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MINUTES OF THE FIRST MEETING OF THE INDO - GERMAN JOINT WORKING GROUP ON AUTOMOTIVE SECTOR HELD ON 06th FEBRUARY, 2009 AT 1100 HOURS IN TAPTI HALL, HOTEL SHANGRI LA, NEW DELHI

1. Background:

The Indo-German Joint Working Group (JWG) on Automotive Sector is the fifth JWG established under the aegis of Indo-German Joint Commission on Industrial and Economic Cooperation (JCM). The other four groups are in the areas of Agriculture, Coal, Infrastructure and Tourism. The Joint declaration of intent for the terms of reference of JWG on automotive sector was signed on 6th February, 2009 by Dr. Surajit Mitra, Additional Secretary & Chairman, Indian delegation and Dr. Wolfgang Hahn, Director General, Strategic Planning & Chairman, German delegation, in the august presence of Shri Sontosh Mohan Dev, Hon'ble Minister (HI&PE), Government of India and Mr. Wolfgang Tiefensee, Hon'ble Minister Transport, Building and Urban Affairs, Federal Republic of Germany. Mr. Bernd Muetzelburg, Ambassador, Federal Republic of Germany in India was also present. This was followed by the first meeting of the Indo-German JWG on automotive sector.

2. First meeting of the Indo - German Joint Working Group on Automotive Sector:

The First Meeting of the Indo - German Joint Working Group on Automotive Sector was held under the Co-Chairmanship of Dr. Surajit Mitra, Addl. Secretary, DHI, Government of India (GoI) and Dr. Wolfgang Hahn, DG, Strategic Planning, Federal Ministry for Transport, Building & Urban Affairs (SP-FMTBUA), Federal Republic of Germany (FRG) on 06th February, 2009 in New Delhi.

List of participants is placed at **Annexure I**.

3. Opening Remarks:

Dr. Surajit Mitra, Additional Secretary, DHI, GoI & Co-Chairman, Indo - German

JWG-automobile sector welcomed the members to the meeting. Shri. Vikram Gulati, Director (Auto), Department of Heavy Industry started the proceedings of the meeting as per agreed agenda (as at **Annexure-II**).

4. Agenda Item No.1: Introduction of the delegations & introductory remarks by respective chairman:

4.1. Dr. Wolfgang Hahn DG, Co-Chairman, JWG apprised the delegates about the German expectations from the JWG. Dr Hahn mentioned that the major challenges facing the transport sector worldwide was fast depletion of fossil fuels and the increasing cost of energy for transportation. This was further exasperated by the ever increasing need for mobility both in the developed as well as the developing countries. In this context, Dr Hahn felt that there was a need to evaluate the various alternatives that are available once the fossil fuels finishes. The challenge therefore was how we can meet the enhanced mobility requirements of the people of both the countries as also the industry at affordable costs.

4.2 Dr Hahn, further informed that in Europe, there is huge rise in transportation needs. It is expected that by 2015, passenger cars would grow over 20% and road transport by over 80%. It was therefore felt that there was an urgent need for newer technologies. Electric mobility, hybrid and hydrogen technologies therefore assume great significance. In addition there is also a need for improving the efficiency of the technologies currently being used in the transport sector. In this context, it was mentioned by Dr. Hahn that there have been very significant developments made by the German companies and yet some more steps still need to be taken in order to achieve the final results. Dr Hahn informed that Germany was also looking at alternative fuels and alternate drives for example, technology for using bio-fuels etc. Dr Hahn opined that the issue of sustainable automobility is extremely critical and needs to be dealt very seriously and quickly. On the issue of market access, Dr Hahn felt that there is a need to address the issue of trade barriers wherever they exist.

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4.3 Dr Hahn outlined the following possible areas which can be taken up and addressed through the JWG for the mutual benefit of both the countries:

- (i) Technology sharing,
- (ii) Tools used in Germany to encourage technology development through various mechanisms like taxation policy, regulations etc.,
- (iii) Environment protection and safety,
- (iv) Possibility of greater use of Indian auto components by German companies, and
- (v) Greater interaction and cooperation between the two governments as also their respective industries.

