German Automotive Industry
Best practices on holistic mobility management: *How to survive in turbulent times?*

A European Trade Unions Dialogue with

Interested Parties

Brussels 10/12/2012

VDA | Verband der Automobilindustrie

Agenda

I. Facts and figures about the current economic situation

II. Sustainability on a growing market

III. How to promote future technologies and jobs

IV. What can politics do?

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I European Market in trouble

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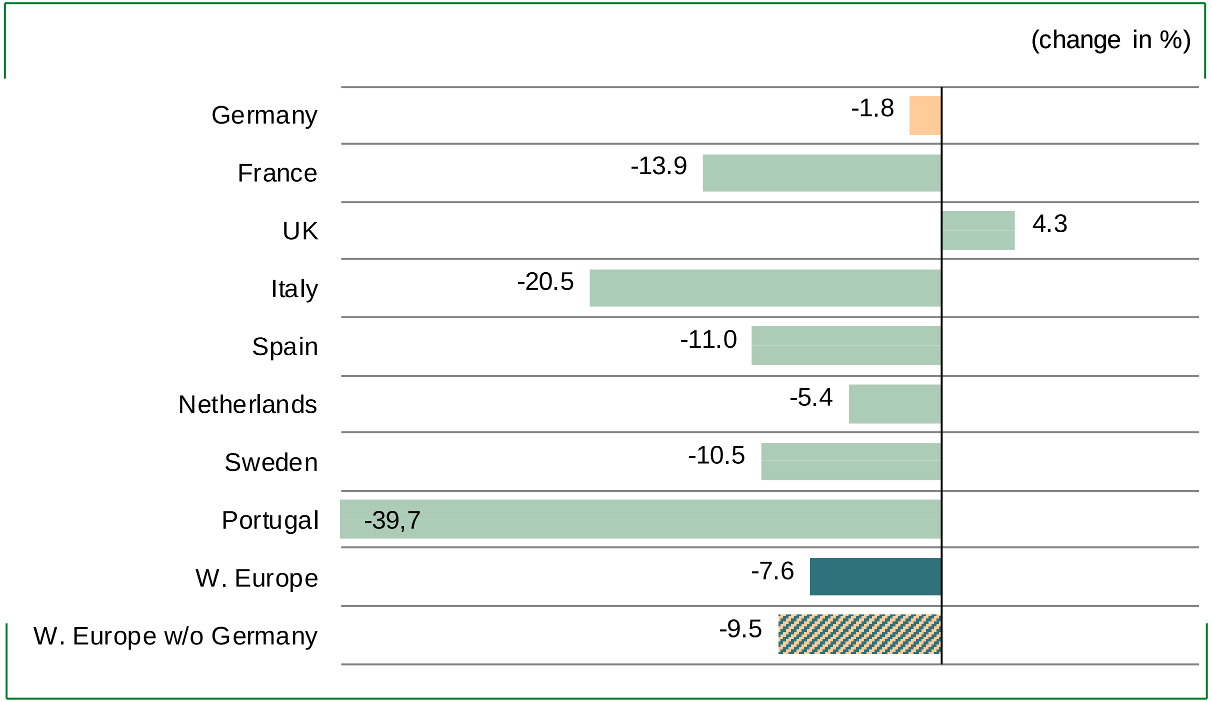
- PC sales Jan-Sep 2012: 9.1 million (-8%)
- Split development
- Germany and UK more stable market

