



Serving the Irish Motor Industry

# Irish Motor Industry Perspective

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# Three Key Parties

- Industry
  - Research & Development Vehicle Technology
  - Further developments in vehicle technology
  - Increased use of alternative fuels
- Government Improvements required:
  - Public transport
  - Infrastructure/Traffic Management
  - Environmental Policies - Electric Vehicles
  - Environmental taxation/labeling etc
- Individual:
  - Changes in driving style and car use/ Eco Driving
  - Sound environmental decisions purchasing/using



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# Motor Industry

- In Europe over the past decade 50 new CO2 technologies introduced
- Reducing emissions by over 13%
- Invests €20 billion (4% turnover) per year in Research & Development
  - €10 Billion focused on tackling Environmental challenges



# Motor Industry

- Research:
  - Refining conventional engines
  - Improving aerodynamics of cars
  - Reducing rolling resistance
  - Decreasing the mass (weight) of the car
  - Hybrid vehicles
  - Electric Vehicles
  - Combustion & fuel cell hydrogen engines
  - Use of alternate fuels



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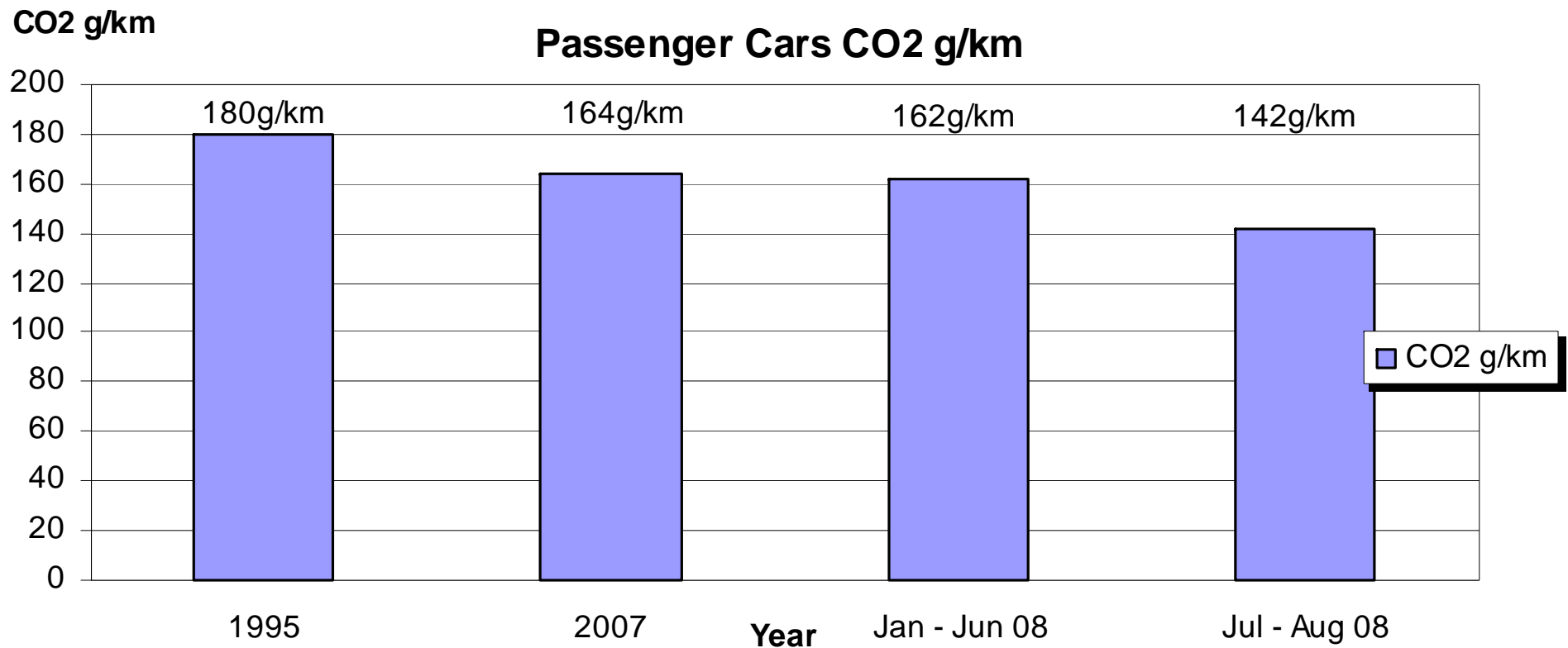
# Emissions in the EU

