

Environmental policy on emission levels

Business



At beginning of this report will look at environmental policy on emission levels from vehicles. Furthermore, the impact of Single Market on the car manufacturing sector will be explored. Finally, the SOOT analysis will be applied to analysis the European automobile industry in the context of business environment. Background The automobile industry is one of Rupee's key industries, which has been exerting a far-reaching impact on the modern global economy. In the meantime, it has been influenced by the context of EX. as well.

There can hardly be any doubt about the world-class car industry of EX. is an engine for growth, exports, innovation, and Jobs. The EX. car industry plays a key role in Rupee's economic prosperity, according to usuries, " presenting an annual turnover of approximately ?-780 million and more than 18 million motor vehicles per year were manufactured, at the same time, reaching ? -60 billion of the trade surplus and volume of the exports amounting to ? -125 Focus 2009).

In addition, with rapid development of the European car industry in period of two years, it represents 4% of GAP and a ?-90 billion trade surplus (in 2011).

Besides, 12 million sector-related Jobs were provided, including more than two million direct Jobs and an additional ten million indirect Jobs in both rage companies and Seems (7% of total European manufacturing employment).

So it as a whole (automotive producers, supply chain and aftermarket, including thousands of Seems) is of strategic importance to the European economy and employment" (Europe 2012). With investment of approximately ?-30 billion annually in R&D, Rupee's auto sector has become

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the largest R private investor in Europe. There is a strong linkage between automotive manufacturer and many key supplier sectors, including electronics, mechanical and electrical engineering, information, technology, steel, chemicals, plastics, metals, and rubber (E Focus 2009).

However, because of the mutual dependence of the automotive supply chain, any downturn in the auto sectors could cause the depression of the European economy as a whole, which is a serious ripple effect.

“ The automobile industry is one of the sectors which have been hardest hit by the current economic crisis. In 2008, sales of new cars in Europe fell by 8% and they can be expected to fall further in 2009” (Europe 2009).

There is no denying the fact that the automotive industry means being able to bring economic growth, innovation and employment, But in recent years, with the alleviation and the increasingly fierce market competition, labor cost of the EX. is increased and labor productivity is reduced, which would lead to the relocation of many production lines. Because of the Ex.

' s strict regulations on the increased cost of automobile manufactures and CO emissions issues, the European automotive industry is facing many crucial challenges, especially in terms of the environment Ana road satiety.

According to (European commissions CARS Group published its report that it sets out its vision for the European automotive industry for 2020, which recommendations are basically about helping to pursue a sustainable future delivering economic growth and Jobs whilst achieving in terms of vehicle safety and environmental performance, and at the same time delivering

products at a reasonable price” The effects of Environmental Policy on European car industry The European Commission identified a number of policy options which are closely linked to the automobile industry.

Environmental policy would be adopted in the European car industry to build safer vehicles and reduce CO emissions of new light duty cars from products in-use and production sites, and at the same time stimulates research and development. As argued by Harris & McDonald (2004), “ Environmental policy has become more essential in the EX. as a result of growing concern about the ecosystem, which appeared in the Paris Summit in 1972 and achieved treaty status in the Single European Act (SEA) in 1987.

And further legislation on emission level from vehicles has been proposed”. EX. road transport CO emissions present at a high level, which increased by nearly 23% of Ex.’s total emissions of carbon dioxide from 1990 to 2010. So it is so important for EX.

to concern and emphasis on reducing CO emissions. Subsequently, the Regulation (SEC) No 443/2009 was released and adopted that reducing the average emissions from vehicles registered in Europe to 130 g/km in the short term.

It also set a goal that the average emissions will be reduced further to 95g/km in 2020, while an assessment of the modalities to reach this target needs to be carried out through the other measures of environmental policy (European Commission 2012). In recent years, European auto manufacturers have significantly progress in reducing CO emissions in terms of the environment impact of vehicle.

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(see Figure 1; 2) Figure 1 Cars are equipped with more and more features to make them safer and more environmentally-friendly, the complexity of production increases as well, with negative effects on energy demand.

However, manufacturers constantly work on improving energy efficiency. As a result, energy consumption per vehicle produced has decreased by 6.5%.

Note-The figures include direct and indirect energy consumption, I. E.

From on-site and external energy suppliers. Hogue 2 CO emissions per vehicle produced decreased by 5%, mostly through efficiency increases, and somewhat helped by a warm winter in 2007. Differences in the trends on energy consumption (previous graph) and CO emissions have to do with changes in the energy mix available at the different production sites.

Note-As for energy, the figures include direct and indirect emissions, I. E.

From on-site and external energy suppliers Source: European automobile industry report at <http://www>.

Ace. Be/ After that, the EX. legislation set standards known as Euro 5 and Euro 6 that formulating the acceptable limit for particulate emissions from diesel cars and nitrogen oxide emissions respectively. Therefore, in order to achieve the goals of innovation and technology progress on the car industry manufactures, a significant investment in R aerogramme need to be adopted to follow the policy.

Additionally, the European Green Cars Initiative also has been launched by the European Commission to promote research on greening of road transport and industrial innovation, such as hybrid and electric vehicles.

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It will be a quantum jump that making good use of renewable and non-polluting energy sources. And at the same time the European Investment Bank (EIB) will provide loans to car manufacturers and suppliers to support industrial innovation, particularly those technologies designed for improving the environmental and safety performance of automobiles (ACE 2009).

The environmental policy has positive effect on the CO emission-reduction from automobile manufacturers. In order to come up with the policy, a comprehensive package of measures were adopted to stimulate technologically-advanced and energy innovation to catch up the technology possessed by Japanese rivals hybrid vehicles such as Toyota and Honda. "Johnson and Turner (2000) argued that the European Commission proposed a tax on CO emissions and the use of energy, often referred to as the 'carbon/energy in 1991'".