→ **Forecast 2012: -7%**

PC First Registrations Jan.-Sep. 2012/2011

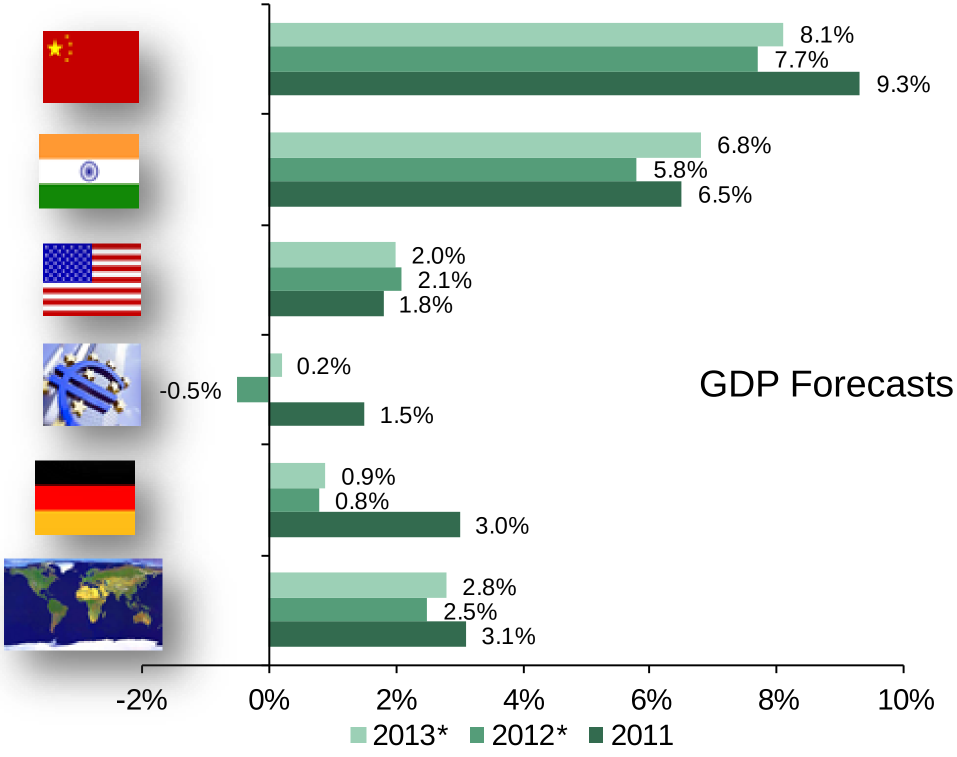


Source: ACEA, VDA

I Global Economy not in recession, but uncertain

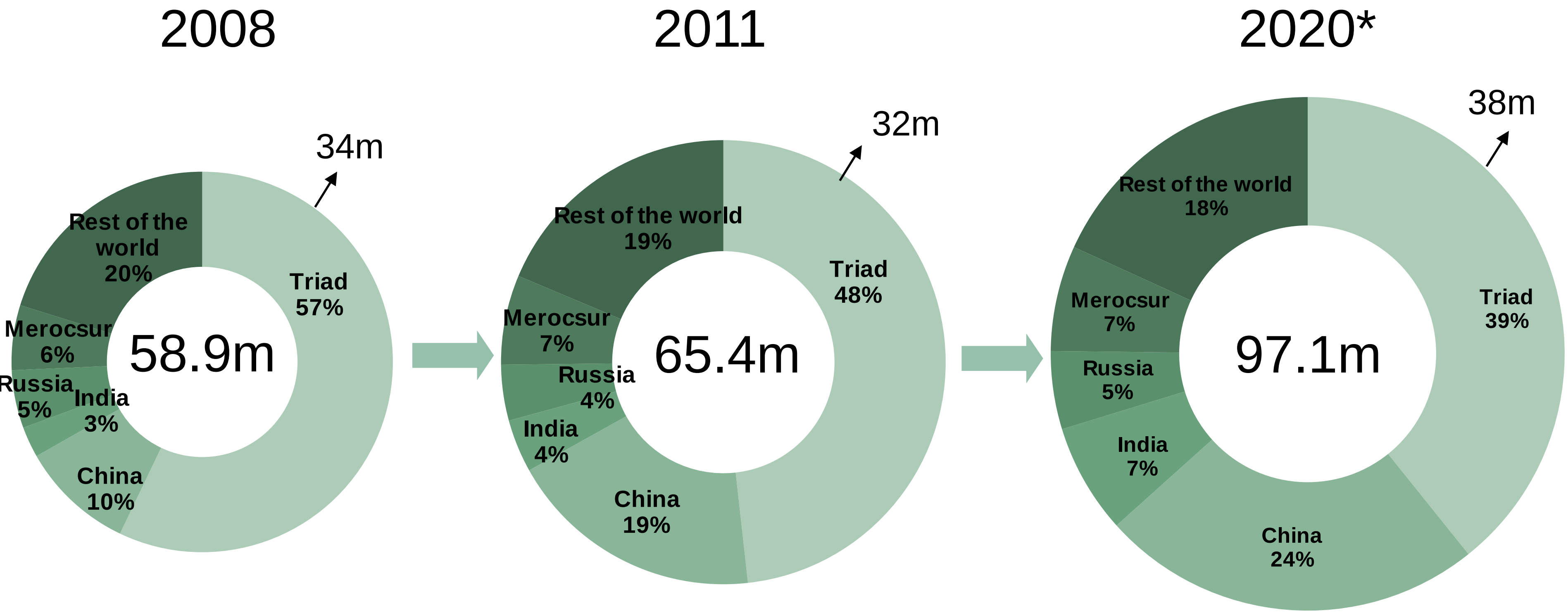
VDA

- No global recession
- But: IMF cuts forecasts
- The U.S. after the presidential election?
- China after change of government?
- Germany: Not invulnerable!



