

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

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12 March 1984

DOCUMENT 1-1505/83

## Report

drawn up on behalf of the Committee on Economic  
and Monetary Affairs

on the state of the European automobile industry

Rapporteur: Mr A. BONACCINI

PE 86.132/fin.  
Or. It.



On 18 February 1982, a motion for a resolution on automobile exports (Doc. 1-1042/81, Cottrell) was forwarded to the Committee on Economic and Monetary Affairs as the committee responsible.

On 10 May 1982, a further motion for a resolution on the automobile market (Doc. 1-196/82, Almirante) was forwarded to the Committee on Economic and Monetary Affairs as the committee responsible.

On 15 November 1982, the Committee on Economic and Monetary Affairs was authorized to draw up an own-initiative report on the automobile industry.

At its meeting of 20 October 1982, the committee appointed Mr Bonaccini rapporteur and decided to consider the above motions for resolutions in the context of its own-initiative report.

On 7 February 1983, a motion for a resolution on the development of the automobile sector (Doc. 1-1149/82, J. Hoffmann) was forwarded to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Energy, Research and Technology, the Committee on External Economic Relations and the Committee on Social Affairs and Employment for their opinions. It was decided to consider this motion in the context of the own-initiative report as well. The committees asked for an opinion decided not to deliver one.

The committee considered the draft report at its meeting of 21/22 February 1984 and adopted it unanimously.

The following took part in the vote: Mr J. Moreau, chairman; Mr Bonaccini, rapporteur; Mr Albers (deputizing for Mr Schinzel), Mr Beazley, Mr von Bismarck, Mr Carossino (deputizing for Mr Fernandez), Mr Delorozoy, Mr I. Friedrich, Mr Herman, Mr Leonardi, Mrs Tove Nielsen (deputizing for Mr De Gucht), Mr Rogalla (deputizing for Mr Wagner), Mr van Rompuy and Mr von Wogau.

The explanatory statement will be presented orally.

The report was tabled on 28 February 1984.

The deadline for tabling of amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the state of the European automobile industry

The European Parliament,

- having regard to the motions for resolutions (Docs. 1-1042/81, 1-196/82 and 1-1149/82),
  - having regard to the resolutions previously adopted by it<sup>1</sup>,
  - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-1505/83),
- A. recalling its resolution<sup>2</sup> instructing the Committee on Economic and Monetary Affairs to monitor continuously developments in the sector and to report to it at regular intervals,
- B. noting that the Commission has responded to Parliament's resolution of January 1981 by adopting a position on the European automobile industry<sup>3</sup> and undertaking regularly to produce documents updating its analysis of the situation<sup>4</sup>,

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<sup>1</sup> in particular, its opinions on:

- basic technological research in the automobile industry (based on the report by Mr VERONESI, Doc. 1-235/83);
- imports of Japanese cars into the EEC (OJ No. C 42, 14.2.1983, page 40; based on the report by Mr FILIPPI, Doc. 1-997/82);
- lead in petrol (based on the report by Mr CERAVOLO, Doc. 1-279/83);
- the directive on air pollution by gases from positive-ignition engines of motor vehicles (based on the report by Mr COLLINS, Doc. 1-82/83);
- the Community car industry (OJ No. C 42, 14.2.1983, page 59);
- competition in the automobile market (OJ No. C 42, 14.2.1983, page 60).

<sup>2</sup> See paragraph 8 of its resolution on the European automobile industry (OJ No. C 28, 9.2.1981, page 19).

