
The Automotive Industry: Current issues and future challenges

Copenhagen, May 21st 2012

Agenda

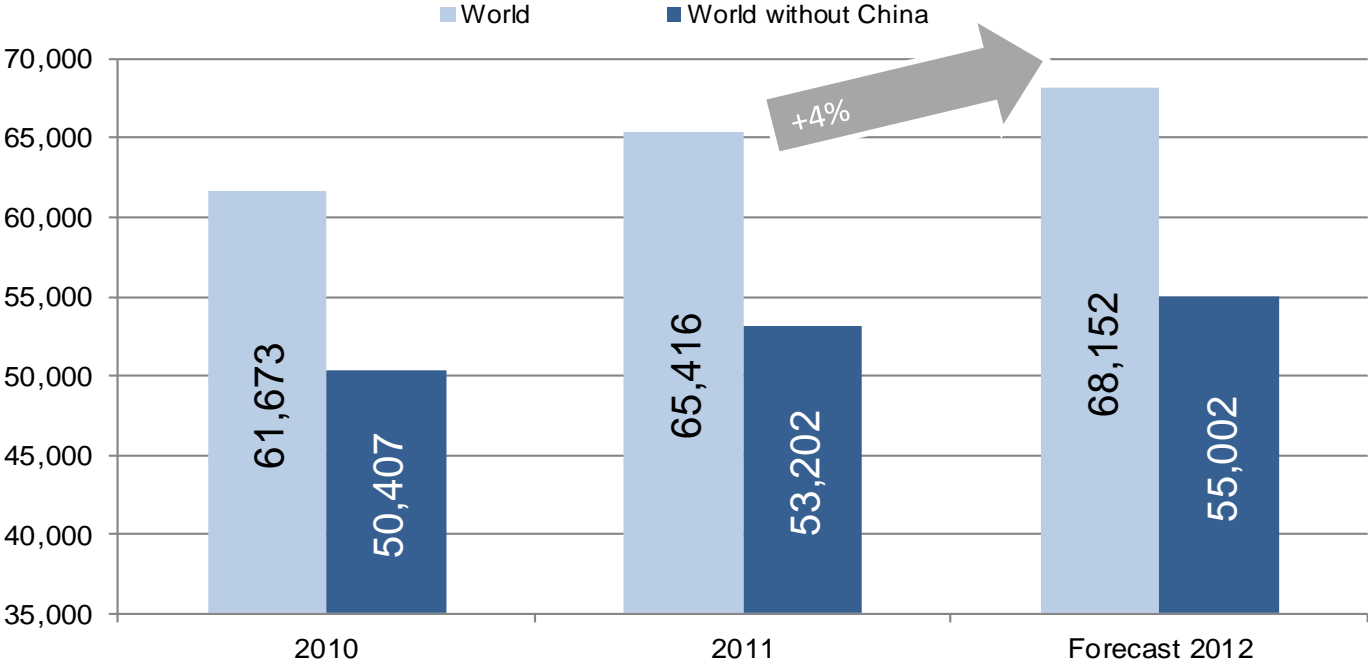


I Market Trends Automotive

II Raw Material Issues

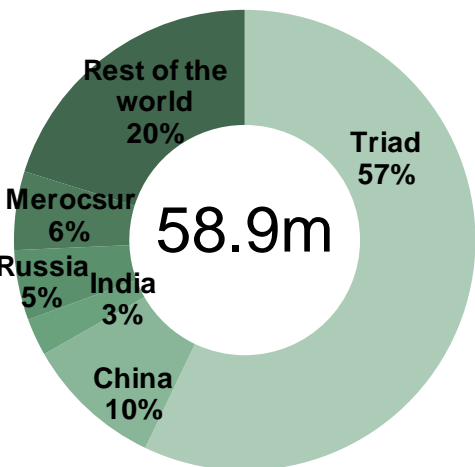
III How to deal with it?