Source: Consensus Forecasts October 2012

I Shift in Global Structure: individual mobility growing



Source: Polk, VDA

* Forecast

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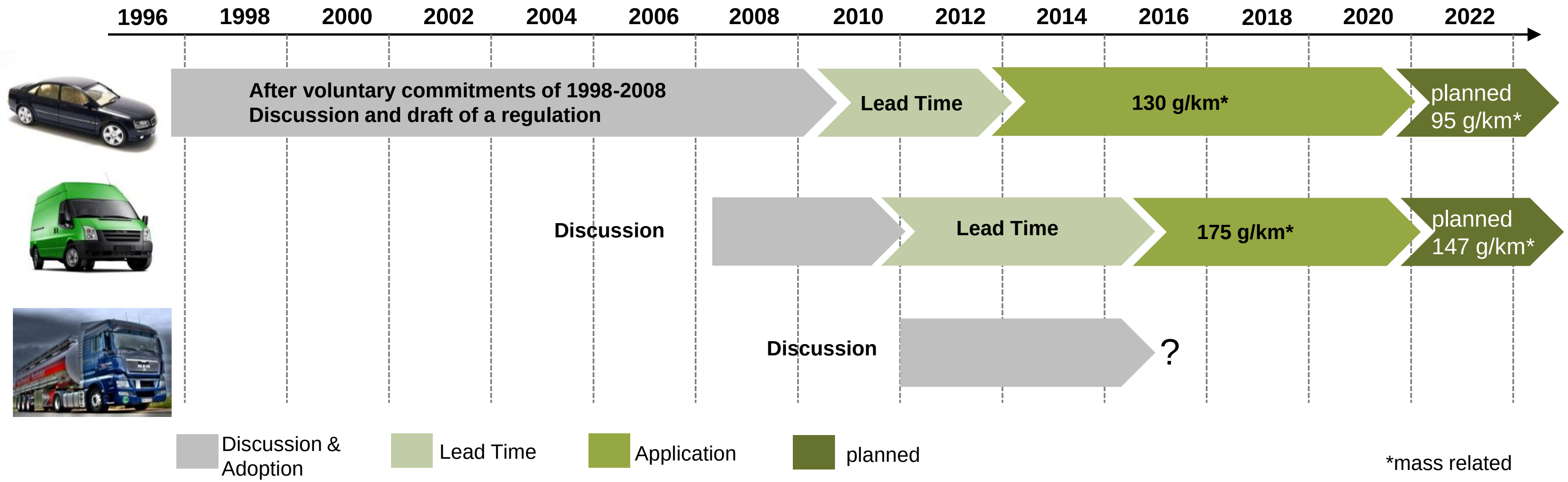
II Sustainability: CO_2 Achievements

- **20%** CO_2 reduction (1990 – 2006)
- 3,4% yearly reduction rate (2006 – 2012) of German manufacturers
- European fleet: 135,7g CO_2 /km (2011) → means 5,7l /100km
- Heavy Duty Vehicle Segment: fuel consumption from 55 to 32l/100km

→ the Car industry is reducing CO_2

→ Further tightening of the regulation under discussion

II EU CO_2 Regulation: Time Frame



*mass related

II Sustainability: Challenges of CO_2 regulation

- Besides achievements: long way til 2050 → need **realistic targets**
- **Paradigm shift** of power train – where to go?; flexibility needed
- **Costs** – affordability fundamental for **customers**
- **Industry** needs to earn money to **afford research**
- Too ambitious regulations → cars become too expensive → customers will buy later or cheaper → because sales prices are determined by market → this helps neither employment nor environment

