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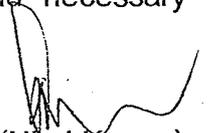
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Government of India  
Ministry of Heavy Industries & Public Grievances  
Department of Heavy Industry  
AEI Section

Udyog Bhawan, New Delhi.  
Dated: 23/01/2014.

Office Memorandum

Subject: Minutes of the 6<sup>th</sup> Meeting on India-Germany Joint Working Group on Automotive Sector held on 12.09.2013 in Frankfurt-regarding.

Minutes of the 6<sup>th</sup> meeting on India-Germany Joint Working Group on Automotive Sector, held on 12.09.2013 in Frankfurt at the side lines of the International Automotive Exhibition, which was co-chaired by Dr. Veit Steinle, Director General, Federal Ministry of Transport, Building and Urban Development and Sh. Ambuj Sharma, Addl. Secretary, DHI from the German and Indian sides respectively are enclosed for information and necessary action.

  
(Niraj Kumar)  
Director

Encls: As above.

To

1. The Executive Director,  
ASDC, New Delhi.
2. The Director General,  
SIAM, New Delhi.
3. The Director,  
ARAI, Pune.
4. Mr. K.K. Gandhi, ED (Tech.),  
SIAM, New Delhi.

Copy to:

1. PS to Addl. Secretary.

P/c

Issued by NK  
27/1/14

India-Germany Joint Working Group on Automotive Sector

DRAFT Minutes of the  
6<sup>th</sup> Meeting on 12.9.2013  
Frankfurt (IAA)

*As on October 22, 2013*

1. The sixth meeting of the India-Germany Joint Working Group on Automotive Sector was held on 12.9.2013 in Frankfurt at the sidelines of the International Automobile Exhibition. It was co-chaired by Dr Veit Steinle, Director General, *Federal Ministry of Transport, Building and Urban Development* and Mr Ambuj Sharma, Joint Secretary, *Department of Heavy Industries* from the German and Indian side respectively.

The minutes of the previous meeting had been agreed on via e-mail.

2. Mr. Steinle welcomed the members of the Joint Working Group on Automotive Sector, especially the Indian delegation, the VDA and the representatives of its members to the meeting. He stressed upon the importance of this cooperation which is evident from the chronology of the previous meetings and the latest decision to formally extend the cooperation in this important sector between the two countries (signed in May 2013).

The group then adopted the agenda for the meeting and took upon the same for consideration.

3. Mr Sharma, in return, welcomed the participants and reported from the visit of his delegation to Leipzig. The Indian delegation spent the two days prior to this session to visit the BMW works in Leipzig and to meet representatives of the show case Bavaria-Saxony to exchange experiences on electric mobility, including Hybrid and electric buses.

4. The participants of the meeting introduced themselves (cf. attached list of participants).

**5. First Topic: Electric Mobility**

Presentation for India: Mr. Sharma

Mr. Sharma explained in his presentation (Annex 1)

- the Status of the Scheme to enhance demand,
- the launch of the Delhi Pilot electric vehicle (EV) project,
- the Technology Development Scheme and
- possible Areas of Cooperation.

These possible areas for cooperation are:

- Information and input for the finalization of schemes & pilot projects regarding charging infrastructure and technology development
- Joint projects of technology development at governmental and institutional level
- Joint Studies

Mr. Sharma reported that Delhi and later some other cities have changed their bus fleets to CNG already from the year 2000 onwards in order to fight local air pollution. He stressed on the role of electric two-wheelers that are the major part of domestic EV-production. Nearly 200,000 Electric two wheelers and about 4-5 thousand Electric four-wheelers have been produced in India until now.

Regarding technical development, Mr. Sharma mentioned about the close dialogue with institutions such as Fraunhofer that could collaborate in Centres of Excellence for E-Mobility.

Presentation for Germany: Mr. Mertens (VW)

Mr Mertens pointed out the following: (see Annex 2 for his presentation on Electric Mobility) as follows:

- Germany initiated the "National Platform on Electric Mobility (NPE)" to prepare the domestic market (demand and production)
- Technical requirements should be internationally harmonized
- Germany relies on the UN framework under WP.29
- ECE-Regulations are well-prepared and are technologically neutral, including for EV
- Global Technical Regulations for Electric Vehicles are going to be established in the near future

Furthermore, the German delegation distributed the "Issue Paper" on electric mobility (see Annex 3).

Mr. Mertens noticed that Germany - facing challenges similar to India regarding the introduction of EV - pursues a different strategy: Germany stresses on the phase of market preparation before implementing financial incentive schemes. The German focus is to a large extent on standards and regulations. The German industry would be open to cooperate with India in this field.