Global Passenger Cars Sales Outlook

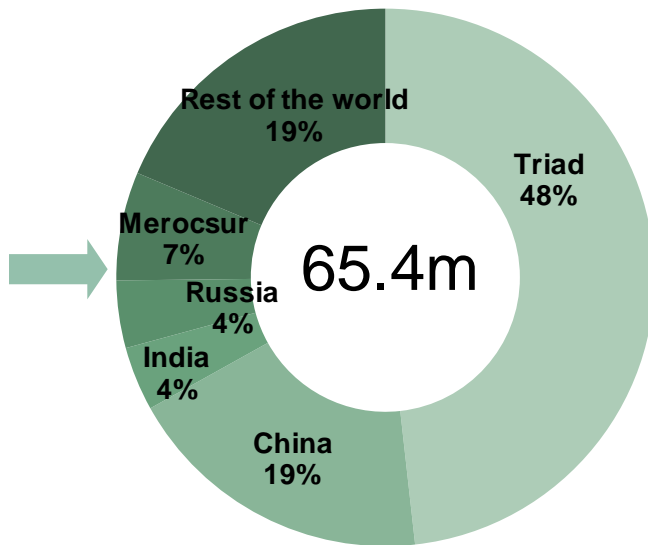


Challenges Ahead: Structural Shift of PC Demand

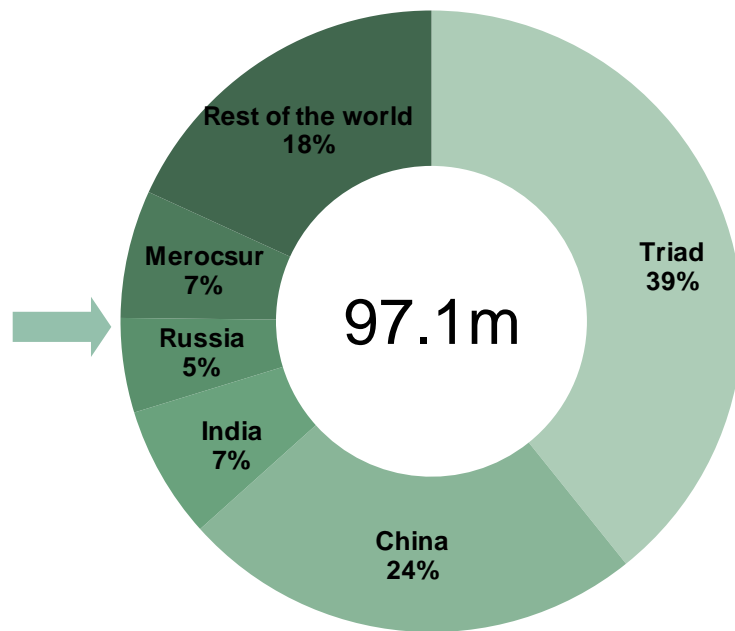
2008



2011



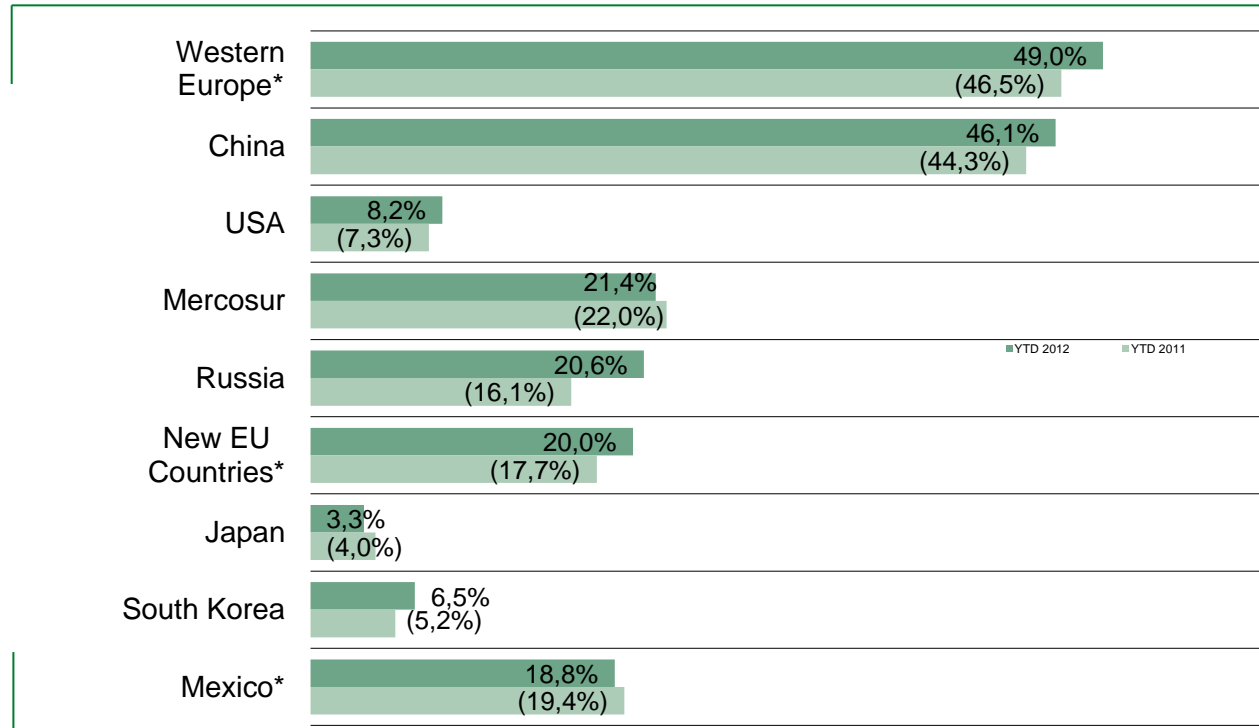
2020*



Market Share of German OEM



Share of Passenger Car Sales in selected Regions



Summary I