II Commitment: 95g/km CO_2 in 2020

- European car industry committed to 95g CO_2 /km in 2020
  (means 3,6l Diesel or 4,1l gasoline per 100 km)
- Incentives needed for Eco-Innovations and alternative powertrains
- Targets Post 2020 should be set after a proper Impact Assessment
- No strenthening of targets via testcycle
- 147g/km CO_2 for vans

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III Fan-Strategy for sustainable mobility

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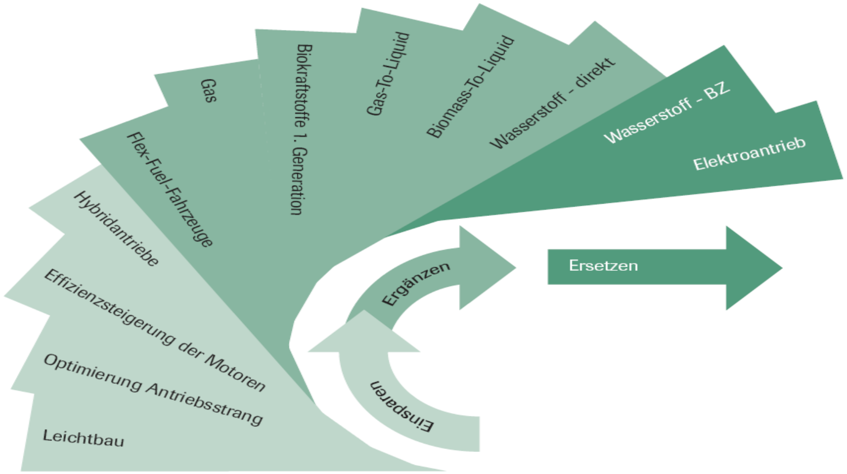


Safe

- Combustion engine
- Power train
- Rolling resistance
- Air drag
- Lightweight
- Mild-Hybride

Complement

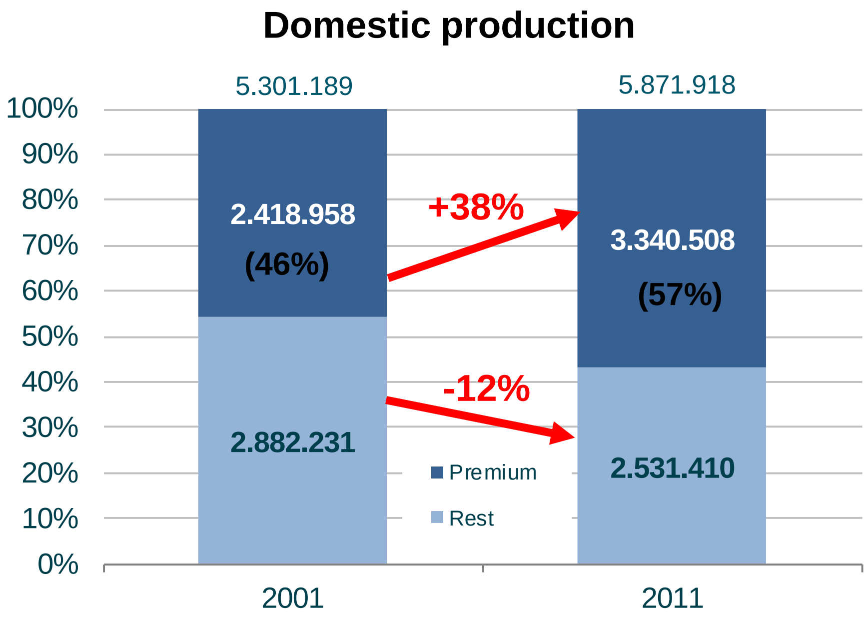
- Bio fuels
- Synthetic fuels
- CNG/LNG
- Full-Hybrid
- Li-Ion Battery

