

Brussels, 27th June 2018

The business model of integration and coordination

The automotive industry is a textbook example of how cross-border cooperation fosters competitiveness, jobs and innovation. Illustrations of this rule of thumb are plentiful these days, as is the realisation that this business model has come under threat.

Take Brexit: CLEPA member [SMMT](#) warned this week that investments are at risk because of unclarity around the future trading conditions between the UK and Europe. Parts and components cross borders multiple times before being assembled into the final product, a vehicle. Car manufacturers joined in the chorus warning that just-in-time delivery is endangered, with multiple days of delays in shipments predicted caused by administrative and customs burdens once EU membership ends. Negotiators need to end the uncertainty, first of all, but also find a solution that sustains trade as frictionless as possible.

Similar worries are voiced in response to President Trumps imposing of tariffs on steel and aluminum, and potential further measures to hit cars and automotive parts. Vehicle parts suppliers operate in an integrated, intricate global supply chain. The industry's growth in the last decades has been fostered by the expansion of new markets due to public policy that supported international trade. This has resulted in wealth creation across regions, as economies of scale and boundless logistics could be merged with local manufacturing strategies close to the customer, underpinning the competitiveness of the industry and its products, facilitating the creation of highly skilled jobs, and lowering prices for consumers. Forging positive trade relations with key global partners, therefore, remains an important objective to pursue.

A point in case was presented by a coalition of downstream users of steel – including the automotive, construction equipment, agriculture machinery, home appliance and technology industry sectors – writing this week to the European Commissioner for Trade, Cecilia Malmström, to express concerns on the EU safeguard investigation into steel products launched in March. The application of ever greater layers of protection for it will ultimately only have a negative impact on downstream users of these products, the [letter](#) argues.

Another important enabler of the global value chain concerns harmonisation and cooperation in the field of technical requirements. Here, more positive news is there to report. CLEPA, founding member of the European Automotive and Telecom Alliance (EATA), participated in the 3rd Ministerial High-level Meeting on Connected and Automated Driving last month, to assess [progress](#) and challenges to getting connected and automated vehicles on Europe's roads in a far-reaching, coordinated manner.

Importantly also, the UN-ECE World Forum for Vehicle Regulations (WP.29) last week adopted a new structure to give the highest priority to activities on automated, autonomous and connected driving, recognising the need to timely address the fast pace of technological developments in that field. CLEPA will provide the secretariat role in the newly established Task Force on Automated Vehicles "TF AutoVeh" of WP.29, dedicated to the development of a global vision and set of principles for safety assessment and certification of highly automated vehicle functions. This will be a completely new assessment regime to provide reassurances concerning highly automated vehicle safety performance under real life traffic conditions.

Cooperation is a key ingredient, too, in research & innovation, as was demonstrated during the 3rd CLEPA [Innovation Awards](#) Gala earlier this month in The Hague. For the first time, special recognition was given to high-flying SMEs, recognising ingenuity and resourcefulness among smaller- and mid-sized companies, that are equally an integral part of the global value chain. Ultimately, innovation remains at the heart of the automotive suppliers' strategies to maintain their leadership and competitiveness.

Sigrid de Vries
CLEPA Secretary General

Note to the editor:

CLEPA represents over 3.000 companies supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over 20 billion euros yearly in research and development. Automotive suppliers in Europe employ nearly five million people across the continent.

For more information, please contact: Pilar Perez (p.perez@clepa.be)