- Markets will shift further towards emerging countries
- German AI is well positioned to benefit from growing markets globally
- Domestic Production and local presence are two pillars of one strategy

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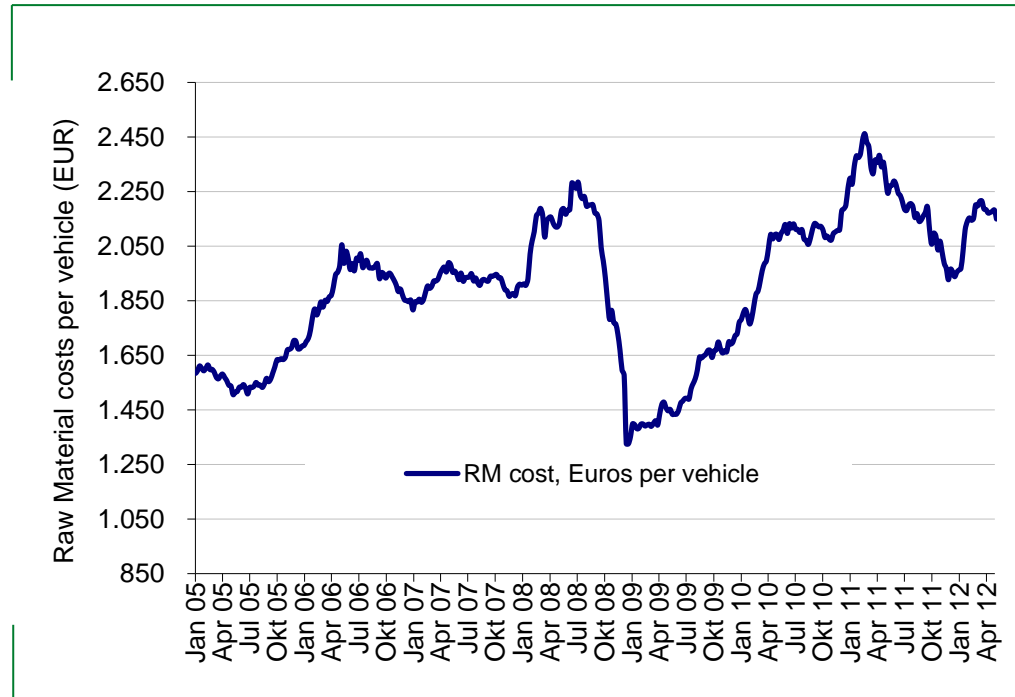
III How to deal with it?

