

EC rolls out CARS 2020 action plan for European auto industry

08/11/2012

<http://www.greencarcongress.com/2012/11/cars2020-20121108.html>

Antonio Tajani, Vice President of the European Commission in charge of Industry and Entrepreneurship, [introduced](#) the EC's CARS 2020 Action Plan aimed at reinforcing the European automotive industry's competitiveness and sustainability heading towards 2020. The anticipated action plan comes at a time when the automotive industry is facing particular pressure due to a strong decline of the EU market and structural overcapacities. It is the first deliverable of the New European Industrial Policy outlined in an earlier [communication](#).

This Action Plan is based on four pillars: investing in advanced technologies and financing innovation; improving market conditions; enhancing global competitiveness; and investing in human capital and skills and softening the social impacts of restructuring. With this strategy, the Commission intends to support the active role the automotive sector will play in seeking to reverse the declining share of industry in Europe from its current level of around 16% of GDP to as much as 20% by 2020.

The automotive sector is today at a historic turning point: the coming decade is expected to lead to important changes in several areas that are likely to profoundly reshape the industry and its markets worldwide. First of all, production and trade patterns are shifting. While the European market is considered mature, several third markets are growing fast, changing the trade flows and the automotive value chain. The intense competitive pressure is growing further and EU companies are increasingly being challenged in their home market, while developing opportunities in third markets. Secondly, the climate agenda becomes more urgent and even more is expected from technological progress. To meet long-term greenhouse gas emissions targets as well as air quality objectives, the internal combustion engine will be further improved, being accompanied by the development and progressive implementation of breakthrough technologies, such as electrified propulsion. Sizeable efforts will also need to be made with the further development and distribution of sustainable fuels which can be alternatives to traditional diesel and gasoline. At the same time, road safety remains an important concern.

The automotive sector is one of the priority action lines where investment in new technologies and innovation should be facilitated, as is set-out in the Commission Communication which recently updated the EU Industrial Policy. Giving further impetus to the EU 2020 objectives of smart, sustainable and inclusive growth, the Communication calls for a stronger European industry for growth and economic recovery. The important role of this industrial sector in creating growth and jobs, also in related services, has been clearly recognized. We must therefore take a proactive approach.

—“CARS 2020”

The CARS 2020 action plan looks to a share of the planned €80 billion 'Horizon 2020' research and innovation fund (and the €2.5 billion Competitiveness of Enterprises and SMEs program). ([Earlier post](#).) However, the document notes, while Horizon 2020 will provide the general framework for transport research and innovation, it is of key importance to spell out

in more detail the priorities and operation of financing for research and innovation development in the automotive industry. The Commission is convinced that financing should cover activities closer to the market such as public procurement, standardization and demonstration activities.

Thus, the Commission said it would work together with industry to develop a proposal on the European Green Vehicles Initiative under Horizon 2020, including a platform to develop clean and energy-efficient vehicle technologies, as announced in the 2010 Industrial Policy Communication. This initiative will leverage private funding to help address the key challenges proposed for Horizon 2020.

The four pillars of the Action Plan, each encompassing concrete actions proposed by the Commission, are to be implemented by the Commission, Member States and regional authorities over the next years:

I. Investing in advanced technologies and financing innovation. Under this pillar the Commission proposes to:

- develop a proposal on the European Green Vehicles Initiative enabling clear identification and information on the research and innovation funding available to the transport industry, setting a clear thematic priority of energy-efficiency and alternative powertrains.
- continue working with the European Investment Bank in order to ensure that financing for automotive research and innovation projects is available as well as supporting the EIB in its efforts to facilitate access to finance for SMEs and mid-caps. The Commission will also explore with the EIB the possibility of financing projects linked to electromobility.
- implement the 2020 CO₂ targets for cars and vans.
- start a broad consultation on CO₂ regulatory policy for cars and vans beyond 2020.
- actively support the development and implementation of a new driving test-cycle and test procedure to measure fuel consumption and emissions from cars and vans in a way that is more representative of real-world driving.
- define complementary measures controlling vehicle pollutant emissions in use, based on a thorough analysis, with the aim of delivering a timely reduction of real-world pollutant emissions, hence, contributing to improved air quality.
- continue to implement road safety work, covering actions on vehicles, infrastructure and driver behavior. Priorities will include motorcycles, safety of new vehicle technologies (EVs) and technologies supporting driver behavior and enforcement of road rules (intelligent speed management devices, seat belt reminders, ITS, ecodriving).

- further promote the deployment of Intelligent Transport Systems (ITS), including cooperative systems, in particular the EU-wide in-vehicle emergency call system “eCall”.
- set up an Alternative Fuels Strategy supporting the need for a range of alternative fuels, covering electricity, hydrogen, sustainable biofuels, natural gas and LPG and adopt a legislative proposal on alternative fuel infrastructure, concerning the deployment of a minimum refueling/recharging infrastructure and common standards for certain fuels, including electric vehicles.
- promote dialogue with relevant stakeholders on a voluntary fuel labeling scheme.
- monitor the implementation of the National Renewable Energy Action Plans, in particular the effective biofuel blending rates used in different Member States and the compatibility of fuels with vehicle technologies.
- ensure by a legislative measure that practical and satisfactory solutions for the infrastructure side of the recharging interface for electric vehicles are implemented throughout the EU.