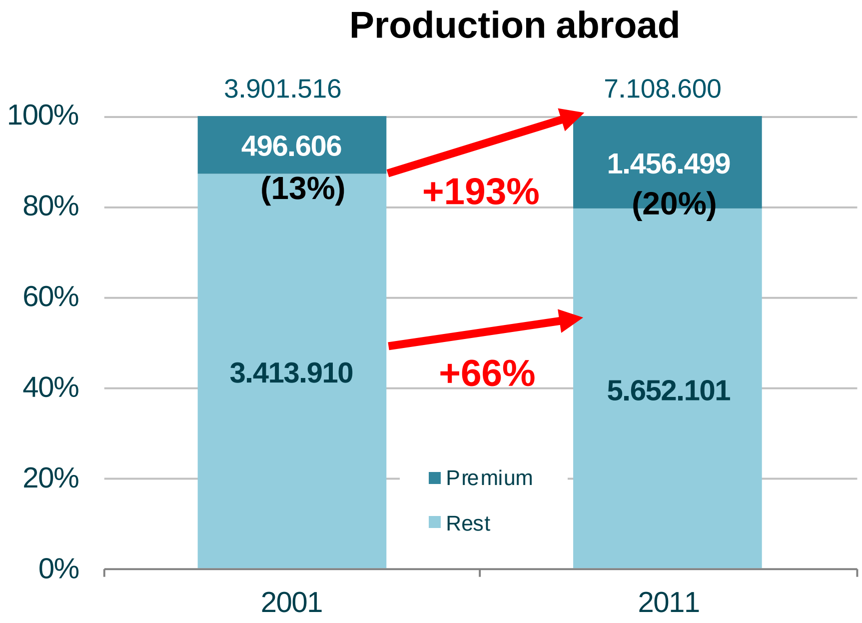
Substitute

- Fuel cell
- H2- Combustion
- Electrification

III Premium Strategy for sustainable growth and employment

VDA





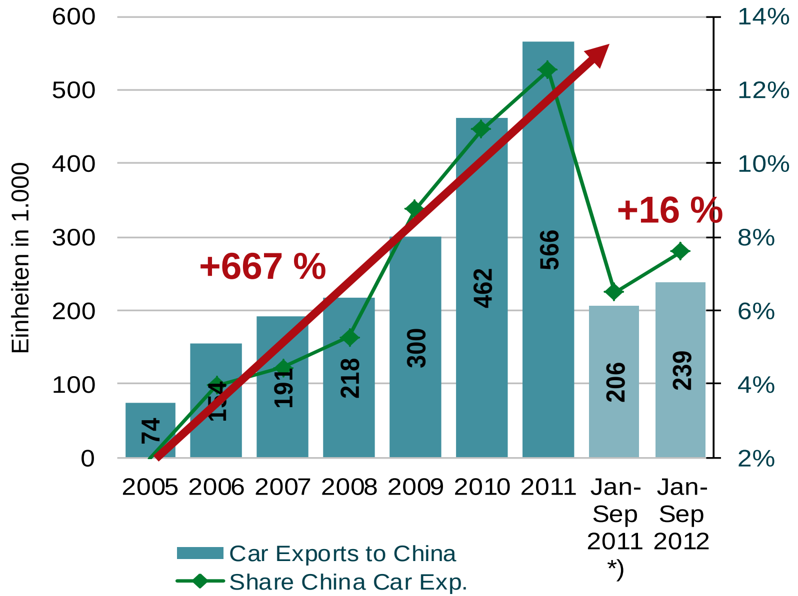
Premium brands sell at higher price → allow more technology and employment in Europe

Source: VDA

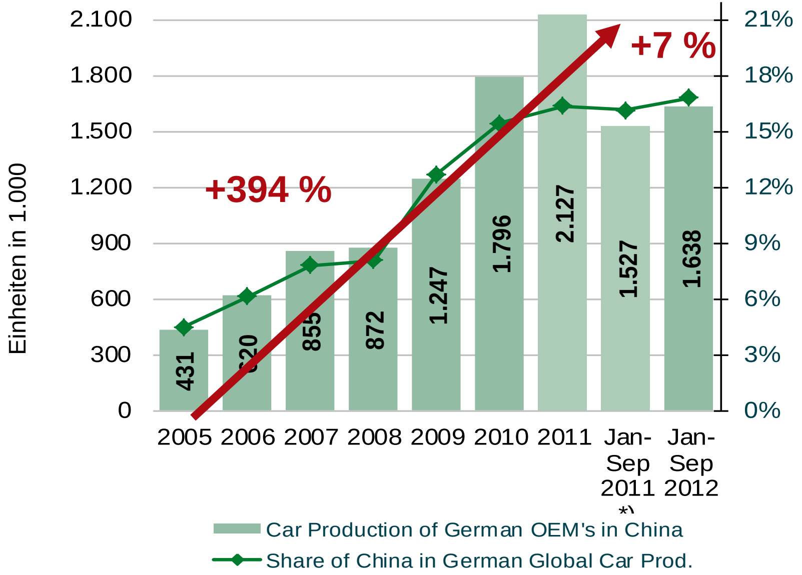
III Strategy of Globalization

VDA

Export of German OEM‘s to China (in 1,000)