Average Raw Material Cost per Vehicle



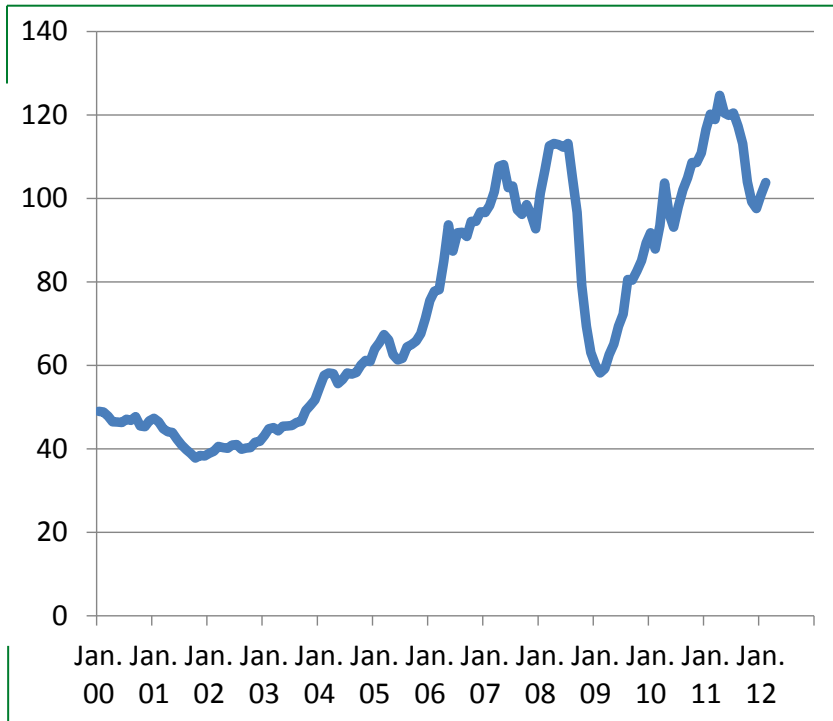
Between 2005 and today:

- Min of € 1,300
- Max of €2,470

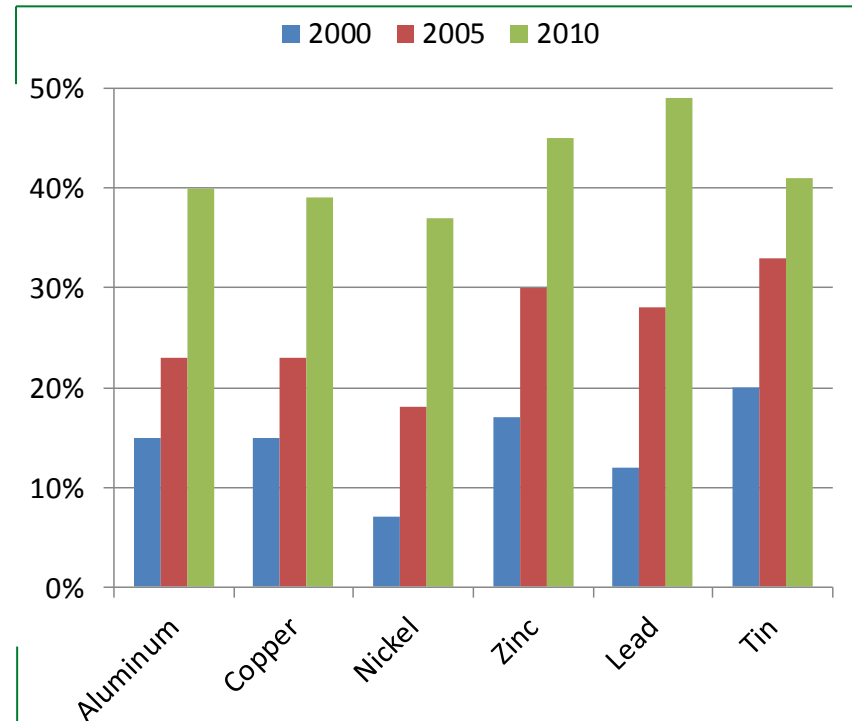


Challenges: Commodities Markets

Industry Raw Material Prices (Index 2005=100)