<sup>3</sup> Bulletin of the European Communities, Supplement 2/81

<sup>4</sup> For example, document III/566/83 of 29 July 1983

- C. noting that these initiatives have encouraged the European automobile industry to make a considerable effort in recent years to adapt its production policies and hence to enhance its competitiveness,
- D. noting, however, that many of the sector's problems, to which attention was drawn in the first report, are as serious as ever and that fresh problems have in the meantime come strongly to the fore,
- E. noting that the state of the Community automobile industry is at present characterized by:
- i. a wider discrepancy between the results obtained in the various Community countries and by the various undertakings,
  - ii. poor financial performances by many Community undertakings, at a time when substantial investments are required notwithstanding the fact that the general economic climate continues to be difficult,
  - iii. a Community market which is still fragmented, with market conditions (particularly taxes and, therefore, prices) differing appreciably from one Member State to another,
  - iv. a sustained offensive by Japanese exports on the Community market, currently regaining impetus after a period of restraint,
  - v. a consequent intensification of protectionist measures and pressures, not least in countries which had previously adopted a more open stance,
  - vi. plans to introduce various unilateral or isolated measures for reasons of safety or environmental protection, which would ultimately have a marked impact on the functioning of the Community market,
  - vii. relative uncertainty about trends in oil prices and the prices of other raw materials,
  - viii. rapid technological changes, especially in relation to production methods, with major implications for the future structure of the industry,
  - ix. a sharp fall in employment in the sector, particularly in certain countries,

#### Progress towards a Community strategy

1. Recalls its request for the formulation of a common economic, monetary and fiscal policy that would permit the formulation at Community level of a strategy for the Community automobile industry aimed at increasing its efficiency and strengthening its ability to compete and consolidate its position on the world market;

2. Commends the Commission for having completed an analysis of the current state of the European automobile industry;
3. Considers, however, that this analysis must be followed up by effective decisions and concrete results;
4. Points out that little or no progress has been made towards achieving the various objectives identified in its previous resolution as being fundamental to a realistic Community strategy;
5. Reaffirms the belief expressed in its previous resolution and substantiated by subsequent experience that, by virtue of its particular characteristics, the sectors associated with it and the way it educes continuous product research and development, the automobile industry is bound to continue to play a key role in safeguarding, and injecting new life into, a substantial part of the production process as a whole;
6. Considers it essential for the Commission to:
  - exert a stimulative effect on undertakings along the lines of the agreed strategy,
  - organize surveys and meetings with a view to establishing a joint and concerted approach to the various aspects of that strategy;

The need to strengthen research and development at Community level

7. Believes that the automobile industry's efforts with regard to further research and development should be supported in order to reconcile the basic production targets of far more reliable, non-polluting, comfortable and energy-saving vehicles. Such research already benefits, and will continue to benefit, other sectors and makes extensive use of the very latest achievements of advanced technology;
8. Notes with concern a number of observations<sup>1</sup> contained in the Commission's statement on the European automobile industry, namely that the general level of research in the Community is proportionately lower than in the United States and Japan, that the amounts spent on R & D by individual European motor manufacturers seem lower than those spent by their main competitors, and that American and Japanese manufacturers receive much more public aid than European manufacturers;
9. Points out that, given the automobile industry's problems, the research financed by the Community must be stepped up;

<sup>1</sup> Bulletin of the European Communities, Suppl. 2/81, op. cit., page 38

10. Considers that where, for example, laser technology and the use of new materials are concerned, a substantial amount of pre-competition research could be carried out at Community level;
11. Calls attention in particular to the Community's weak position in the sector of the electronics industry associated with automobile production and to the recent estimate<sup>1</sup> that a mere 25% of car components are purchased in Europe. Believes that there is considerable ground to be made up in the field of microprocessors in particular;
12. Proposes that an interdisciplinary research programme, similar to that prepared by the Commission for the clothing industry, should be submitted on the application of the new technologies in the automobile industry;
13. Calls on the Commission to take steps to stimulate and facilitate cooperation on research projects between car and component manufacturers, taking into account Community policy and interests;
14. Calls, finally, for the widest possible dissemination of information on Community research activities in the sector, to ensure that undertakings are better acquainted from the outset with the types of research project undertaken and with the results obtained;

The need for a global approach to the regulations governing the protection of the environment, safety and energy consumption

