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

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Global Marketplace Roundtable: Key Messages

Automakers are an integral part of developed, and developing, society.
Around the world, the industry provides nations with mobility, which is central to economic and social growth. Through mobility the auto industry provides a means to a better quality of life; mobility is probably one of the most important indicators of economical and social wellbeing and serves as a powerful symbol of freedom and progress. Statistics often show a clear connection between Gross Domestic Product growth and the growth of distance traveled in a particular country. Car, truck and bus makers' products allow the public to travel whenever and however they want, enabling people to live, work, play and connect in ways that were unimaginable just a century ago; they provide the necessary transportation of consumer goods all over the nations thereby further enhancing consumers' choice in their goods' selection and purchasing decisions. Today's auto industry is also on the leading edge of global efforts to reduce CO_2 emissions, in fact no other industry has done more to devise, develop and apply technologies that help reduce CO_2 emissions.

The auto industry's advancements, however, can have an even greater impact if they are considered not as the single solution to climate change issues, but rather just one element of an integrated approach involving many other stakeholders, such as energy providers, for example, which can contribute to the improvement of air quality, by ensuring wide avalability of high quality fuels and other energy sources for all vehicles.

Automakers' products drive local and national economies – making this industry critical to the global economy's strength. Vehicle manufacturing and use provide major contributions to government revenues around the world – more than €400 billion in 26 countries alone.
Producing autos supports the economy: the global auto industry is a key sector of the economy in all of the world's major countries. In fact, if auto manufacturing were a country, it would be the sixth largest economy. Even during the recession, auto manufacturing globally has contributed an output level of more than €1.5 trillion. While the industry directly employs about 9 million people, a full 5 percent of the world's manufacturing jobs, economists estimate each direct job supports an additional five jobs based on the industry's dependence on wide-ranging manufacturing sectors including steel, iron, aluminum, glass, plastics, carpeting, textiles, computer chips and more.

Consumer use of vehicles supports the economy: Virtually every car trip ends with either an economic transaction or some other quality of life benefit. Motor vehicles bring products to consumers and consumers to products. Whether it is a farmer bringing perishable goods to market, shoppers driving to a local mall or mail-order goods and services being delivered, vehicles provide the personal mobility that accelerates commerce within a city, country or continent – or even globally.

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The central role played by the industry in the overall economy explains the decision taken by policy makers to support the industry during the recent economic crisis. The auto industry however clearly stresses that such supporting measures should remain truly exceptional and it certainly is not asking for any support that would artificially favor one industry sector against others. Any such support measure should also respect the basic principles of a free and open market and avoid any form of protectionism and market distortion.

Continuous innovation is the key.
The auto industry is a key player in technological development, thereby also driving innovation in other industrial sectors, such as electronics, new materials and much more. Today's vehicles have reached extremely high levels of sophistication and unprecedented technological innovations, whether in terms of safety systems, propulsion systems, or environmental protection systems. The auto industry continues to spend enormous resources in R&D, tens of billions of Euros every year, for the further development of current and future systems. Clearly, the technological content of vehicles will continue to increase in the future, with cost increases likely to be the unavoidable consequence.
The industry must be positioned in such a way that it is able to contain these cost increases; thus part of the needed approach will be in the form of coherent fiscal government policies in order to keep the new technologies affordable for the average consumer. For example, electric vehicles, at least during their introductory phase, will need supporting measures in order to partly offset the increased costs. Several governments have recognized this fact and have taken the necessary steps to help shape the demand for these new technologies.

Policy that is technology neutral is sound, productive policy.
Automobiles are the most sophisticated, mass-produced product available to the public at large, and are the products of years of research and development. However, by its nature, technology development is inherently unpredictable. Even when it does meet industry expectations, consumer acceptance may vary from one market to another.

For those reasons, governments should craft policies that are technology neutral to the greatest extent possible. Technology neutrality can reduce the burden of still-massive development costs to further allow consumer access to beneficial – yet expensive – product advancements that can still be priced within the consumers' affordability range.

Broad-based approaches that promote a wide range of vehicle technologies enhance the industry's ability to provide markets with new ideas and innovations that meet consumers' demands. Basic and applied research, manufacturing R&D, deployment and commercialization activities and more can all be enhanced by policies that are technology neutral. On the contrary, policies focusing on design requirements rather than on performance requirements will stifle innovation and technical progress and thereby also reduce innovation competition.

Harmonizing standards is critical to the global and complex automotive industry, even more so as the development of new markets increases the demand for personal mobility.
Designing and building products – already a multiyear process in the auto industry – is even more complex when products must be made for different geographic areas having varying regulatory targets and timelines. Conflicting regulations slow down progress, restrict consumer choice and present trade barriers. The consistency of regulations, such as technical requirements, helps allow consumers worldwide to have access to new, affordable technology, instead of new, sophisticated technology being isolated to a few markets. Additionally, the approval of differing sets of requirements also results in poor allocation of national economic resources.

It may be appropriate for there to be regional differences, which prevent fully identical regulations in many cases. However, harmonization calls for removing unnecessary differences and bringing among others technical regulations closer together whenever possible, especially regarding test procedures that today are often unnecessarily divergent. Such divergences very often are based on historical reasons, which in most cases are not valid anymore. Additionally, effective harmonization should not systematically require the most sophisticated technologies everywhere: a careful consideration of each market's economic situation, infrastructure, climatic conditions and more must be a factor in successful harmonization efforts.

Open trade sharpens competition and benefits consumers.
Policies encouraging the unrestricted flow of automotive products sharpen competition and allow manufacturers to fairly compete for consumers. This encourages automakers to provide the highest-quality vehicles possible by focusing on supplying safe, environmentally friendly products to the world's consumers. With open trade, innovation, good design, proper pricing and consumer satisfaction drive success, rather than protectionist government policies that manipulate the market.

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