

Brussels, 7th February 2007

New Commission strategy for long term viability of European car industry

The European Commission today agreed upon a comprehensive strategy for the European car industry, to keep the manufacturing of motorcars viable on a long term basis, at prices affordable to consumers. The strategy encompasses a variety of areas, such as reduction of administrative burdens, environmental sustainability, road safety, trade and overseas markets and research. The automotive industry is a major pillar of the European economy, representing 3% of the European GDP and 7% of employment in the manufacturing sector.

President José Manuel Barroso said: "The EU car industries are at the core of our economies. By positively taking up the climate change challenge, they will preserve and enhance their competitiveness in the long term. This is of crucial importance for consumers and workers alike. The strategy we adopted today covers the strategic issues - from road safety to the environment to research - that if addressed in a timely fashion will make sure that the EU car industries will remain strong and innovative world leaders."

Commission Vice-President Günter Verheugen, responsible for enterprise and industry policy, said: "Today we have put forward our strategy to create favourable conditions for an innovative and thriving European car industry and to keep jobs in Europe. We have hit the right balance between the need for global competitiveness and progress in safety and environmental performance. We put the emphasis also on research and development to carry the industry well into the 21st century."

The automotive industry in Europe is currently characterised by cut-throat price competition, high raw material and energy prices, a strong emphasis on cost management and a restructuring of production processes. In line with its policy to improve the quality of lawmaking and to face the challenges of a more global competition the Commission in 2004 asked the High Level Group CARS 21, which brought together all the main stakeholders (including consumer and environmental organisations), to advise on future policy. Today's Communication is the **Commission's response** to the report presented by the CARS 21 Group. It outlines to the European Parliament and Council the direction in which the Commission intends to steer future automotive policy:

- **Reduction of administrative burdens:** The Commission will propose replacing 38 EC directives with corresponding global UN/ECE regulations, for instance on tyres, safety glass, fog lamps and seatbelts. By doing so, industry can rely on one single text valid throughout the world. In addition, self testing and virtual testing will be introduced for 25 directives and UN/ECE regulations to reduce compliance costs and make administrative procedures less costly and time consuming.

- **Reduction of CO₂ emissions:** The Commission strategy is based on an integrated approach, involving not only engine technology, but also technological improvements (e.g. setting minimum requirements for air-conditioning systems, the compulsory fitting of tyre pressure monitoring systems, setting maximum tyre rolling resistance limits and the use of gear shift indicators) and increased use of bio-fuels. It also focuses on additional efforts by Member States like traffic management, improvement of driver behaviour and infrastructure as well to further reduce CO₂ emissions.
- **Road safety:** The Commission believes an effective road safety strategy should be based on a combination of improvement in vehicle technology, road infrastructure, driver behaviour and enforcement. A total of 11 future actions are proposed, including for example the mandatory inclusion of **Electronic Stability Control and seat belt reminders and obligatory daytime running lights** for new vehicles.
- **Trade:** The Communication proposes to assess the potential of using **bi-lateral trade agreements** (particularly in the Asian region) to improve market access and reinforces the need to enforce **intellectual property rights** globally.
- **Research and development: Clean renewable fuels and vehicles and intelligent vehicles and roads** have been identified as core research priorities. With approximately 20 billion Euro, about 5% of the industry's turnover, invested into research and product development the automotive industry is the largest R&D investor in Europe in absolute terms.

The Communication reflects extensive **stakeholder consultation and dialogue** on automotive issues and the Commission hopes that it will contribute to the policy-making culture and methodology in the future.

The Commission will together with all relevant stakeholders, conduct a mid-term review of the recommendations proposed by CARS 21 in the course of 2009 to monitor progress made by individual stakeholders.