- 13% decrease in CO<sub>2</sub> for new cars in the last decade through vehicle technology
- Emission levels of 100 of today's cars = 1 car in 1970's
- Major part of CO<sub>2</sub> emissions is now caused by:
  - Older cars in the fleet
  - A lack of traffic management
  - Increased mileage

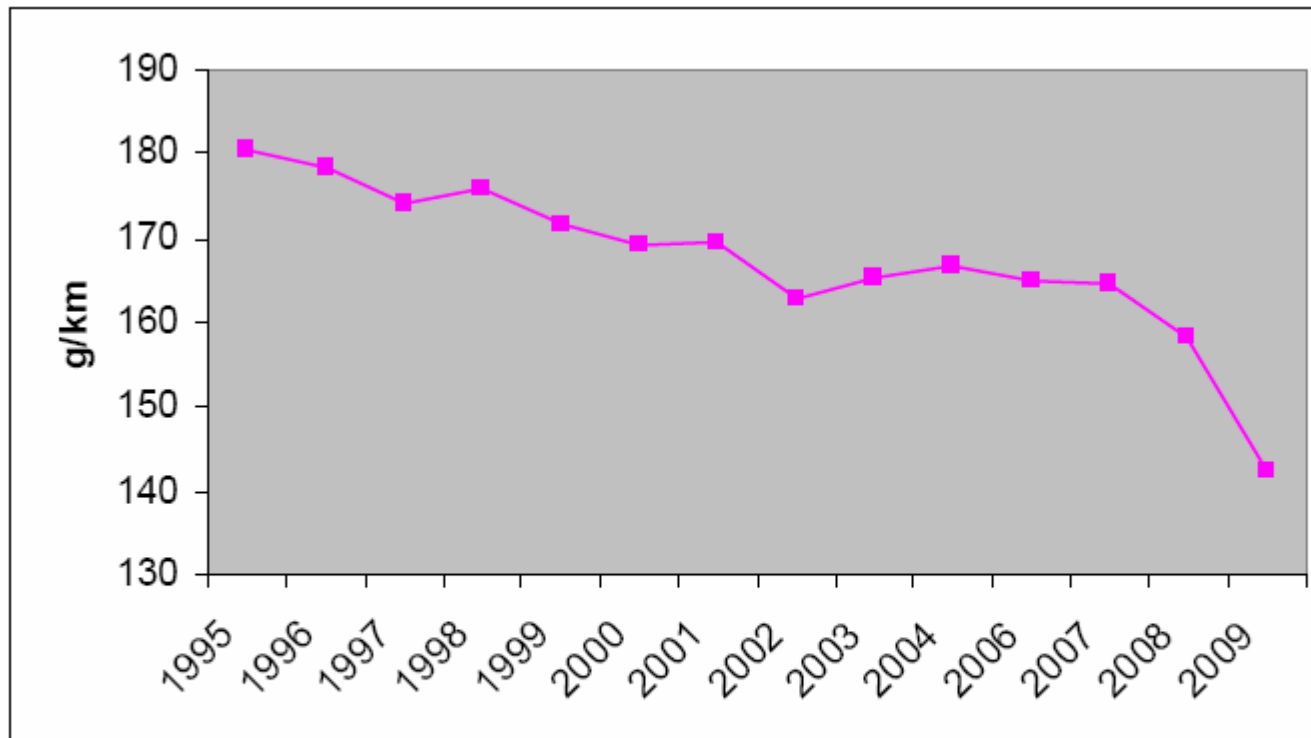


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# CO2 Emissions from New Cars in Ireland



# CO2 Emissions from New Passenger Cars in Ireland 1995 – 2009



Source: Monitoring of ACEA's commitment on CO2 Emission Reduction from Passenger Cars (1995 – 1999), 2000, 2001, 2002, 2003 and 2004; Monitoring of JAMA's commitment on CO2 Emission Reduction from Passenger Cars (1995 – 1999), 2000, 2001, 2002, 2003 and 2004; Monitoring of KAMA's commitment on CO2 Emission Reduction from Passenger Cars (1995 – 1999), 2000, 2001, 2002, 2003 and 2004.