15. Stresses once again the importance of measures for reducing energy consumption, increasing the safety of users and third parties and ensuring effective and efficient protection of the external environment;
16. Insists that these measures and any possible regulations take into account the following principles:
  - i. that of avoiding unilateral national measures, adopting instead measures at Community level so as to ensure that common rules apply throughout the EEC. In the long term, this will be to the benefit of consumers and manufacturers alike;
  - ii. that of properly assessing the necessary complementarity between the various objectives, the financial implications of the new rules and the likely implications for the competitiveness of the Community automobile industry as a whole;

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<sup>1</sup> Conclusions of a study on the car components industry by Dan Jones of the Scientific Policy Research Unit, Sussex University - page 7



iii. that of allowing enough time for undertakings to adapt their research and development activities to their products and production methods in such a way that the overall adjustment and innovation processes are not thrown out of balance;

17. Welcomes in this context the position recently adopted by the Commission on these problems; requests that the comprehensive report it has promised on new Community rules for motor vehicles be submitted as quickly as possible<sup>1</sup>. Hopes that this report will take full account of the interrelationship between environmental, technical and economic factors;
18. Expects the Commission to take coherent action to promote and encourage a cooperative research effort, in part by facilitating the flow of information between undertakings and between the various research centres;
19. Suggests that the Member States should give serious and positive consideration to the desirability of measures to ensure a more rapid amortization of research expenditure, particularly expenditure on environmental research;
20. Welcomes the recent ERGA<sup>2</sup> report on noise and the resulting Commission proposal for a Council directive to reduce the permissible sound level of each category of vehicle<sup>3</sup>, as well as the ERGA report on pollution and exhaust emissions; requests, therefore, that action be taken on these initiatives at the earliest opportunity;
21. Considers that the effectiveness of action to safeguard the external environment depends on the coordinated study and rapid adoption of measures to bring about a marked improvement in motor traffic conditions in large towns. There is an equally urgent need today for measures to complete the work of linking up the transport networks of the Member States; the construction plans should be such as to minimize costs and maximize the free movement of persons and goods;

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<sup>1</sup> Mentioned in Article 3 of its proposal for a Council directive amending Directive 70/157/EEC on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles (COM(83) 392 final).

<sup>2</sup> Ad hoc Group on the Evolution of Regulations - Global Approach (ERGA) - Noise

<sup>3</sup> COM(83) 392 final, op. cit.

## The internal market and competition policy

22. Notes that no solution has been found as regards the elaboration of a Community authentication scheme for industrial products from third countries, which is preventing the adoption of the harmonization directives relating to windscreens, tyres and maximum permissible weights for trailers and hence the introduction of a Community type approval certificate for motor vehicles;
23. Considers that a determined effort must be made to achieve complete unification of the intra-Community market by freeing it of all remaining barriers and obstacles;
24. Points out that there are still substantial differences in the net retail prices (before tax) of motor vehicles in the Community countries, but notes that the Commission has recently studied - in the twelfth report on competition<sup>1</sup> - the problem of prices policy in the automobile sector;
25. Regrets that the conclusions reached by the Commission are too vague to satisfy Parliament's request<sup>2</sup> to be informed of the extent to which the real causes of the price discrepancies derive from actual market conditions such as different rates of value-added tax, special registration taxes, price controls and price regulation measures. Calls on the Commission therefore, to produce a more exhaustive study of the relevant factors as a vital precondition for eliminating illegal obstacles to individual parallel imports;
26. Notes that the Commission recently published a draft regulation<sup>3</sup> on the application of Article 85(3) of the Treaty to certain categories of motor vehicles distribution and servicing agreements; the Committee on Economic and Monetary Affairs will give its opinion on this matter in the near future;
27. With regard to the discrepancies in market conditions, requests the Commission to report to it on the possibility of adopting measures for the harmonization of basic economic conditions, particularly for the harmonization of fiscal policy in the automobile sector;
28. Calls on the Commission to provide information promptly and regularly on the results of the Community arrangement for ex post facto monitoring of public aid given to the automobile industry;