And customer who bought low emission car can be acquired tax relief.

Besides, European transport policy was developed as a result of the emergence of a single market in the sass and framed around the three pillars of sustainability: economic growth, social welfare and environmental protection (ACE 2009). It focus on progress towards wider environmental and road safety objectives and have great impact on them. Impact of the Single Market " The SEEM programmer was based on the removal of non-tariff barriers in order to create a free movement area for goods, services, capital and labor" (Harris ; McDonald 2004).

The Single Market programmer had a positive impact on the car manufacturing sector. " The free movement of goods opened up new market <https://assignbuster.com/environmental-policy-on-emission-levels/>

opportunities, which the major manufactures seized by spreading their production facilities throughout the ELI.

The achievement of free movement of capital has eased the operations of automobile manufactures" (European Commission 1997). For instance, bringing the advanced technology and facilities from Western to Eastern automobile manufactures can be achieved by removing technical barriers.

And the increased liquidity of capital would make it easier for Eastern automobile industry to Door Tunas Trot west Europe, wanly could lower tenet cost AT cap al Ana attract investment in East Europe. At the same time, free movement of labor could leads to a reduction in business costs. East Europe has a plenty of labor and relative low wages, which could lower the cost by making good use of human resource.

Furthermore, the tax harmonistic eliminated duty on exporting between EX. Member States, creating higher sales at attractive price and benefiting consumers.

So the Single European Market has a positive impact on the auto industry. It provided a wider and free market for European automobile industry, which boost the high growth of car industry. On the other hand, the sector-specific and horizontal legislation as a part of the single market programmer has significantly affected the automobile industry. " The sector-specific measures of the single market relate to legislation directly imposed on the automobile sector, such as the harmonistic of standards across the EX.

Member States.

And the concept of a European Whole Vehicle Type Approval was developed which ensures that a car whose technical specifications are approved in one Member States is automatically valid all over the EX. (European Commission 1997)". The aim of the sector-specific measures is that wrought the removal of automobile sector administrative and technical barriers to trade and investment across the ELI, which could lower the costs and strengthen competitiveness in the global market.

However, " the horizontal measures relate to legislation imposed by the SEC to help the development of the single market for all sectors of the EX.

automobile industry' (European Commission 1997). It has reduced the overall costs of doing business among Member States by harmonize barriers at a European level within automobile sector. SOOT analysis on the European Automobile Industry SOOT analysis can be widely used technique through creating an overview of the European automobile industry. Strengths The strengths of the European automobile industry are diverse.

Firstly, with the enlargement of ELI, it forms a wider and deeper market.

And it is the largest single market for passenger cars and the second largest for commercial vehicles in the world. Secondly, the strengths ban be reflected by Investing in R&D programmer, because it could stimulate technologically-advanced and energy innovation and have a profound impact on developing a green economy and sustainability. Thirdly, the European automobile industry was based on clean and energy-efficient vehicles strategy, strengthening the competitiveness of the European industry and creating new Jobs.

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Finally, there are many famous automobile manufactures in the ELI, such as Mercedes, BMW. They depend on their brand and company's strong position which brings significant competitive advantage to promote higher sales growth in domestic and international markets.

Weaknesses The weaknesses inside the automobile industry are that it has no advantage in terms of hybrid vehicles technology compared with Japanese. And profit will decrease in the horn term and costs of manufactures will increase to apply the green vehicles strategy.

Besides, weakness from outside is that the advanced technology and regulation framework could be imitated by others foreign competitors.

Opportunities I nerve are common rules Tanat marmoreal access to countries Ana market opportunities. It could contribute to stimulate FAD investment and promote the growth of European economy.

Besides, vehicle manufactures could be based on clean and energy efficient vehicles strategy to become leader in alternative propulsion technology and standard maker in the world. Additionally, integrated yester and applications were adopted to facilitate vehicle-to-vehicle and vehicle-to- infrastructure communication.

Finally, Facing with the fierce competition, especially from Japanese hybrid gas-electric vehicles, European automobile manufacturers can cooperate with rivals to accelerate to realize the green vehicles. **Threats** The recent economic downturn throughout the Europe has affected the demand for automotive products. Although a series of sales strategies were adopted by manufactures and retailer to stimulate demand, a long-term economic

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downturn would have a threat on the global competitiveness of the European automobile industry.

Then, the limitation CO emission standards adopted by the EX.

increase the additional costs of the automotive manufacturing and testing operation. Finally, the problem of intense competition in the global automobile market needs to be concerned, which might lead to reduce the automobile unit sales within the EX. market. Conclusion and

Recommendation It is clear that automobile industry brought large economic benefits to the whole Europe. But at the same time, as a pillar industry and a huge CO emission resource, the European automobile sector has been playing a leading role, embracing its responsibility for the environment of Europe.

So a series of collective actions and international cooperation strategies followed by environment policy were adopted to develop green vehicle and invest in energy innovation improvements across Europe.

And transport policy and trade policy related to vehicles sector also contribute to the growth of the European economy. Next, the Single European Market provided a wider and free market for European car sector, which remove barriers in many aspects to bring benefits to each member states, and the sector-specific and horizontal legislation as a part of the single market programmer has a profound affected on the icicle industry.

Finally, the previous SOOT analysis outlined the major driving forces in the competitiveness of the European automobile industry in terms of strengths,

weaknesses, opportunities and threats. The automobile sector needs to resolve any challenges and threats, such as economy downturn, CO emissions and fierce competition that they might face. And it is important to apply clean and energy efficient vehicles strategy, although the cost of manufacturing is high.

From the previously stated can be generated that the future trend of the European automobile industry is green vehicles.