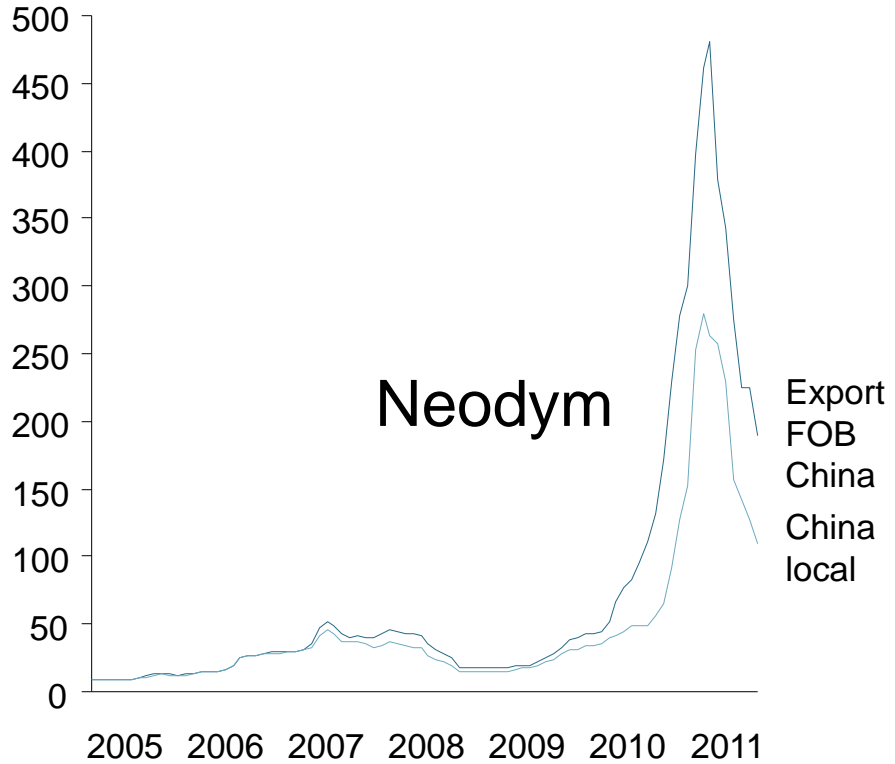
China's Share on Global Demand



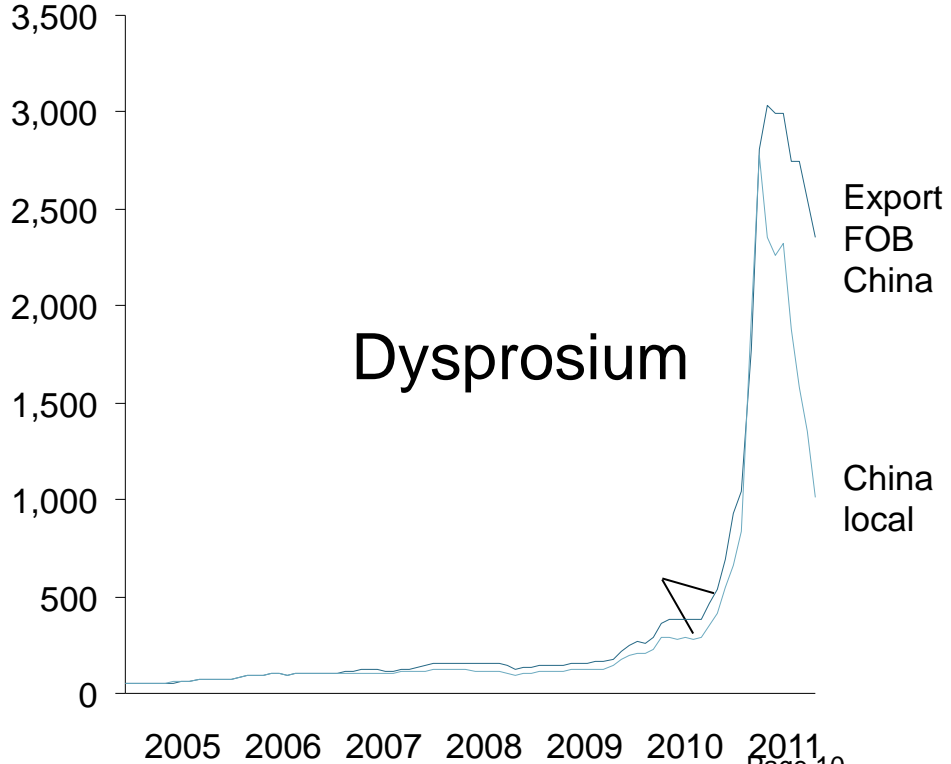
Price development Neodymium & Dysprosium metal – 01/2005 to 03/2012