<sup>1</sup> Pages 187 to 193

<sup>2</sup> Paragraph 7 of its resolution on competition in the automobile market (OJ No. C 42, 14.2.1983, page 60)

<sup>3</sup> OJ No. C 165, 24.6.1983

## External trade policy

29. Notes that differences of opinion continue to exist within the Community countries, and between the various governments, on questions related to common commercial policy and on the conditions under which third country manufacturers might be incorporated into the Community's economy; insists on the need for an agreement at Community level to:
- maintain a common position in trade negotiations with Japan, bearing in mind the need to restore the import/export balance with that country, thereby creating the conditions for the elimination of all unlawful obstacles to the movement of third country products within the Community;
30. Takes note of the general agreement negotiated between the Community and Japan providing for moderate increases in the numbers of Japanese motor vehicles exported to the Community, but considers that the respite it gives to European manufacturers is too short and too uncertain;
31. Points out in this connection that exports of Japanese motor vehicles to the Community increased by 23% in the first five months of 1983, though starting at a lower level than in 1982, and that the resurgence of Japanese car exports reported in recent weeks may herald further serious problems for the Community automobile industry;
32. Considers it legitimate policy, however, to encourage exports of Japanese know-how and capital for the European car industry in the form of joint ventures; such investments and the resulting cooperation with Community car manufacturers might well be to the good, but calls attention in this regard to the conditions specified in paragraph 26 of its previous resolution. Points out once again that recommendations as to the minimum number of components to be produced locally are not in themselves sufficient and that it is essential to avoid technological dependence on Japanese manufacturers if the competitiveness of the European automobile industry is to be maintained in the long term; calls for the definition of local content to be reformulated;
33. Draws attention to the continuing serious imbalance in trade in motor vehicles between Spain and the European Community; stresses the need to examine this problem as a matter of priority in the context of the negotiations on Spain's accession to the Community;

## Industrial structure

34. Notes that increased automation and the growth of robotics have already had a significant impact on the automobile industry in terms of substantial productivity gains. These developments will continue to alter the character of production lines and bring a higher degree of flexibility to the manufacturing process; in consequence, the size of undertakings will not in future be the sole decisive factor in increasing competitiveness, and further large concentrations in the Community automobile industry will not be absolutely essential; thought must be given, however, to the adoption of Community measures to strengthen the industrial structure in the components industry;
35. Hopes that the Commission will contribute generously to the financial measures which undertakings have adopted or are adopting with a view to making a concerted effort to establish appropriate scales of production and improve the standards of their end-products;

## Social aspects

36. Notes that its request concerning the organization of a trade union liaison and information system to provide estimates of employment levels in the sector has not met with a coherent response from the Commission;
37. Expresses concern at the rapid decline in employment in the sector in certain Community countries;
38. Points out that further, essential technological and organizational adjustments and unsatisfactory sales trends could cause a further undesirable loss of jobs in the Community automobile industry as a whole;
39. Calls on the Commission to provide for, in agreement with the national governments and local authorities, the development of large-scale programmes affording secure alternative employment, with a view to preventing the emergence of relatively depressed zones in the automobile manufacturing regions;
40. Considers that, on the evidence of past trends and likely future developments, more effective action is needed at Community level to ensure that the general measures outlined in paragraphs 30 to 34 of its previous resolution are implemented; stresses, in particular, the key importance of the vocational training and retraining measures;
41. Instructs its President to forward this resolution to the Council and the Commission.