Mr. Bräunig explained that tax incentives have been put in place. For example, the burden for electric company cars has been reduced to not exceed gasoline cars.

Both sides agreed to stay in contact to exchange further information on EV deployment experience in both the countries.

**6. Second Topic: Co2-Policies**

Presentation for Germany, Mr. Wörle, BMW (replacing Mr. Thomas Becker)

Mr. Wörle described in his presentation the European CO2-Policy, in particular, the new EU-regulation, (see Annex 4) stressing on the following:

- The incentive for OEM to sell CO2 efficient vehicles by multiplying their emission factor (zero) for the determination of the fleet average ("super-credits") should be enhanced.
- A new test cycle for emissions will be introduced. It should not lead to additional burden for the industry.
- Further CO2 reduction after 2020 is only possible with alternative drive trains.
- Future regulatory schemes must take into account the growing variety of fuels and drive trains. A pure extrapolation of the existing regulatory scheme is not useful.

Mr. Wörle informed the JWG that the discussions on super credits in Europe had been disappointing so far for the automotive industry. The factor of super credits in China and the US is 5 and 2 respectively. He suggested super credits as a tool to be used in India as an incentive. The issue paper on CO2 was also distributed to the group (see Annex 5).

Presentation for India: Mr. Gandhi, SIAM,

In his presentation "Status of Development of Fuel Efficiency (FE) Regulation for M1 Vehicles" (see Annex 6), Mr Gandhi explained the current status and the position of SIAM:

- The new Limits proposed by the Bureau of Energy Efficiency (BEE) are very stringent
- The annual reduction rate for CO2 emissions cannot be compared with the US (high basis of average CO2 emissions).
- The cost curve of BEE, does not take into account the taxes on the vehicle, which changes the timelines for return on investments.
- The weight increase factor further penalizes vehicle manufacturers.

The final decision and notification is awaited from the Government of India. Furthermore, the Indian industry is waiting for the government decision on super credits. The implementation of Fuel Efficiency norms is proposed to be enforced in 2 stages, from 2017 and 2022 respectively.

To a question by Mr. Koers, Mr. Gandhi explained that the emission test cycle will become an issue in India. Moreover, a fuel standard for heavy duty vehicles and other vehicle segments would be under discussion in future.

### 7. Third Topic: Alternative Fuels

Presentation for India: Mr. Marathe, ARAI

Mr. Marathe explained in his presentation on alternative fuels (see Annex 7), that the Indian automotive market is growing at a rapid rate, reflecting a growing population. India is already the 4<sup>th</sup> biggest oil importer in the world. Therefore, exploring alternative fuels is crucial. The official objective is to use cleaner fuels in the future.

140 Million Vehicles are running on Indian roads, thereof 1.2 Million vehicles on Natural gas. India runs the 5th largest NGV fleet in the world with 600 CNG stations. 0.8 Million Vehicles are running on LPG supported by 400 LPG stations.

Mr. Marathe described the current state of alternative fuels in India:

- Ethanol : 5% blend is mandated as oxygenates for petrol vehicles. The usage of 10% ethanol is under active consideration.
- Biodiesel : Trials on B10 , B20 and B100 show promising results.
- HCNG (Max 20% Hydrogen blend in CNG) Technology is demonstrated. The industry is awaiting Government notification allowing commercial use.
- The interest in hybrid vehicles in the Passenger car segment is growing. There are demonstration projects for plug-in CNG hybrid buses.
- Dual Fuel Diesel-CNG technology is demonstrated. The Indian industry sees a high potential there.
- DME (Dymethyl Ether) could be a futuristic fuel for CI vehicles (diesel)

Mr. Marathe proposed the following areas of possible Indo-German cooperation:

- Development of future engines based on HCCI / PCCI
- Development of lean-burn gaseous fuel engines
- Advanced after treatment solutions for diesel engines
- Hybrid diesels
- Hydrogen engines and fuel cell technology
- Sensors and electronics
- Safety systems on vehicles
- Advanced materials and manufacturing process
- Synthetic fuels

Presentation for Germany: Mr. Schuckert (Daimler)

Mr. Schuckert raised in his presentation "Biofuels and Fuel Quality" (see Annex 8), the following issues:

- Sulphur content of diesel fuel
- Adulteration of diesel fuel with kerosene
- Gasoline fuel issues
- Biofuel Blending

VDA welcomed reliable time-tables for emission rules, and assured supporting the use of Diesel in India, and offered technical support in this area. Mr. Schuckert pointed out that in order to guarantee a certain fuel standard, strict governmental control mechanisms need to be implemented. Most gasoline vehicles can use biofuel blending E10. The blend E20 can be envisaged for the future. A protection grade for the vehicle fleet is necessary for those vehicles in the fleet that only comply with E5.