4.4 Dr Hahn opined that it is a good idea to keep the scope of the terms of reference of the Joint Working Group broad enough to accommodate emerging issues. Since the meeting was being hosted by the Indian side, Dr Hahn suggested that the minutes of the meeting should be issued by the host and felt that from next meeting onwards both the co-chairman should be seated side by side. This was agreed to by Dr Mitra.

4.5 Dr Mitra, AS, DHI, GoI & Co Chairman extended warm welcome to the German delegation on behalf of Indian delegation. Dr Mitra mentioned that there is great deal of synergy between India and Germany and formation of the JWG is an important step towards realizing the true potentials of Indo-German relationship. He appreciated the role played by VDA, Germany in bringing Indo-German auto sector together. Dr Mitra felt that the JWG would provide an excellent platform to take the inputs from the industry of both countries. This would provide an opportunity to both the Governments in framing industry friendly policies and also for strengthening the bilateral relations between the two nations. Dr Mitra felt that it is fortunate that in the first meeting of the JWG very senior officials from Key Ministries of Government of India such as Ministry of Finance (Deptt. of External Affairs), Ministry of External Affairs, Ministry of Commerce, Ministry of Shipping, Road Transport & Highways & Ministry of Petroleum & Natural Gas and senior members of SIAM, ACMA are all present. He mentioned that as per his

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experience over last 2½ years the collaboration with Germany has been very nice and fruitful.

4.6 Dr Mitra, Co-Chairman felt that the working of the JWG should be focused so that concrete results can be achieved. It was further mentioned that although the global slow down has impacted the auto sector in a big way; we should take this as an opportunity to go in for innovative technology which will be environment friendly and economically sustainable. For this India offers tremendous cost advantages in infrastructure for production to the companies. Dr Mitra suggested that in order to take the work of the JWG further, there is a need to form working sub-groups that will focus on specific areas. It will be essential to set the agenda, road map and time frames for these working sub-groups so that they are able to achieve tangible outcomes. These sub groups can be mandated to make an interim report to the JWG in the next 3-4 months. Dr Mitra also felt that there is a need to bring the academia, institutions and universities which are working in the areas of fundamental research within the focus of the JWG. This is essential for both the industry & government to gainfully tap these vast resources. Dr Mitra outlined some of the important areas where India and Germany can cooperate fruitfully:

- 4.6.1 National hybrid propulsion platform:** India has started work on an established National hybrid propulsion platform. This also includes electrical vehicles. It was felt that this is one area where there is vast scope for cooperation between India and Germany.
- 4.6.2 Design of efficient diesel engine:** In India diesel is considered as the most polluting fuel, but German diesel engine technology has proved that this is not so. This is amply reflected by the fact that in America and Europe diesel is in fact the fuel of choice. This is one area where India can gain a lot from the Germany for ensuring environment friendly auto mobility.
- 4.6.3 Hydrogen as the fuel of the future:** Hydrogen has a lot of potential to become fuel of the future. The cooperation in this regard will help in developing hydrogen as fuel for the future. This is another area where the working sub-groups need to

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focus on. Dr Mitra also informed that India would be hosting the next World Congress on Hydrogen and invited the German delegates to this important event.

4.6.4 Environment management: Protection of the environment is a very important concern. Environmentally sustainable transportation should constitute an important area of cooperation between the two countries. In this regard, Dr Mitra felt that it is essential that both the product technology issues as well as the process control issues are adequately addressed.

4.6.5 Technology transfer: Dr Mitra invited the German investors and OEMs to invest in India and establish manufacturing facilities. Dr Mitra informed that India has not kept any pre-conditions of technology transfer or JV formation for the companies investing in India. However, it is expected that the foreign investors would also ensure the transfer of technology so that a strong and vibrant local manufacturing base, especially for the auto components, is established. This in fact is in the interest of global OEMs in terms of cost advantages through dedicated vendors. In addition, Dr Mitra also felt that the domestic market (consumer) should also get full value for money, which can happen only if there is indigenization of technology.