MOTION FOR A RESOLUTION (DOCUMENT 1-1042/81)

tabled by Mr COTTRELL, Mr HORD, Mr PURVIS, Mr NEWTON DUNN, Mr de COURCY LING, Mr TUCKMAN, Mr FERGUSON, Mr JACKSON and Mr de FERRANTI

pursuant to Rule 47 of the Rules of Procedure

on a review of the market in car exports

The European Parliament,

- mindful of the necessity to preserve the common market in goods and services,
- aware of the historically high level of car prices within the United Kingdom and the advantage that this has conferred on domestic manufacturers and importers alike,
- considering that the situation is a breach of the Treaties,
- supporting the British Government for its decision not to create barriers against personal imports of lower priced cars,
- concerned at reports that a number of manufacturers are imposing artificial barriers to free trade, namely surcharges, lengthy delivery times and lack of price guarantee on delivery for right-hand drive cars purchased on the continent of Europe,

1. Requests the Commission:

- (a) to undertake an urgent review of the market in car exports
- (b) to discharge its duties concerning free trade as laid down in the Treaties, particularly with regard to exports from the mainland of Europe to the United Kingdom
- (c) to act against individual manufacturers who distort the market to maintain artificially high profit margins.

2. Decides that the Council must urgently approve a Community system for giving Type Approval Certificates to imports from third countries in place of the present national type approval procedures, thereby enabling no less than 21 Directives to be approved and so removing non-tariff internal barriers to trade in several vital areas, including motor cars.

3. Instructs its President to forward this resolution to the Commission and the Council.

MOTION FOR A RESOLUTION (DOCUMENT 1-196/82)

tabled by Mr ALMIRANTE, Mr BUTTAFUOCO, Mr PETRONIO and Mr ROMUALDI  
pursuant to Rule 47 of the Rules of Procedure  
on the Community motor vehicle market

The European Parliament,

- (a) considering the predominant role of the motor vehicle industry in the economies of the Member States;
  - (b) having regard to the high percentage of employment created by this market, including all the industries involved in the manufacture of the finished product;
  - (c) noting that national compartmentalization causes fluctuations in the purchase price for the same model and the make of car between individual countries of the Common Market;
1. Calls on the Commission to draw up a series of measures to bring uniformity to the Community motor vehicle market;
  2. Urges the Council and the Commission to ensure that Community regulations on competition, as laid down in the Treaty of Rome, are respected;
  3. Instructs its President to forward this motion for a resolution to the Council and the Commission.

MOTION FOR A RESOLUTION (DOCUMENT 1-1149/82)

tabled by Mrs HOFFMANN, Mrs DE MARCH, Mr FRISCHMANN, Mr PIQUET, Mr DAMETTE,  
Mr FERNANDEZ and Mr WURTZ

pursuant to Rule 47 of the Rules of Procedure  
on the need for development of the car industry

**The European Parliament,**

- A - having regard to the present economic difficulties in the car industry,
  - B - having regard to the rising car imports from third countries, especially Japan,
  - C - having regard to the need for each Member State to consolidate and develop an industry which is so vital to employment, technical advance and growth,
1. Calls upon the Commission and Council to adopt a most firm stance in trade talks with third countries;
  2. Considers the vital question to be the ways and means of developing the car industry according to need;
  3. Invites each Member State to consider:
    - (a) how outlets for and sales of cars might be increased with particular reference to wage and salary increases among the lowest paid, which would effectively encourage an expansion of the market and of production, as well as questions relating to types of vehicle in terms of their suitability to real needs and to requirements of energy saving, etc.;
    - (b) improvements to productivity (essential to the ability to compete) and to working conditions by the introduction of advanced technology (robotics, flexible production facilities... ) and training for the workforce;
    - (c) the requirements for industrial and trade cooperation between the Ten, especially as regards:
      - technological research (research projects on robotics for production lines, energy saving, and raw materials for manufacture...)
      - upward harmonization of working conditions, higher standards and reductions in working hours
      - imports from third countries (especially Japan), in view of the need to develop the European car industry;
  4. Requests the Commission, Council and the Member States to make proposals to this effect;
  5. Instructs its President to forward this resolution to the Commission, Council and each Member State.