Production of German OEM‘s in China (in 1,000)

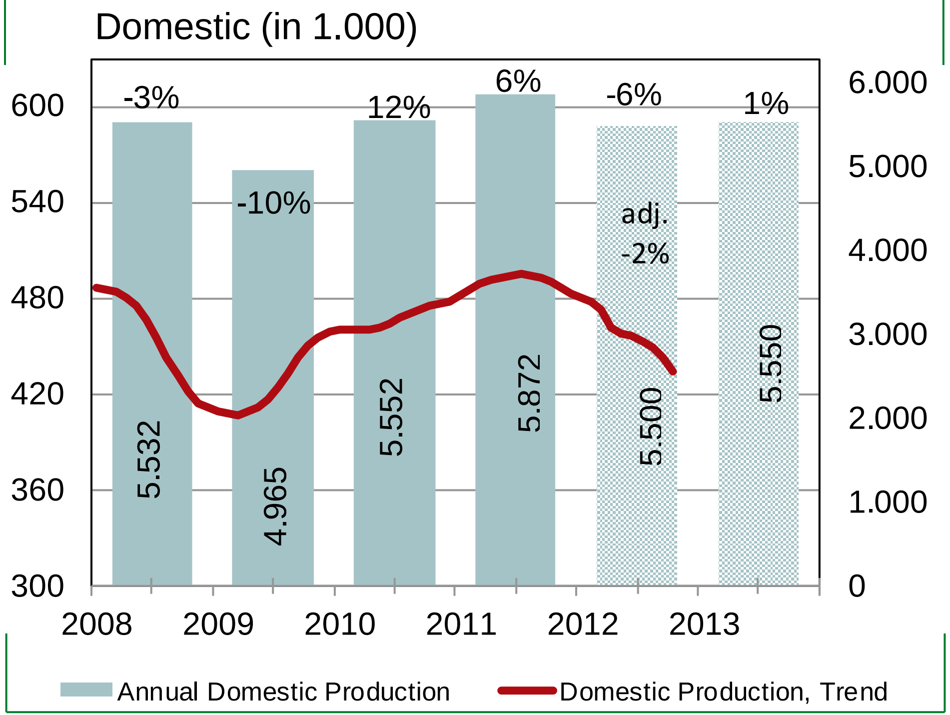


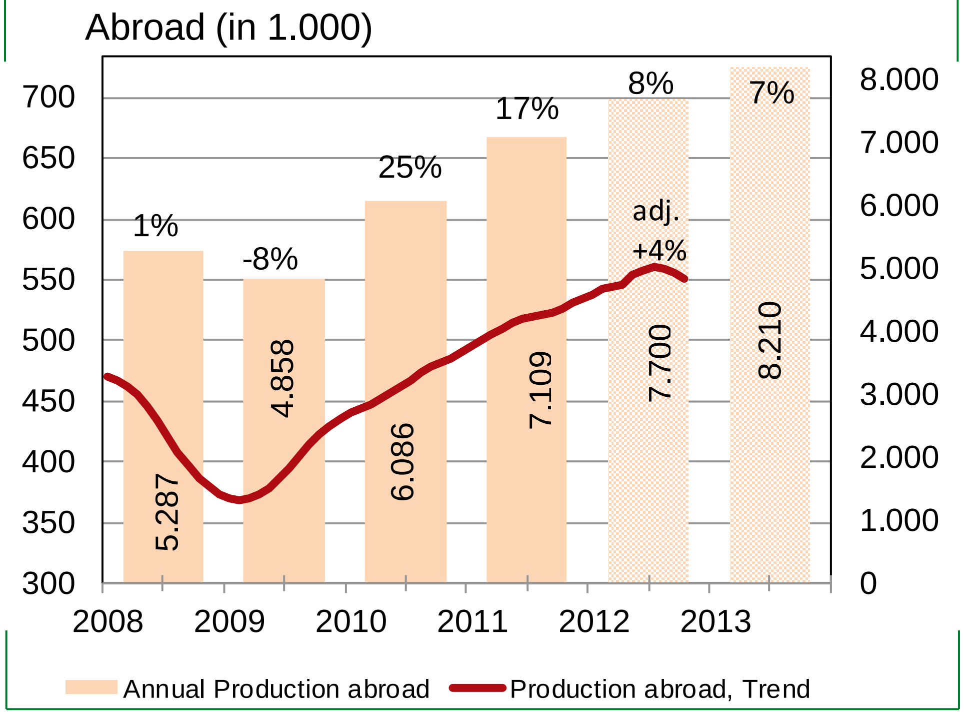
Global presence on relevant markets supports sustainability domestic production

*) Adjusted for CKD!