4.6.6 Harmonization of regulations: Dr Mitra informed that India is a signatory to the 1998 agreement and is in the process of aligning itself to the UNECE regulations.

5. Agenda Item No.2: Brief introduction by Mr. Sanjay Krishna, Joint Secretary, Department of Economic Affairs on functioning of the Indo-German Joint Commission on Industrial & Economic Cooperation. Mr. Sanjay Krishna, Joint Secretary (Europe), Deptt. of Economic Affairs welcomed the members to the meeting. He apprised members about the 16th session of the Joint Commission meeting which was held in Berlin on 18th - 19th September, 2007 which was of special significance as it was held against the background of a significant upturn in the German economy and rapid Indo-German trade growth in India in the past three years. He apprised that both India and Germany acknowledged the significant growth in bilateral trade in recent times with

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the target of US \$10 billion for 2009 having been achieved three years in advance in 2006 itself and hoped that the bilateral trade might be doubled by 2013 itself. He also mentioned that India could gain from the technological advantage of Germany and drew attention to the advantages India possesses in terms of qualified manpower and in the services sector which may be gainfully leveraged from India.

5.1 Shri Krishna informed that under the Joint Commission, there are already five Working Groups, i.e., Working Group on Coal, Tourism, Infrastructure, Agriculture and on Automotive Sector. In addition to the above, Indo-German Energy Forum also reports to the Joint Commission. The Joint Working Group on Automotive Sector has been established with an intention to exchange information and promote R&D collaboration in alternative fuels and alternative drives.

5.2 He further informed that the next meeting of JCM, which are held biennially in Germany and India, will be held in India in October, 2009. The JWG on automotive sector would also submit its first report during the next JCM. He suggested that JWG may also consider convening a special session during JCM to be held in 2011 in Germany for evaluating the achievements.

6. **Agenda Item No.3: Presentation by VDA on Indo-German Collaboration by Dr. Thomas Schlick, MD, VDA:** Dr. Thomas Schlick, MD, VDA welcomed the delegates and expressed thanks to India on behalf of German Automotive Industry for hosting the first meeting of the Indo German JWG. He broadly agreed to the views of the Dr. Hahn with regard to the need for Indo German collaboration to meet the challenges of continued mobility of the people of both the countries.

7. **Agenda Item No.4: Joint Presentation by SIAM and ACMA on the "Progress of MoU with VDA":** Shri Deep Kapuria, Past President, Auto Component Manufacturers Association (ACMA) welcomed the delegates on behalf of industry and

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gave a slide presentation on the partnership with Germany. He informed that ACMA-VDA MoU was signed on 16th June, 2005 focusing on exchange of information between Indian and German auto industry, exploring possibilities for increasing trade and technological co-operation in auto industry, assistance for visits of business delegation, participation in exhibitions, trade and technological expos etc.

7.1. Shri S. Sandilya, Treasurer, SIAM and Chairman, Eicher Group welcomed the delegates on behalf of the industry and gave a broad overview of the cooperation between SIAM and VDA. Shri Sugato Sen, Sr. Director, SIAM made a presentation on the SIAM's engagement with VDA and Germany. He informed the delegates about the launching of various new variants of the state of the art vehicles developed in India such as Nano, Bajaj Pulsar, Mahindra Scorpio, Eicher Jumbo, TVS Scooty, ACE-sub one tone commercial vehicle.

7.2. Shri Sen further informed about the SIAM-VDA interaction through participation in various Auto Expos held in Germany and India such as 2007-IAA Show, Frankfurt Auto Expo-2008, New Delhi, EFV conference held in Germany in 2007. VDA Technology Congress, TECHNEX etc. SIAM sought German support in the field of Vehicle Registration, Diesel Image, Fuel Efficiency technology, air quality, road safety and traffic management.