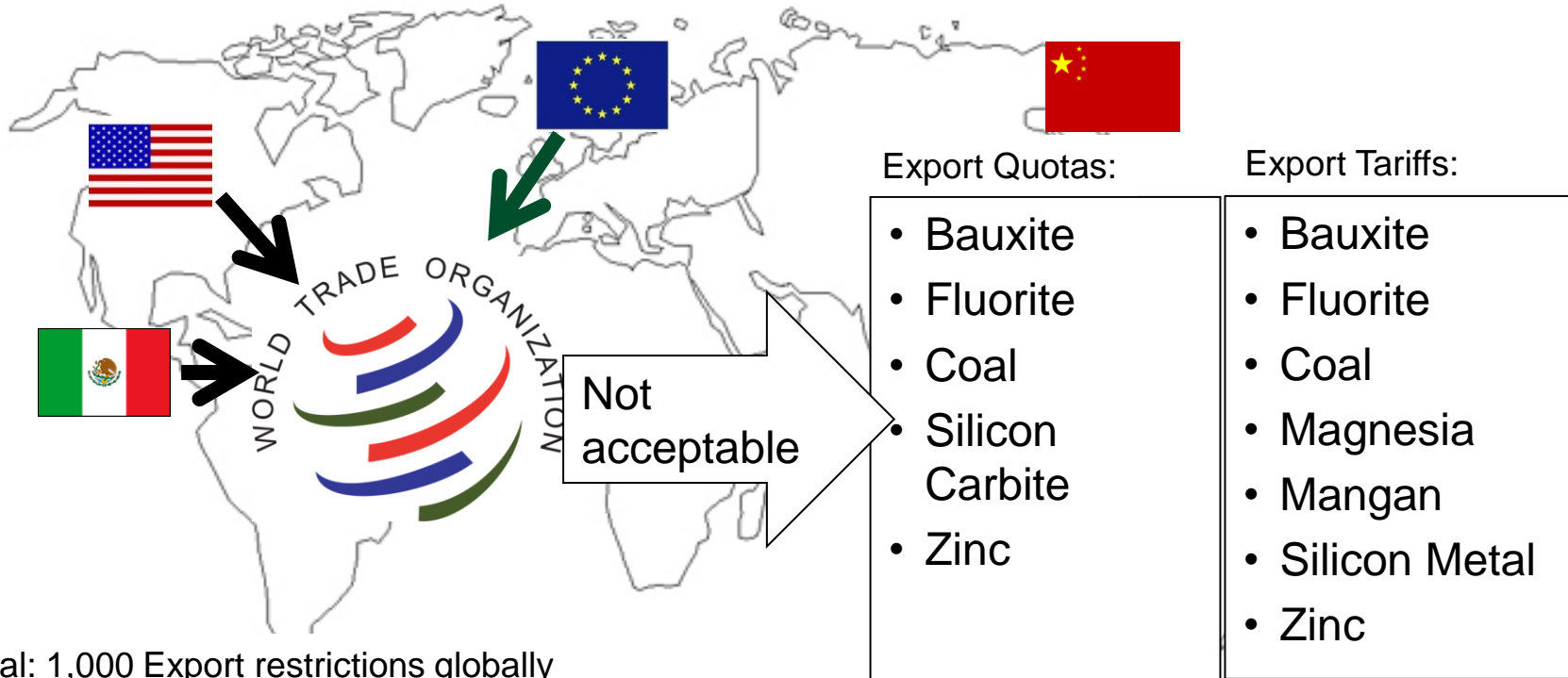
[USD/kg]



[USD/kg]



Raw Material Trade: WTO on China...



In total: 1,000 Export restrictions globally
Over 150 from China alone!

- Raw material prices and volatility became a major challenge in the automotive value chain
- Purchasing of raw materials became a strategic issue
- Intense competition also on the demand side!
- Not always fair play in global trade of raw materials, RM are a political issue

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III How to deal with it?

- 1) Raw Materials as a political exercise
 - 1) EU: Raw Material Initiative, since 2007
 - 2) Germany: Raw Material Strategy, since 2007

- 2) Industrywide solutions: „Allianz für Rohstoffe“

- 3) Raw Material issues as a key topic for associations

Raw Material Strategy in Germany



Interlock policy fields in order to

- identify raw material issues of the industry and to develop
- Inter-agency policy approaches to tackle those issues

- Lead by BMWi (Federal Ministry of Economics and Technology)
- Involves trade-, foreign-, development-, educational policies
- Started in 2007, Germany lead the way in Europe



Raw Material Alliance as

- A strategic tool to secure raw material access for German industry
- Founded and funded by the industry itself
- Profit-oriented approach
- Political support, not financial support
- Currently driven by 12 companies
 - Several major automotive companies onboard!

- Raw Materials became a topic in politics
 - Policy initiatives to provide political frame and support
- Despite political „help“, it remains an industry's task
 - Industries joint effort: „Rohstoffallianz“
- Raw Materials also became an issue in associations such as VDA
 - Provide a network of information on markets and political issues