Source: VDA

III German Production of Passenger Cars





*) rate of change adjusted by part of CKD assembly now included in production abroad

Source: VDA

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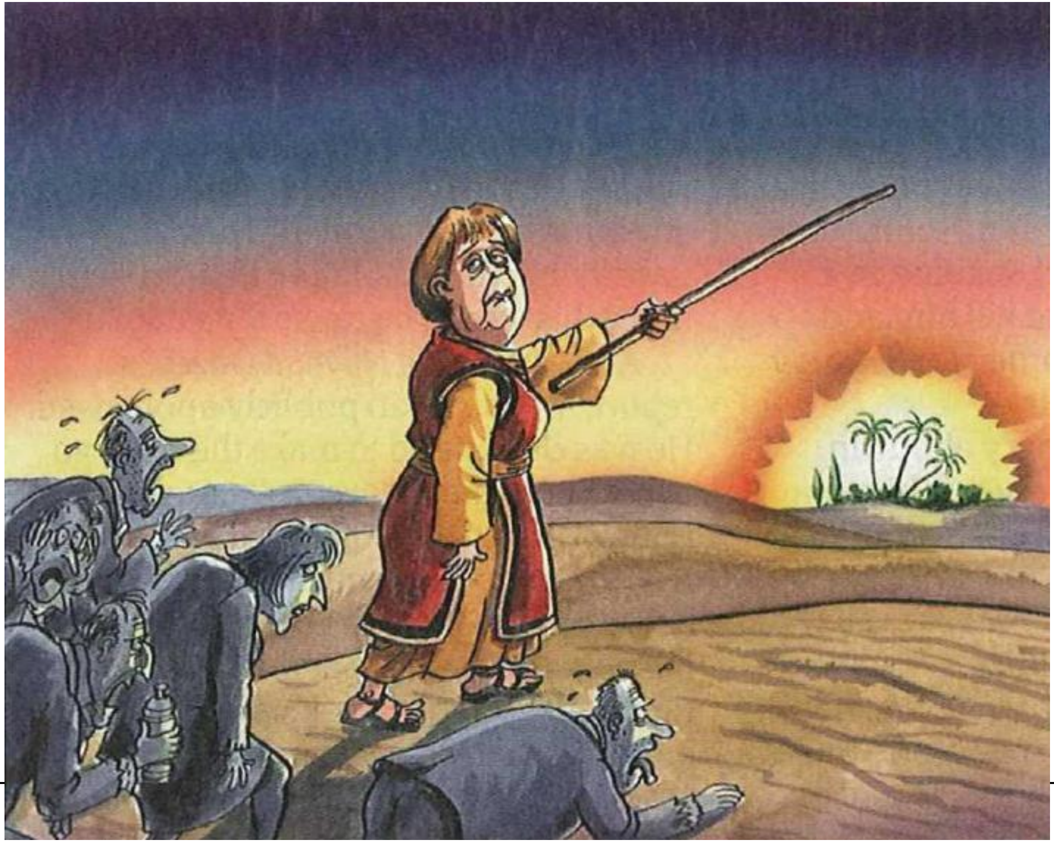
What can politics do?

- Foster Investment in Research and Development
- Technology Neutral Incentives for Customers
- Keep individual mobility affordable
- Public Procurement for cars with alternative powertrain systems
- No politics against premium!
- Principals of „better regulation“ and „integrated approach“
- Forward CO_2 -regulations after propper impact assessments and take car for what is technologically and economically feasible
- Qualification of people

Thank you for your attention!



