crisis. But as opposed to what President Obama wished for at one time, the automobile was not invented in America, but here in Europe. And given its economic significance for Europe - and indeed the rest of the world - we have to make sure that its re-invention will also take place here on the “old” continent. And if European politics and industry join forces towards this goal, we will achieve it. No doubt. Now, how do we make it happen?

Let’s be realistic: Until we can expect a significant market share of alternative drive technologies, we’ll first have to improve conventional ones. For a number of years, the optimization of the internal combustion engine will continue to be the single most important lever for the reduction of CO₂ emissions. And we’ll also have to achieve reasonable earnings with conventionally powered vehicles to finance the technologies that will ultimately replace them.

That’s why a balanced and coordinated CO₂-legislation across Europe is key: For one thing, CO₂-legislation needs to be reliable. Developing a car is a multi-billion euro and five-to-ten-year bet in the market. We therefore need long-term orientation. At the same time, CO₂-legislation needs to be reasonable – and the target level of 135g CO₂/km for Light Commercial Vehicles in 2020 simply isn’t. The tailpipe target system for passenger cars just won’t work for light trucks. When it comes to e-mobility, a sound policy environment is just as important. And to avoid misunderstandings: We’re not asking for more regulation, just better one. After all, legislation for the European automotive industry alone covers some twenty-thousand pages already.

So, as a contribution to keeping it short, I'd like to suggest "five principles" for joint progress towards sustainable mobility.

Number one: Let's create a supportive long-term policy environment with a technology-neutral regulation, sufficient lead-time and an appropriate fiscal framework.

Number two: We need more support for research and development – for instance with loans from the European Investment Bank and faster approval procedures under the "Framework Programmes for Research".

Number three: We must all strengthen our efforts for standardization. We've managed to agree on a common currency – I'm sure we'll be able to agree on a common plug as well.

Number four: We must never underestimate the importance of building the required infrastructure. Without access to biofuels, hydrogen or electricity, an alternative car is about as useful as an iPod without iTunes!

And last, but not least, number five: We need to align the national strategies and join forces between the Commissioners and Directorates General we are working with.

Now you might say: What's new here? And you're right: In principle, it's all there. CARS 21 was already strong evidence of what we can do. It started with the clear understanding that economy and ecology are not opposing forces. And it was developed with all relevant stakeholders around the table: from industry to government to unions and NGOs. With the EU "Vision 2020" we have the basis for a revival of this initiative. This document literally gets us on the same page: It recognizes that a competitive industrial base is imperative for an innovative and sustainable Europe.

Still, I believe there is further room for improvement in building a strong alliance of politics, economy and society. And now is the time to fill that room: We have a new European Commission and Parliament in place. We have a new consensus above party-lines that a sustainable industry needs a strong Europe – and vice versa. And we have more common ground with some of our more critical stakeholders than ever.

Therefore, I come into this job highly optimistic - and equally determined to act as I said I would: as a partner in managing the challenges of economic recovery and sustainable mobility. If we act in concert, we're 100 per cent up to it.

Thank you.
