



Working group on AUTOMOTIVE INDUSTRY  
Minutes of the breakfast debate of Wednesday 16 March 2011 on  
*"New industrial policy and the automotive industry"*

Chaired by Jorgo Chatzimarkakis MEP

## Introduction by

- Jorgo CHATZIMARKAKIS MEP, Liberal, Member of the Industry Committee, European Parliament

## Speakers:

- Heinz ZOUREK, Director General, DG Enterprise and Industry, European Commission
- Bernd LANGE MEP, Member of the European Parliament's Committee on International Trade
- Ivan HODAC, Secretary General of ACEA, the European Automobile Manufacturers Association

### 1. Introduction by Jorgo Chatzimarkakis MEP

- *Chairman of the Kangaroo Group's Working Group on Automotive Industry*

Mr Chatzimarkakis briefly presented the subject, recalling the huge enthusiasm of ITRE MEPS when debating a new industrial policy. Questions of innovation, sustainability, raw materials were among the issues extensively debated. He then gave the floor to Bernd Lange, rapporteur for the dossier, to present the Parliament's view.

### 2. Presentation by Bernd Lange

- *Member of the European Parliament's Committee on International Trade*

In his opening words Mr Lange welcomed the return of industrial policy at the core of the EU policies. It had previously been the forgotten child of Europe when for years the spotlight was turned on services but the economic crisis showed the value of a strong industrial base. Mr Lange explained that the very definition of "industrial policy" had been the subject of intense debates but that a compromise had been found gathering broad support.

Mr Lange then went on to present seven key elements of the report. The Parliament wants to see an integrated approach, he explained, with more coordination within Commission's DGs but also between EU and national levels. Legislation cannot be contradictory or go against the interests of the industry.

Looking at the worldwide situation of the European car industry, Mr Lange argued that it was facing strong competition from China, South Korea, the United States or Japan. Meanwhile growth was pulled by the Chinese, Indian, Brazilian or Russian markets. The EU, he said, must therefore set the right conditions in Europe to maintain investments and jobs at home.

The right framework will include improved innovation conditions. Bernd Lange pleaded for improvements along the whole value chain. In this respect he welcomed the green car initiative as a good example of what the EU can do.

Lange then called for better and faster settings of standards to help bring new technologies to the market. This will be important for electric vehicles but also for the deployment of ITS applications, he argued.

Trade is an important component of industrial policy. Trade policy should open foreign markets but also preserve investments and jobs at home. Mr Lange recalled the difficult negotiations with South



Korea and the current difficulties in the negotiations with India, calling for a respect of the zero for zero principle in tariff dismantling.

Mr Lange also called for a greater involvement from workers in the innovation process. They can drive change and should be encouraged to do so.

Wrapping up, Mr Lange stressed that the future of the European car industry was open. Young people are interested in mobility more than in owning a car, city dwellers buy less cars. It will be important to look at these trends to develop new business models.

### 3. **Presentation by Heinz Zourek**

- *Director General, DG Enterprise and Industry, European Commission*

Heinz Zourek welcomed the strong engagement of the Parliament in the debate on a new industrial policy. In his opening words, he stressed the different interpretations of the term itself from country to country or from one political group to another. Some will understand industrial policy as interventionist and promoting European champions, others will not want to hear of one.

Zourek recalled that the rethink about industrial policy and the place of manufacturing in Europe had already started under the previous Commission. The role in R&D and in creating jobs of the industry should not be underestimated. Companies are not fully integrated anymore, they outsource services, he argued, thereby creating jobs in other sectors too.

One of the problems, he pointed out, is the lack of overview of the cumulated effect of legislation. A problem the Commission is trying to solve with its better regulation agenda.

The new industrial policy is one of the flagship initiatives of the EUROPE2020 strategy. It is a difficult balance looking at short-term and long-term trends but also because the EU must promote manufacturing while remaining neutral, he stated.