Backup

I Global PC Sales – Outlook 2012/2013

VDA

(Units in 1,000)	2010	+/- 10/09 in %	2011	+/- 11/10 in %	Forecast 2012	+/- 12/11 in %	Forecast 2013	+/- 13/12 in %
USA*	11,555	+11	12,734	+10	14,290	+12	15,013	+5
Mexico*	819	+9	904	+10	975	+8	1,024	+5
Mercosur*	3,999	+15	4,271	+7	4,332	+1	4,242	-2
China	11,266	+34	12,214	+8	13,150	+8	13,939	+6
India	2,377	+31	2,523	+6	2,725	+8	2,916	+7
South Korea	1,308	+6	1,316	+1	1,277	-3	1,302	+2
Japan	4,212	+7	3,525	-16	4,512	+28	4,015	-11
Turkey	510	+38	594	+16	552	-7	580	+5
Russia*	1,913	+31	2,654	+39	2,893	+9	2,979	+3
New EU	804	-5	779	-3	808	+4	828	+2
W. Europe	12,985	-5	12,813	-1	11,723	-9	11,421	-3
World total	**61,673**	**+12**	**65,416**	**+6**	**68,264**	**+4**	**69,896**	**+2**
World w/o China	50,407	+7	53,202	+6	55,114	+4	55,957	+2

*incl. Light Trucks

Source: VDA, Polk

I Global PC Production – Outlook 2012/2013

VDA

(Units in 1,000)	2010	+/- 10/09 in %	2011	+/- 11/10 in %	Forecast base 2012	+/- 12/11 in %	Forecast base 2013	+/- 13/12 in %
NAFTA*	11,910	+39	13,078	+10	15,157	+16	15,756	+4
- USA	7,597	+36	8,410	+11	9,849	+17	10,225	+4
Mercosur*	3,847	+9	3,947	+3	3,773	-4	3,958	+5
China	11,365	+36	12,246	+8	13,104	+7	13,826	+6
India	2,832	+30	3,050	+8	3,233	+6	3,491	+8
South Korea	3,866	+22	4,222	+9	4,264	+1	4,243	-0
Japan	8,310	+21	7,159	-14	8,662	+21	7,978	-8
Turkey	603	+18	640	+6	525	-18	546	+4
Russia*	1,208	+102	1,738	+44	1,929	+11	2,055	+7
New EU	3,122	-5	3,180	+2	3,201	+1	3,470	+8
W. Europe	12,178	+10	12,565	+3	11,635	-7	11,370	-2
World total	**63,385**	**+24**	**66,157**	+4	**69,561**	+5	**70,853**	+2
World w/o China	52,020	**+22**	53,910	+4	56,458	+5	57,028	+1

*incl. Light Trucks

Source: VDA, Polk

I European CV Sales up to 6t – Outlook 2012/2013

VDA

(Units in 1,000)	2010	+/- 10/09 in %	Forecast 2011	+/- 11/10 in %	Forecast 2012	+/- 12/11 in %	Forecast 2013	+/- 13/12 in %
W. Europe	1,478	+11	1,580	+7	1,420	-10	1,393	-2
- Germany	203	+16	241	+18	229	-5	224	-2
- France	418	+12	430	+3	413	-4	405	-2
- UK	230	+19	265	+15	247	-7	244	-1
- Italy	183	+3	172	-6	107	-38	104	-3
- Spain	117	+9	105	-10	83	-21	82	-1
New EU	89	-25	99	+11	107	+8	107	+0
EU27+EFTA	1,567	+8	1,679	7	1,527	-9	1,500	-2

I Global CV Sales over 6t – Outlook 2012/2013

VDA

(Units in 1,000)	2010	+/- 10/09 in %	2011	+/- 11/10 in %	Forecast 2012	+/- 12/11 in %	Forecast 2013	+/- 13/12 in %
W. Europe	206	+3	262	+27	234	-11	225	-4
New EU	21	+4	41	+93	39	-5	40	+3
Turkey*	32	+72	46	+44	40	-14	42	+5
Russia	75	+66	131	+76	164	+25	177	+8
China	1,289	+44	1,172	-9	879	-25	950	+8
India*	312	+59	344	+10	327	-5	366	+12
Japan	63	+18	66	+6	84	+27	81	-4
USA	218	+9	306	+41	343	+12	343	+0
Brazil	150	+37	165	+10	140	-15	149	+6
World total	**2,884**	**+34**	**3,127**	**+8**	**2,934**	**-6**	**3,078**	**+5**
World w/o China	1,595	**+26**	1,955	**+23**	2,055	**+5**	2,128	**+4**

*Commercial Vehicles over 3,5t