II. A stronger internal market and smart regulation. Under this pillar the Commission proposes to:

- set up a dialogue between stakeholders, encouraging them to work towards common principles on vertical agreements on the distribution of new vehicles.
- put forward guidelines for financial incentives for clean and energy-efficient vehicles established by Member States in order to maximize their environmental effectiveness and limit the fragmentation of the market.
- carry out an extensive and in-depth evaluation (“fitness check”) of the vehicle type-approval framework and on this basis to adopt a proposal to enhance the type-approval framework to include provisions for market surveillance to avoid unfair competition.
- carry out competitiveness proofing exercise for major future initiatives, including those with a significant impact on the automotive industry.
- explore the possibility and added value of carrying out a proportionate economic analysis for some implementing acts, based on existing vehicle legislation, such as the proposals on the revision of evaporative emissions requirements for Euro 6 and anti-tampering measures for L-category vehicles (powered 2- and 3-wheelers and quadricycles).

III. Global markets and the international harmonisation of vehicle regulations. By 2020, 70% of new growth will be in the emerging economies. The car sector will also face a similar trend. While the demand in mature markets will remain stable, demand will steady increase in the global market. The EC noted that to help European cars to be exported and to take the opportunity of new growing markets, it is important to promote the internationalization of the

European car industry, effective access to market, harmonisation of standards and technical rules. Under this pillar the Commission proposes to:

- take full account of the importance of maintaining a strong and competitive automotive manufacturing base in Europe when conducting its trade policy, using both multilateral and bilateral (Free Trade Agreements) tools.
- assess impacts of each trade agreements as well as their cumulative impact on competitiveness of the automotive industry in a thorough and comprehensive way.
- complement multilateral regulatory cooperation under the **UNECE** framework with bilateral regulatory cooperation in particular with key new players, but also with, for example, the United States—under the Transatlantic Economic Council—and with Japan.
- promote and actively support further international harmonization of vehicle regulations via the reform of the 1958 **UNECE** Agreement aiming to make adoption and implementation of international regulations more attractive for third markets.
- contribute to the development of a first proposal for International Whole Vehicle Type Approval (IWVTA) in the **UNECE** framework that would allow for the reciprocal recognition of the entire vehicle as opposed to the current situation, whereby individual components or systems can be approved separately in accordance with the various UNECE Regulations. The IWVTA would offer the benefit to manufacturers to use a “one-shop stop” type-approval procedure for their motor vehicles.
- steer the work of the two informal working groups on (1) safety and (2) environmental performance of electric vehicles with a view to agreeing a Global Technical Regulation (GTR) on the safety of electric vehicles in 2014 and a common approach in terms of policy on environmental performance of electric vehicles.

IV. Anticipating adaptation and softening the social impacts of industrial adjustments. Under this pillar, confronted with difficult economic situation of declining EU market, structural overcapacity and announcements of plant closures the Commission proposes to:

- bring together Industry Ministers, industry and trade union representatives in order to come up with coordinated actions to tackle the overcapacities, ensure the necessary investments and that national demand and supply-side support measures are in line with internal market and competition rules.
- support the creation of a European Automotive Skills Council, which will bring together existing national organisations conducting research on skills and employment in the automotive sector. The Skills Council will encourage peer learning based on the exchange of information and good practice as well as providing a platform for dialogue.

- encourage the use of European Social Fund (ESF) for workers' retraining and re-skilling in the new financial perspective of the Structural Funds.
- re-launch the inter-service task force to study and follow up the main cases of automotive plant closures or significant downsizing. The task force has been active (on ad-hoc basis) and highly efficient in past cases in the automotive industry.
- identify good practice and promote an anticipative approach in restructuring in consultation with representatives of the automotive-intensive regions, employment authorities and the sector's stakeholders.
- re-launch the inter-service task force to study and follow up the main cases of automotive plant closures or significant downsizing that would streamline the use of the relevant EU Funds.
- for the cases of plant closures and significant downsizing, invite Member States to consider using the European Globalisation Adjustment Fund (EGF).
- encourage Member States to make use of labour flexibility schemes and their co-financing by ESF in support of the suppliers who might need additional time to find new clients following a closure/downsizing of an automotive plant.

To monitor the implementation of the policies announced and continue the dialogue with the stakeholders, a dedicated process will be established called "CARS 2020".

Background information. The European automotive industry is one of the biggest industries in Europe with more than €700 billion in turnover and a multiplier effect on the entire economy via links with other sectors (steel, chemical and textile). There are some 180 vehicle plants across the EU. The industry provides more than 12 million direct and indirect jobs with a significant share of highly skilled workforce. It has a hugely positive trade balance (of over €90 billion in 2011). It is thus a major source of growth and prosperity of the European citizens, the EC noted.

Due to the current macro-economic situation, automotive sales in EU markets have declined this year (a 6.8% decline for the first half of 2012 for passenger cars and a 10.8% decline for commercial vehicles) compared to already low sales levels of 2011. Current forecasts indicate almost 8% year-on-year decline in the EU passenger car market with sales amounting to 12.1 million units, representing the fifth consecutive year of decline. Recovery of growth is expected only in 2014/2015 and a return to pre-crisis levels is not expected in the next 4-5 years—in certain markets only by the end of the decade.

The industry is a key driver of knowledge and innovation as it is the largest private investor in R&D (around €30 billion in 2010) and a world leader in the development of safety and environmentally favorable performance technologies. The industry is currently investing and preparing for both fuel efficiency improvement of conventional engines and the deployment of electric vehicles.

While electric vehicles sales in EU in 2011 reached only 11 000 units, The EC said that it expected that by 2020, registrations of vehicles with traditional combustion engines will fall while the registrations of electric vehicles will increase its share to 7%.