\* Estimated Figures 2008 and 2009: Goodbody Economic Consultants



# 1998 Voluntary Agreement

- Motor Industry and the European Commission
- To help achieve the EU Community's Kyoto goals
- Reduce the average Co2 emissions for new cars to:
  - 140 g/km by 2008/9
  - 120 g/km by 2012
- Through:
  - Vehicle Technology
  - Taxation measures
  - Labelling schemes



# Three Key Parties?

1. State – Legislative & Fiscal Policies
  2. Motor Industry – Development of Technology
  3. Consumer/Motorist – responsible choices
- Much of Planning seems to exclude 2 & 3
  - How could that deliver success?
  - Need to engage 2 & 3



## CO<sub>2</sub> Cannot be Tackled by the State Alone

- Motorists & Motor Industry - Part of Solution
- Impact of Market situation can be Crucial
- Requires Industry to be Part of Strategy & Industry Must take Responsible Approach
- Industry Must Take Long View & can make
- a Contribution – CO<sub>2</sub> Labelling
- Industry Expert Partner - not a Threat



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## Ireland's Vehicle Population Growth

- 1987                    1 Million
- 1997                    1.5 Million
- 2007                    2.5 Million

## Ireland's Car Population Growth

- 1987                     $\frac{3}{4}$  Million
- 1997                    1 Million
- 2007                    2 Million



# Budget 2008 – New CO<sub>2</sub> System

- VRT & Road Tax Change to CO<sub>2</sub> Basis in 2008
- 6 Month Lead-in to 1<sup>st</sup> July
- Economy then Very Strong – Great Confidence
- Irish Car Market Front-Loaded - 60% in First Quarter
- January 2008 – the Best January Ever!



# After Budget – Into 2008

- Economy Slows – Enters Recession
  - Lack of Consumer Confidence
  - Lack of Spending
  - Lack of Availability of Finance
  - Cost of Living
  - Cost of Motoring
  - Concerns Regarding Employment
- Dealers Huge Used Car Stocks – Not Selling
  - Overstocked by 30%
  - Fall in Value by 30%
  - New Car Sales Affected by inability to take trade-ins
  - Influx of Used Cars from UK - Fall in Value of Sterling



## Before Change to CO<sub>2</sub> System

- Motoring Taxes Contributed €6Billion in 2007
- Vehicle Registration Tax & VAT Contributed €2Bn in 2007, €1.5Billion in 2008
- New Car Registrations increased from as low as 56K to 186K in 2007
- 2009 looks May be as low as 50K or as high as 100K - a long way from 186K
- Govt Revenue Down to €½Billion
- CO<sub>2</sub> Benefits Lost!



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# Average CO<sub>2</sub> Emissions New Cars

- 2007 - 167G/Km Average Full Year (186K Cars)
- 2008 - 162G/Km to end June (124K Cars)
- 2008 - 142G/Km July to Year end (27K Cars)
- 2008 - 162G/Km Average Full Year (151K Cars)
- 2009 - 142G/Km New Cars (20K Cars/60K in '08)
- 2009 - 159G/Km Used Imports (12K Cars/10K '08)
- 2009 - 150G/Km Avg. All Cars (32K Cars/70K in '08)



# Market Penetration for Electric Vehicles

- New Cars in 2007 10% of Car Parc Replaced
- New Cars in 2009 could be 2.5% Replaced
- CO2 reduction based on new Technology is slowing.
- 250K Electric Cars in 12 Years
- 11% of Sales based on 2007 levels
- 30% to 40% Based on current Levels



# Concerns

- Economic Downturn - Negate Gains Made
- CO2 emissions don't Improve with Age!
- What If?:
  - Range & Performance not delivered
  - Investment in Technology may Slow Down!
  - Infrastructure not in place – Huge Challenges
    - Home
    - Car Parks
    - On Street
    - Refuelling Sites/Batteries



# Concerns

- Electric Vehicle Technology Hugely Exciting & deserves enthusiastic Support.
- Danger of putting all hopes in Silver Bullet
- We can work on progress Now – while we are waiting!
- Huge Strides can be made with Known Technologies – reductions over next 12 years
- Traffic Flow, Driver Behaviour – Many Key Areas

