



Organisation Internationale des Constructeurs d'Automobiles
International Organization of Motor Vehicle Manufacturers

Statement delivered by OICA President Matthias Wissmann at the OICA press conference at the Geneva International Motor Show, March 8, 2017, 08.45 – 09.30 h

Sales increased by 5 percent to around 94 million vehicles in 2016

OICA President Wissmann: World Automobile Market Continues to Grow

Geneva/Paris, 8 March 2017. Ladies and Gentlemen, I welcome you most cordially to the OICA press conference here at the Geneva International Motor Show. Before I come to the current topics, please allow me to tell you a little about OICA and what it does. OICA is the global association of motor vehicle manufacturers, with 39 members from all continents. The members are all associations and include the ACEA. All the large OEMs and brands from the European countries, Russia, the US, China, Korea, Japan, India are represented in OICA by their national organizations.

OICA has the following tasks:

- Harmonizing technical vehicle regulations at UN level
- Preparing global figures/statistics for the automotive industry (production, sales, vehicle fleet)
- Coordinating the calendar of international auto shows (shows accredited by OICA, such as the IAA, Detroit) in the Exhibition Committee
- Of course the most important task is drawing together and communicating the interests of the worldwide automotive industry.

The desire for individual mobility is growing all over the world, as we can see from the markets. At the same time, customers' wishes are shifting in the direction of electric mobility and digitization. There is no doubt that the automotive industry contributes to growth and prosperity in many countries. And digitization makes road traffic even safer. But the challenges are also increasing. Industrial policy and environmental policy need a new balance – in many countries and regions.

Please allow me to outline the individual points.

The importance of free trade for the international automotive industry

Regarding the trade issues: even though the OEMs are in competition with one another, the global OICA umbrella is still necessary. This is because the automotive industry is a key sector everywhere in the world – in the industrialized countries just as in the emerging countries. Not only China is demonstrating that economic growth is always closely linked with growth on the automotive market. And, logically, this also applies to vehicle production. Since there is no country that meets its demand for automobiles entirely from its own production – and every country with its own production aims to increase its exports – market access and the removal of trade barriers are crucially important for worldwide growth.

No matter whether you're talking about North or South America, Europe or Asia: local production only makes sense in the medium and long term if export opportunities are not restricted. And naturally that also applies to the whole value chain: efficient automotive business needs a worldwide system of suppliers. Therefore OICA is also clearly in favor of accessible markets.

All the manufacturers now have multinational value chains. Around 75 percent of a car's value-added is generated by suppliers – from many countries. We must therefore do everything we can to ensure that borders open up even more. In the long term, commercial production will be possible only if the global value chains can be used efficiently.

This all benefits both employees at the facilities and the customers, who want and obtain the most up-to-date products in high quality at economic prices. Because we want to make further increases in growth and employment worldwide, we support free trade and accessible markets. Just how necessary this appeal for free trade is, is shown by the fact that today the WTO lists more than 2,200 violations of principles of free trade.

There is another important point: OICA works toward the worldwide harmonization of technical rules. And it does so for good reason: in a worldwide automotive market it doesn't make much sense for every individual region to have special technology requirements.

Differing legislative standards and rules make the product more expensive, encumber business for the manufacturers, and do not bring any benefits for customers. When different rules are regarded as equivalent, they may then be mutually recognized, as is the case with free trade agreements, for example.

Here is an example: vehicle regulations are harmonized worldwide at the United Nations, where the World Forum for Harmonization of Vehicle Regulations, (WP.29) and its groups of government and industry experts develop new "GTRs" – Global Technical Regulations. As the accredited representative of the worldwide vehicle industry in the United Nations, OICA members and staff are fully engaged in this process.

Alternative propulsion systems and their contribution to CO₂ reduction – Balance between environmental and industrial policy

OICA takes climate protection very seriously around the globe. All of our members are working intensively on further reductions in the consumption and thus in the CO₂ emissions of new vehicles. To this end, considerable sums are being invested in research and development. CO₂ reduction is a worldwide task for the automotive industry – in Europe just as it is in Asia and America.