Zourek pointed out that the auto industry was doing surprisingly well after the economic crisis, although commercial vehicles were still struggling. He particularly welcomed the fact that the sharp decrease in production during the crisis had not been mirrored in the labour market, indicating that companies had tried hard to retain their skilled workers.

The Commission, he said, is discussing how to integrate its climate, energy and industrial policies. The nuclear accident in Japan, he pointed out, will have repercussions on the EU energy mix. CCS could be called on playing a greater role, but citizens' acceptance of this technology is not a given.

The Commission is also preparing guidelines on how to apply a competitiveness test for all legislative proposals as part of the impact assessment.

The development of horizontal tools however does not mean that individual sectors are disregarded. Industrial sectors are connected, Zourek stressed, and problems in one has consequences in others. He took the example of a decline in production in the car sector affecting the chemical industry. He pleaded further against narrow sector definitions, arguing that we cannot look at electric vehicles without looking also at energy providers for example.

Concluding his intervention, he reminded the audience that the Commission welcomes inputs from stakeholders on what actions to take to maintain a competitive industry.

### 4. **Presentation by Ivan Hodac**

- *Secretary General of ACEA, the European Automobile Manufacturers Association*



Ivan Hodac first warned against too much optimism about recovery. The industry is not out of the crisis just yet. Commercial vehicles particularly are still suffering from its effect dearly. Growth moreover has been pulled by the Chinese market, not Europe.

Mr Hodac deplored the absence to this day of an industrial policy. He pleaded for a commitment to keeping a healthy manufacturing base in Europe, insisting that the EU must find the right balance between its environmental, competitiveness and social goals. Policies must remain neutral but also be more coordinated within the Commission but also between the institutions and with the Member States.

He called for a stricter application of the better regulation principles such as lead-time and carrying out impact assessments. Without the right regulatory framework in Europe, he warned, companies will be forced to move elsewhere.

Turning to trade, he thanked the Parliamentarians for their efforts in improving the safety mechanisms linked to the EU-South Korea free trade agreement and urged them not to agree to compromises on key principles such as zero for zero tariff dismantling. The EU cannot open its market without reciprocity, he stressed.

Finally, Mr Hodac wondered why the upcoming White Paper on future transport policy was rumoured to promote modal shift away from road transport, sending the message that cars and trucks do not have their place in Europe. Hodac called instead for an approach promoting co-modality, where all modes have a role to play. Concluding, Mr Hodac hoped to see such issues discussed within CARS21 and tangible results to support the competitiveness of the industry.

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During the discussions, participants wondered about the way forward for standardisation. Standards must be available rapidly but on the other hand they must not be set too early to avoid stopping the innovation process. Participants also asked how the Commission planned to react to the incoherence on the biofuels market, with different countries setting different requirements and different types of biofuels not available everywhere. Participants stressed that European industries were global players competing against other global companies established in countries where policies were coordinated, putting EU-based businesses at a disadvantage.

Heinz Zourek recalled that standardisation was mainly discussed within the UNECE. He also pointed out that the EU and the United States were discussing standards within the Transatlantic Economic Council (TEC). On biofuels, he deplored the lack of coherence, regretting that Member States, with the support of the Parliament, considered biofuels as an environmental measure, rather than as a single market matter.

The automotive industry fully supports the TEC initiative, I van Hodac stated. It is important to maintain the dialogue with the US otherwise it will discuss standards with China or Japan. Hodac also called for a reform of the UNECE, currently too euro-centred. The industry is also working with CEN/CENELEC. This cooperation resulted in an agreement on a common plug for charging electric vehicles. Turning to biofuels, he argued that the current situation showed the importance of completing the internal market.

Jorgo Chatzimarkis wrapped up the debate by calling on the Commission to be more forceful in dealing with the Member States, to develop a coherent industrial policy and to devote more funds to research. FP7 and FP8 should however focus on mega projects, he stressed, on projects that would deliver concrete results.

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*Céline DOMEQO*  
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