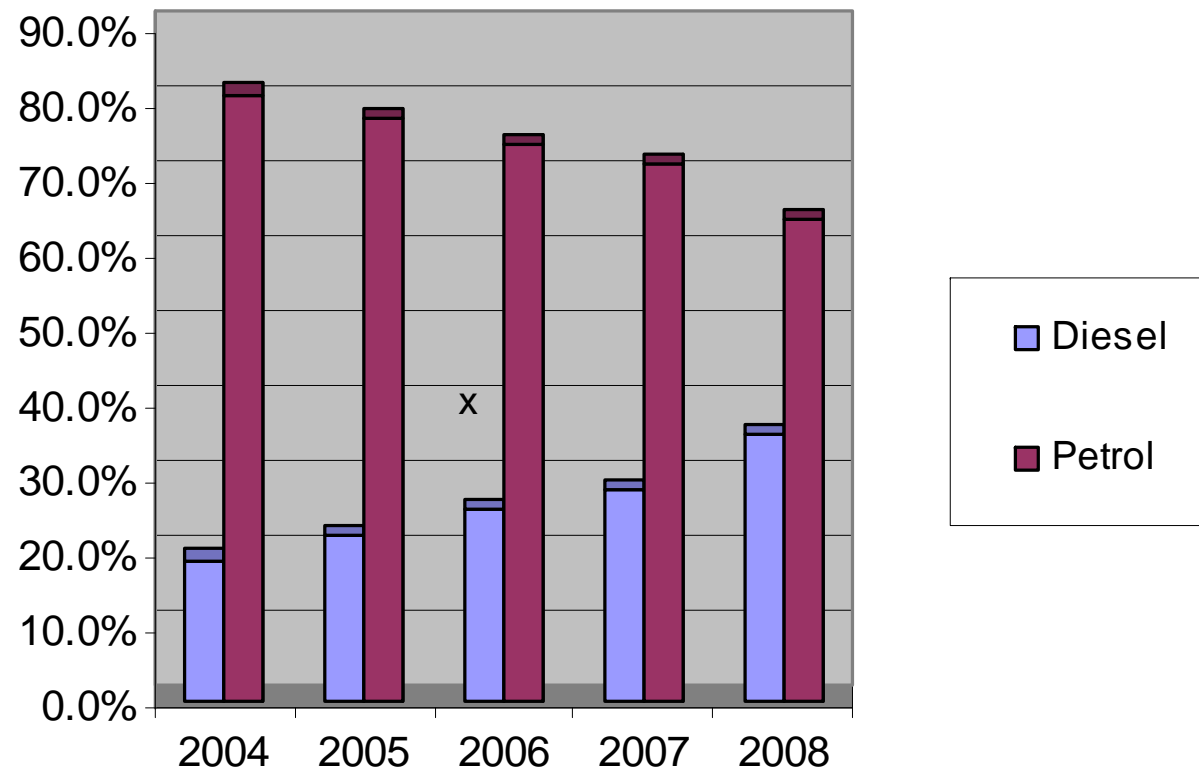


- Most Exciting Time
- Huge Developments & Breakthroughs Due
- Breakthroughs Possible in Unexpected Places, from Unexpected Sources & producing Unexpected Solutions
- Avoid putting all Hopes in Single Technology
  - Diesel
  - Electric Vehicles
- Support Widest Range of Possibilities – Best Path for Future May Surprise Us All



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# Petrol v Diesel New Car Sales in Ireland





## Behaviour – a Key Driver

- CO2 Challenge Requires Us All to Assist
- Does Not Need to Be Seen As Dull or Penal
- “Need to Change Drivers Behaviour”
  - Buying & Use Choices
- Surprised that Policy development often excludes those who need to be won over.
- Behaviour being the Key – Policy development Dominated by Techies and Economists
- Will Force them to Change – wrong Approach
- Costs will make them Change – will it always?



## Need to Change Behaviour

- Behaviour is a Key Driver
- Policies – Often Left to Economists & Engineers
- “Make them give up their cars”
- Punish them/make it cheaper to do right thing
- A lot of behavioural studies into Environmental decision making by consumers
- Example – congestion charges will stop people driving in City



# Need to Change Behaviour

- Behaviourally Decisions are not Once-offs
- Each Decision is made within a specific “Frame”
- Cost of driving to town may influence me
- But so will the weather on a wet morning
- There is an incredible level of Concern and Goodwill toward helping the Environment.
- It only Requires us to:
  - Engage those who need to Change/Contribute
  - press the right buttons