8. **Agenda Item No. 5: Discussion and agreement on operational issues:**

8.1 **Term of JWG: The term of the JWG will be initially for 2 years, extendable by mutual consent.** After due deliberation, it was agreed that the term of JWG will be for two years i.e. up to 2011 co-terminus with the term of the JCM. Further decision of the extension of the term of this JWG will be decided in the JCM meeting to be held in 2011.

8.2 Chairs of JWG: Co Chairmanship of JWG by German and Indian side. Dr Mitra, Co-Chairman informed that since Department of Heavy Industry is the nodal Department in Government of India for the automobile sector, the Co-Chairmanship from the Indian side would be the concerned Additional Secretary/Joint Secretary level officer of DHI. Further, Dr Mitra mentioned that normally in the JWG, there should be permanent representative from both the countries involved. He informed that from the Indian side, permanent representatives will be from Ministry of Finance, Ministry of External Affairs, Ministry of Petroleum & Natural Gas and Ministry of Environment & Forests and Presidents of SIAM & ACMA. Therefore, as far as these representatives are concerned, wherever there is a meeting of the JWG they are going to be represented on the Indian delegation. However, in case participation of additional representations is required, they will also be co-opted. This will ensure proper continuity in the functioning of the Joint Working Group. Dr Mitra, Co-Chairman requested the German side to indicate their permanent representatives. In response, Dr. Hahn informed that from the German side he will be the Co-Chairman of the JWG. On the issue of permanent representatives, Dr Hahn, Co-Chairman stated that there are several ministries involved from German side starting from Ministry of Economic Affairs, Ministry of Finance and Ministry of R&D. These ministries will be apprised about the progress and will be taking part in the joint working group. In addition VDA is also a part of the group from the German side. Member companies of VDA would take part in the JWG as frequently as possible. In conclusion while agreeing on the co chairmanship of the JWG and also the composition of the two sides, it was also decided that the Indian and German sides should also be free to co-opt experts, academia and other invitees as and when needed. However, German side will indicate their permanent members at a later date.

8.3 Progress reporting: Dr. Mitra, Co-Chairman apprised the delegates about the process of reporting of the progress made by the various JWGs to the Joint Commission. The JWG on automotive sector is required to present its report to the Joint Commission

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in its meeting to be held in 2011. However, Dr. Mitra, Co-Chairman suggested that in addition an interim report on the progress should also be presented in Oct 2009 meeting of the Joint Commission. Further, it was also felt that in order to monitor the progress of work, the Indo-German JWG on automobiles will also need to have an internal reporting structure. This will involve the reporting by the various sub-group of the JWG on the progress and recommendations made by them. In addition it was also decided that the two sides will also keep reporting the important recommendations and suggestions periodically to their respective Governments. This is important as this will allow the respective ministries in the two countries to take up any relevant issue. This framework for reporting was agreed to by both the sides.

9. Agenda Item No-6: Discussions and agreement on formation of the various Sub-Groups to deliberate on the various areas of mutual cooperation: After detailed discussions on the subject it was decided that the following Sub-Groups will be formed:

- i. Sub-Group on Technology
- ii. Sub-Group on Institutional Cooperation, Training and Skill Development.
- iii. Sub-Group on Commercialization and Framework Development.

10. Agenda item No-7: Discussions on the Road maps for the various sub groups:
It was agreed that the terms of reference of the working sub-groups will be derived from the broad parameters decided in the meeting i.e. the terms of reference of the JWG. Accordingly the following terms of references were agreed to:

Sr. No	Sub Group	Allocation of the issues from the Terms of reference of the Indo-German JWG on automotive sector
1	Working Sub-Group on Technology .	1. Technology related issues like the exchange of information & cooperation in the field of R&D application of sustainable alternative fuels and drive trains and other efficiency technologies in order to meet the