Mr. Schuckert pointed out that very stringent fuel quality requirements are needed to achieve CO2-regulations. He mentioned that the EU-parliament was discussing bio-fuel contents and that there is a EU-wide 10% bio-fuel target by 2020. He described the on-going discussions in Germany such as regarding the surface needed for the cultivation of energy plants.

Mr. Sharma informed that meetings take place in India on the 2025 fuel policy. The ultimate goal is to have "One country, one fuel." Ethanol is only available in small parts of the country.

Mr. Gandhi asked if E0 is available in Europe. Mr. Schuckert informed that there is no E0, but E3-4 in some countries, and up to E10 in Germany (in various gas stations).

Mr. Gandhi asked the JWG to share information on the relation between fuel quality and fuel efficiency with the Indian side.

Regarding the fuel choices in Germany, Dr. Steinle reported about the German Strategy on Mobility and Fuel. BMVBS will send the English version to the members of the group.

**8. Fourth Topic: End of Life**

Presentation for Germany: Mr. Lotz, Volkswagen

Mr. Marathe proposed the following areas of possible Indo-German cooperation:

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- Development of lean-burn gaseous fuel engines
- Advanced after treatment solutions for diesel engines
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**8. Fourth Topic: End of Life**

Presentation for Germany: Mr. Lotz, Volkswagen

In his presentation (Annex 9 and Issue Paper in Annex 10), Mr Lotz pointed out the different situation in India and in Europe regarding recycling in general and the common aspects of End of life vehicles (ELV)-recycling in particular; such as the pre-treatment, parts dismantling for reuse and material separation for recycling/recovery. He stressed that the same products with the same material composition are used and can be taken to one global market for recycled materials. The VDA offered to share the existing know-how in order to support an environmental friendly treatment of end-of-life vehicles in India.

Presentation for India: Mr. Gandhi

Mr. Gandhi highlighted in his presentation (Annex 11) the following challenges:

- Regulations for recycling yet to be developed in India
- Inspection and maintenance systems to be strengthened in order to identify end-of-life vehicles
- Limited infrastructure and limited organisation of sectors for recycling
- Low-tech methods for dealing with scrapped vehicles
- Small scale localized scrapping units

Ms. Feldmann (GIZ) asked if there were any plans to involve the informal sector in a socially friendly way during the modernisation of the car recycling procedures. Mr. Sharma informed the JWG that the capacity building of the informal sector may also be necessary to upgrade them to scientific recycling units with required safeguards etc.

**9. Fifth Topic: Commercialization and Framework development**

Report for Germany: Mr. Lutz (BMW)

Mr. Lutz highlighted that India is the only country among the BRIC-countries with which the EU is in FTA negotiations. He pointed out that the German side is well aware of the challenges that India is currently facing in terms of its economy and currency and that he appreciates that the Indian government would believe in the power of market liberalisation - especially now. He mentioned that tariff reductions in the automotive sector are a particularly difficult area, but that Germany basically expects a free trade agreement to comprise the full phase-out of tariffs - with lengthy transitional periods, if necessary. Mr. Lutz stressed on the enormous potential of German-Indian trade, in particular in motor vehicles, that will benefit both sides. He pointed out that already now the automotive exports from India to Germany were higher than from Germany to India.

Report for India: Mr. Sharma, DHI

Mr. Sharma reported that the automotive sector opened up very early in India. Around 15-16 of the biggest international car companies are already in India. Due to global slowdown in USA, Asia and Europe, a negative growth in the Indian automotive sector is expected this year. He mentioned that the Automotive Mission Plan II for 2016-2026 will be prepared soon. Although India has a huge demand to increase trade, he stressed that the goals of the AMP for 2006-2016 were yet not reached (Turnover-75 Billion USD instead of 145 Billion USD). He stressed upon the favourable policies and environment for investing in India taking into account the promising growth rates, availability of industrial base, managerial and labour workforce etc. in the long term scenario.

#### 10. Sixth Topic: Skill Development

Short discussion:

Mr. Sharma pointed out that the Auto Sector Skill Development Council is already working and more than 200 small training modules are to be established. Training courses are to be standardized. In this field general guidance or any counterpart agencies from Germany are very welcome to collaborate with agencies in India.

11. Mr. Steinle concluded the meeting by thanking the participants for a fruitful discussion, which is to be continued bilaterally during the succeeding dinner and the IAA-India-Day the next day. Mr. Steinle expressed his special thanks to Ms. Mans and VDA who have organized this very successful event. Mr. Sharma thanked the German side for all the hospitality extended to the Indian delegation during the visit.