Good morning ladies and gentlemen, thank you for inviting me to address this important gathering.
Let me first briefly review the importance of the automotive industry to the economy, increasingly on a world-wide level.

Taking the European situation, for which I have the numbers to hand, the industry provides employment for more than 12 million people, representing some 6% of the EU employed population.

The industry turnover accounts for 6.4% of total EU GDP and the automotive industry investment runs at about twice that of other industries in the manufacturing sector.
The role for the UN regarding our industry is undeniable. For a great many years, the work of WP 29 of the Inland Transport Committee and its 6 groups of experts has been invaluable. The 1958 agreement has established a vast group of countries mutually accepting each other’s technical services to enable inter-country trade in vehicles and the 1998 agreement will extend this to make global vehicles and components a reality.
Global Harmonisation is Key

The work carried out in realising a harmonized global technical regulation covering the type-approval procedure for heavy-duty engine exhaust emissions is a valuable step forward in achieving this.
We will all, at one time or another, have wondered why there are so many commercial vehicles on the road and what can be done to reduce traffic congestion.

The fact is that they form an essential component of the economy; freight transport is demand led.

In particular, the flexibility of freight transport by road is key.

With no specific operational time-tables and an already existing road infrastructure, transport can be flexibly tailored specifically to economic and societal demands.

Freight transport is never undertaken as a hobby or something to do at the weekend.
You don’t need me to tell you about the economic crisis that is spreading to all parts of the world and the difficulties faced by the financial services and automotive manufacturing industry discussed almost daily in our newspapers.

The new US Government fully recognises the importance of the automotive industry to the economy and society and is doing its utmost to ensure the industry survives this economic crises.

We need this recognition in all economic areas of the world in order that we avoid market distortion and to pursue the ever important ‘level playing field’.
It is currently very difficult to talk about product development when we have a very low level of business activity.

As you can see in the slide, we are experiencing an average contraction of our market of about 40%, and today’s order intake is even worst, down by around 70% for heavy duty vehicles.

In this situation, our priority is to retain, as far as possible, our employees throughout this crisis, these are the people that represent our corporate expertise.

In summary, the industry is facing a challenge for its very survival.
I must stress, however, the great work that has been done to address the ‘gross polluter’ label unfairly carried by road transport vehicles.

From the birth of road transport in the early years of the 20th century until the late 1980s, the only requirement was to address visible smoke emissions from the engine [X] but in 1989, the first of the European Emissions Directives imposed a limit on emissions of the oxides of nitrogen. This was followed in 1994 [X] introducing a limit on the emission of solid particles.

[X] In 1997, 2001 and 2006 further reductions were made and in October of this year, the Euro 5 standard [X] will have reduced oxides of nitrogen by 86% and particles by 94% of their initially regulated limits.

From this standard, Euro 6 in 2013 [X] will further reduce oxides of nitrogen by 80% and particles by 50%.

I’m sure it will take some time to convince the general public that our vehicles are no longer gross polluters and haven’t been so for some time.
Reducing the emissions of the oxides of nitrogen generally causes an increase in fuel consumption, an anathema for vehicle operators. This chart shows how we have actually reduced fuel consumption in the face of the emission directives implemented so far. To achieve this has required considerable investments in research and development resulting in completely new engines and fuel injection systems.
Today the principal challenge is global warming and hence carbon dioxide emissions. Of course, carbon dioxide emissions mean fuel consumption and so for us and our customers, an increased focus on a long standing prime objective.

The International Panel on Climate Change has attributed some 13% of total greenhouse gas emissions to the use of passenger and freight transport of all types and it would seem appropriate to own up to a portion of the 19% attributed to industry for the manufacture of these vehicles.

What is for sure, however, is that the contribution of transport use and total industry, at just under one third of the total, cannot completely solve this problem. Energy supply and agriculture, supplying clearly essential services, but with a combined contribution of almost 40% must too engage in implementing necessary measures.
Energy efficiency enhancements are made on all fronts and are based on a complete vehicle approach, where the major areas of improvement are

The driveline,

Auxiliary systems,

Aerodynamics and

Tyres.

integrating the Vehicle with Customer Needs and Mission
In order to realise the step changes necessary to reduce the contribution to greenhouse gas emissions attributable to transport, we must address the carbon included in the fuel.

We need, for example, to rapidly develop the new second generation biofuels such as BtL (biomass to liquid) and HVO (hydro-treated vegetable oil) to provide transport fuels in quality and quantity suitable for use by the entire vehicle parc.

Essential, however is a well-to-wheels approach in the evaluation of the global warming potential of all transport fuels in order that correct fuel choices can be made.
Of similar importance is the role in developing harmonised standards for assessing the carbon dioxide emissions from commercial vehicles. It is essential that legislators understand that commercial vehicles are absolutely unlike passenger cars. They are designed to do a specific task.

Capping unladen CO2 emissions could well be counter productive. What is clear is that commercial vehicle manufacturers will not pay a fine for registering vehicles above some arbitrary limit value; these are not expensive luxury vehicles, we simply will not produce them.

For a working vehicle it is important to relate the carbon cost of the vehicle’s task and so it is appropriate to measure this according to the “work done”, for example in grams per tonne kilometre rather than a simple gram per vehicle-kilometre as used for passenger cars.

This is very important and the manufacturing industry will work with WP 29 to get this right.
In conclusion, whether we speak as industrialists or legislators, we are inhabitants of this planet and sustainability and renewability in what we do are no longer options or ‘nice-to-have’ labels, they are essential for our well being and for that of our children.
“Fiat is quite well positioned within the automotive sector in terms of overall sustainability performance and is in the process of emerging as a sustainability leader although the competition within the sector remains tough”
Sam Research (DJSI rating agency) – Sept 2008

- Sustainability for Fiat Group is a strategic choice integrated in the core business and a pillar of our long-term success
- Areas of Iveco excellence
  - Product range fully rejuvenated
  - Quality in line with best competitors
  - Brand enhancement leveraging on product quality and communication initiatives

Sustainability for Fiat Group is a strategic choice integrated in the core business and a pillar of our long-term success.

In Iveco we have completely renewed our product range over the last three years in order to bring to the market an innovative product range of quality and performance in line with the market and society expectations.
2009: Toughest year ever
Will require interplay of industry and governments with shared objectives
Will significantly change landscape of automotive sector, forever
Iveco will play a significant role

And so, the way forward.
We have to manage our way through this crisis, and retaining our people is key to this.
There is much to do in terms of reducing transport’s contribution to global warming but the current economic situation significantly restricts the funding of industry’s research and development activities.
For this reason, we need help from legislators in their vision of genuine societal needs.
Indeed, all manufacturers are seeing such a reduction in vehicle orders that short-time working puts our very existence at risk.
We have entered a metaphorical financial tunnel and we cannot, as yet, see daylight at the end.
We don’t know for how long we must endure this uncertainty. For now, survival is our priority.
I believe the industry that emerges will be different, with sustainability and renewability as essential competitive factors.
It is our objective to play a significant role in this future.