





AUTOMOTIVE

Green shoots for the
automotive industry





Dr Paul Nieuwenhuis

Green shoots in Wales' automotive sector?

Dr Paul Nieuwenhuis

Despite tentative signs of a recovery in the car market, some caution is still called for. Cuts and rising job insecurity in the public sector have a negative effect on this largely private car-buying segment. This could undermine some of the growth seen in the fleet sector.

Scrappage incentives offered in several markets in recent years have helped some car manufacturers ride out the worst of the recession. As a result, much of the car industry is infused with a sense of optimism, feeling they got off lightly. German manufacturers have also been adept at selling into the buoyant Chinese market. Automotive suppliers in Wales benefit from this.

Yet some inefficiencies remain. Also, new product requirements are imposed on the industry by tightening emissions standards, particularly on CO₂ reduction. After the failure of a voluntary agreement, the Commission imposed strict limits on the average amount of CO₂ per car the industry's products are allowed to emit. The limit of 130 g/km by 2015, compared with an average of around 160 g/km in 2008, was vigorously opposed by many in the industry. Yet the combination of new, much improved products, consumer caution during the recession and the scrappage incentives that largely benefited smaller, lower CO₂ emitting cars, mean that, ironically, the EU is on track to meet the 130 g/km limit by 2012, the date originally proposed by the Commission. This is only a first step. With proposals already in place for a 95 g/km limit for 2020, the industry is putting its supply chain on a low carbon diet with potentially transformative effects on both cars and car making.

The research base in Wales is particularly strong in this area. Local universities have expertise ranging from lightweight vehicle engineering, through hydrogen and fuel cells, to smart grids, the latter in Cardiff University's new Electric Vehicle Centre of Excellence. The Centre for Automotive Industry Research at Cardiff Business School, with its strong links with the ESRC BRASS centre, has long been leading forward thinking about the future and a more sustainable car industry, combining sustainable cars with a more sustainable car industry business model. With a 20-year track record, it has a global reputation in this field, having advised legislators both at home and as far afield as China and Australia. It has also provided inputs into CO₂ reduction policies and its innovative business models have been adopted by a number of new entrants.

Wales is well placed to benefit from this transformation. Engine plants already make low emitting engines, while WAG policies have encouraged low carbon vehicle specialists to set up shop in Wales. These are still small scale, but if this small cluster takes root it could form the basis for a new low carbon specialist vehicle sector. The move towards electric cars is inevitable and Wales is well placed to generate the green electricity needed to make these truly zero emissions vehicles. It is important, though, that this momentum is not lost.

[Universities have expertise ranging from lightweight vehicle engineering, through hydrogen and fuel cells, to smart grids, the latter in Cardiff University's new Electric Vehicle Centre of Excellence. The Centre for Automotive Industry Research at Cardiff Business School, with its strong links with the ESRC BRASS centre, has long been leading forward thinking about the future and a more sustainable car industry.]



[**Cardiff Business School**
Cardiff University
Aberconway Building
Colum Drive
Cardiff CF10 3EU
Tel: 02920 87 5132
www.cf.ac.uk/carbs