

The European automotive industry in a globalised economy
Competitiveness of the automotive manufacturing base in Europe

ETRMA thanks the European Commission for its good work performed and the efforts deployed so far to frame the conditions for a **competitive automotive industry in a globalised economy**, but regrets a competition gap assessment with major zones such as China, Japan, US, has not been undertaken. The Interim Report published by the Commission on 2 December 2011 is an essential first step in this process which highlights the priorities in the short and long term.

The European Automotive industry, including the tyre industry, continues **losing parts of its competitive advantage** vis-à-vis global competitors. Strong competition from emerging markets is more present than ever. Strong, innovative, well managed and competitive **enterprises along the entire value chain of the automotive industry in Europe** must be at the core of a **strategy for a competitive and sustainable automotive industry**.

It is clear that the intense competitive pressure on international markets the automotive industry faces will grow further. But, at the same time, companies are **increasingly challenged on their own home markets** by:

- **very stringent regulations** with poor **enforcement and surveillance** in Member States
- **high energy prices**,
- serious threats on the **availability of raw materials, such as natural rubber which was subject to unprecedented price volatility**
- continued **difficulties to accessing third markets**, in particular countries with significant exports to Europe and high trade barriers against European tyres

These challenges demand a deployment of an appropriate regulatory environment where ‘smart regulation’ principles prevail: sufficient lead time to implement legislation, balanced share of responsibilities between all actors are strictly applied and effective enforcement and market surveillance with execution sanctions by the Member States.

The Interim report recognises these challenges essentials for the tyre industry and recommends a.o.:

- **Maintaining a strong and competitive manufacturing base in Europe demands fair access to third markets.** To this end, using both multilateral and bilateral tools to remove tariff and non-tariff barriers should be used. The acceptance of international regulations under UNECE1958 Agreement ‘is the best way’ to remove the non-tariff barriers. The reform of the Agreement to make it more attractive for third market is an essential step.
- **EU trade policy to target reciprocity and elimination of trade protectionist measures in a proactive way.** Countries who are building up high trade barriers against European products, such as Indonesia, India, China, Malaysia, Argentina, are amongst the major import countries of automotive products.
- **Checking the products on the market.** “Problems of non compliance identified in the tyre and motorcycle sector demonstrate that there is scope for enhancing the **implementation and enforcement of the legislative framework...by focusing on market surveillance**”. This will contribute to establishing a level playing field among all actors and to increased trust of consumers in effective product regulation.
- **Reducing CO2 from Heavy Duty Vehicle:** The HLG recognises that any new legislation with the aim of curbing CO2 emissions from HDVs should take into account the recent efforts of the tyre industry to meet the rolling resistance requirements set out in 661/2009;

The strategy is still incomplete. The European Commission, led by Vice President Tajani, confirms its absolute commitment for setting an ambitious industrial policy. The remaining 9-12 months will tackle other important areas such as road safety, electro mobility and create the regulatory road map for the next decade and beyond.