It is remarkable that CO₂ targets for 2021 vary greatly from one region to another: the European Union has by a large margin the most challenging target: 95 grams. Japan has 105 grams, China 117 grams and the US has 119 grams. Politicians should work worldwide to coordinate the values and create a level playing field.

In the future, electric cars will be able to make a major contribution to reducing CO₂. We assume that electric cars – either as all-electric battery vehicles or as plug-in hybrids – will enjoy strong growth in the coming years. However, in global terms, vehicles with combustion engines will account for a considerable proportion of the market for new cars. For this reason, future CO₂ requirements should be kept technology neutral. In the view of OICA, a balance must be maintained between the objectives of environmental policy and economic policy. The aim is not only climate protection, but always also growth and employment.

More traffic safety through digitization

OICA has the clear goal of greater road safety everywhere in the world. Digitization makes a huge contribution to this, since 90 percent of accidents are caused by human error and only a small proportion is associated with technical failure. Digitization supports, assists and warns the driver of hazards. It is a megatrend at OEMs and suppliers – and is therefore also an important driver of innovation. In this context it is also essential to safeguard the future of the many jobs in the auto industry. Qualifications and training are necessary here. Digitization is important in the commercial vehicle business, too. Empty journeys can be avoided while truck utilization increases, and road safety can be improved (blind spot, turn-off assistant, automatic emergency braking, lane departure warning – all the way to platooning).

Of course these new technologies will not be implemented immediately and everywhere, throughout all the markets. Here the states in particular have an obligation to create the regulatory basis for broad-scale introduction of new technologies. This must happen in step with economic development and the expansion of the infrastructure. Yet we assume that these technologies will arrive globally step by step. And that is what's important. Because we want to further improve road safety, we are preparing the way for digitization.

New OICA data – the global auto industry

If now, in the “automotive spring,” we take a look at the international markets of the OICA members, we have every reason to be optimistic. We should pull together to utilize the opportunities. Working together with the policymakers who are responsible for the regulatory conditions, we will overcome the challenges.

The OICA statistics show that apart from the crisis years of 2008 and 2009, the global automotive market has grown continuously. In 2016 it expanded by nearly 5 percent to 93.9 million motor vehicles. This is the combined number of passenger cars, commercial vehicles and buses. Global production also developed accordingly.

For 2017 we expect further growth worldwide, but at a somewhat slower speed. According to our forecasts the global automotive market will expand in the range 2 to 3 percent to more than 96 million units. The world passenger car market alone will grow by 3 percent in 2017 to 85 million new cars.

A look at the individual regions reveals the following: Although the NAFTA region was hit hard by the crisis in 2008 and 2009, it recovered very rapidly and sustainably. In South America, the crisis of the last three years can clearly be seen.

Compared with NAFTA, Europe had a much longer downward phase. It was only in 2014 that sales started picking up again, but then it was quite a steep rise.

In contrast to NAFTA and Europe, growth in Asia has been a continual success story for the past twelve years, with sales more than doubling and strong growth again in 2016. The African automobile market is still very small and is correspondingly subject to larger fluctuations.

Summary:

The good news is that the global vehicle market continues to grow – as does the production of passenger cars and commercial vehicles. The global automotive industry faces major challenges: worldwide competition is getting tougher. Today, mobility demands are more differentiated than they were in the past. The companies are adapting:

- Urban mobility requires increasingly emission-free and very efficient models. Electric mobility offers an attractive solution, but also needs high levels of investment.
- Digitization in the automotive sector is not limited to Europe and the US, but is spreading and diversifying across the world.

We are certain that the automotive industry's huge drive for innovation and its outstanding employees will enable it to master these challenges.

However, policymakers should also take action: they must create the right regulatory conditions. What is needed is a balance between industrial and climate policy. Environmental and prosperity objectives should be given equal priority and pursued in parallel.

And politicians should be guided by the knowledge that open markets and free trade are the best prerequisites for growth and employment in all countries.