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		<p>challenges posed by the need for reduction of energy consumption and environmental protection.</p> <ol style="list-style-type: none">2. Facilitation of Inter-institutional cooperation for the development of the auto industries in both the countries.3. Specific issues highlighted by Dr. Mitra in his introductory remarks (Para 4.5).4. This will involve substantial industry -- industry and also industry -- institutional cooperation.5. To discuss the issue of Road safety in view of the rising density of traffic and associated dangers.
2	Working Sub-Group on Commercialization and Framework Development.	<ol style="list-style-type: none">1. Exchange of information and experience on appropriate policy frameworks to support the commercialization of technologies to reduce energy consumption and mitigate the impact of road transport on the environment.2. Discuss and coordinate common positions in trade issues in auto sector.3. To discuss the issue of Road safety in view of the rising density of traffic and associated dangers.4. Discuss and adopt positions on the issues of:<ol style="list-style-type: none">a. Ways of improving vehicle type approval with regard to environment and safety.b. fuel quality.c. priority of future development of global technical regulations (GTR) under 1998 agreement
3	Working Sub-Group on Institutional Cooperation,	<ol style="list-style-type: none">1. Cooperation in the areas of I&M regime (inspection and maintenance regime), hybrid technology for automobiles and facilitation of investment and technology

Training and Skill Development.	transfer between the auto-companies of the two countries. 2. Facilitation of Inter-institutional cooperation for the development of the auto industries in both the countries. 3. Coordination and facilitation of exchange programme between government functionaries and other institutions like the national automotive testing and research and development infrastructure project (NATRiP) and the automotive research association of India (ARAI) with corresponding departments and facilities in Germany. 4. Capacity building, training & skill development. The sub group may have separate meetings for issues relating to training & skill development. 5. To discuss the issue of Road safety in view of the rising density of traffic and associated dangers. 6. Discuss and adopt positions on the issues of: a. criteria for environmental friendly vehicles with regard to: <ul style="list-style-type: none">• Innovative environmentally friendly drive trains and• Alternative fuels including a discussion on associated issues relating to the sustainable production of agro fuels.
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10.1 In relation to the composition and the road map for the working sub-groups, Dr. Mitra, Co-Chairman proposed the following:

- b. The composition of the sub-groups as also the Coordinator from both sides will be communicated before the end of February, 2009.
- c. The sub-groups will be at liberty to form their own core groups, committees etc to examine different issues.
- d. The sub-groups will have the flexibility to expand their participants.

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- e. **The three sub-groups should present their recommendations to the JWG by June, 2009 so that the JWG can present their interim report to the next meeting of the Joint Commission to be held in October, 2009.**

While agreeing with the proposal Dr Hahn, Co-Chairman also informed that the German side shall hold inter-ministerial consultations and give the details as decided above.

11. Agenda Item No-8: Finalization of the future dates for meetings of the JWG. :

It was agreed that the second meeting of the JWG will be held on 22nd September, 2009 at IAA Show Frankfurt, Germany and the third meeting in January, 2010 at New Delhi during India Auto Expo.

12. Any other matter with the permission of the chair: The following other significant issues were also discussed:

- a. Shri Chenoy, DG, SIAM briefed the delegates about the up coming EFV conference to be held in New Delhi from 23rd to 24th November, 2009. Shri Chenoy thanked the German side for their co-operation to help India in organizing the EFV Conference. Mr. Chenoy requested for large participation from the German side and requested VDA to explore the possibility of exhibiting hydrogen and electric vehicles during the Conference.
- b. Shri Mathur, ED, ACMA hoped that the Indo-German Co-operation through the Joint Working Group would ensure technology flow to the component manufacturers. He felt that the Joint Working Group was an excellent opportunity for enhancing cooperation and catalyzing the Indo-German partnership at the industry level.
- c. Dr. Hahn informed the delegates that the German Government is in the process of launching huge investment programme in Germany. This investment programme of approx. of 50 billion Euros is aimed at infrastructure development and also for giving impetus to the industry in the wake of global melt down. The German

government is also restructuring the vehicle tax in Germany to reflect the carbon dioxide emission of the vehicles. In addition, the German government is also stimulating the market for newer cars by giving people financial aid for replacing their old cars with new ones.

The meeting ended with thanks to the Chairs.
