

# India Germany Joint Working Group on Automotive Sector

## Minutes of the 8th Meeting on 30.09.2014 Hanover, Germany

The eight meeting of the Joint Working Group on Automotive Sector was held on 30.9.2014 in Hanover at the sidelines of the International Automobil Exhibition (IAA Commercial Vehicles 2014). It was co-chaired by **Dr Veit Steinle**, Director General, Federal Ministry of Transport and Digital Infrastructure and **Mr Ambuj Sharma**, Additional Secretary, Department of Heavy Industries from the German and Indian side respectively.

Dr. Steinle extends a warm welcome to the Indian Delegation that has come to Hanover and welcomes all members of the Joint Working Group from Indian and German Side. He expresses his appreciation that this would be the second meeting of the Joint Working Group during this year 2014 and the relations getting closer. The German delegation, headed by Mr. Inger, travelled in February 2014 to India and has been welcomed warmly.

Mr. Sharma thanked for the invitation to Hanover.

The Joint Working Group accepted the Minutes of the 7<sup>th</sup> meeting in Delhi and adopted the agenda of the 8<sup>th</sup> meeting.

### 1. Automotive Market Overview

**Mr. Baader, VDA, gives an overview about the German Automotive market followed by a presentation of Sugato Sen, SIAM (see annex)**

### 2. Electric mobility

Dr. Steinle reported on the recent developments in Germany (presentation see annex). The ministry hopes to continue the Fuel Cell Programme in 2017 with the required budget. New model regions for electric mobility especially in rural areas in Thuringia, Mecklenburg-Vorpommern, Saarland have been added.

The 4<sup>th</sup> report of the National Platform on Electric Mobility is expected for November 2014. Dr. Steinle informed about the Electric Mobility Act which will get into force in spring 2015. It's a very early legislation. It has been criticised by Industry.

Dr. Steinle highlighted also the European legislation. The new directive on alternate fuels infrastructure for transport which will get into force very soon is very ambitious and obliges the member states to establish a framework plans for alternative fueling infrastructures. It sets also minimal infrastructure requirements as the CCS-Standard for the charging of EVs in Europe. The implementation will be done through the German Mobility and Fuel Strategy, managed by the Ministry of Transport, as an instrument to fulfil the EU-Law.

Mr. Mertens underlined that national requirements must be reduced and a global harmonization is needed. It is an unhappy situation that there are several standards for charging plugs f.e. between Europe and China, which reveals also serious safety problems.

Such situation should be avoided and international harmonization is needed. It is important that the main automotive countries cooperate.

The GTR electric safety contains a general test procedure as a fire test for battery and vehicle. Also further research would be needed.

Mr. Sharma questioned how many electric vehicles are licensed in Germany and which further incentives are planned.

Dr. Steinle explained most of the licensed EVs are in the Show Cases. It's planned to open the Bus Lanes for EVs as f.i. in Norway, but not all Norwegian incentives would be copied.

Mr. Sharma pointed out that in India 6-7 million of all two wheelers should be electric by 2020. The programme named FAME India covers all the range of EV from hybrid vehicle to pure electric vehicles. As there are different sectors of users a different range of EV would be needed. A TCO Life Cycle Analysis has shown that the differential costs would amount up to 30 %.

India supports retrofitting kits for two wheelers. Incentives should be done on both sides: demand side and supply side. Also reducing the Excise duty could be an option.

One would prepare public private partnership projects for the installation of charging infrastructure. Pilot projects would be rolled out within 3 to 6 month. In India Mahindra, Reva, Tata and Suzuki will very soon present EV. Indian manufacturers are few in Germany. Big size EV Cars make not much sense in India, we look at entry level: small size, 20 thousand euro. For busses counts that in India there are narrow roads and manufactures need to be more flexible, to build meaningful cars.

Mr. Bräunig questioned what kind of tax incentives are planned in India. For a Break through for EV a larger scale of buyers is needed. Forcing the cooperation between two wheelers-components industry in India and Germany could be useful.

Mr. Gandhi pointed out that an experience exchange between private and public transport purchase would be needed to explore where is success.

Mr. Bräunig answered that this would be obviously in the commercial sector. VDA invited in 2014 all big companies with huge fleets, fleet managers make them familiar with the offer of electric vehicles. There is a great hope for a quick start: a huge variety of measures is needed, without electric mobility we will not meet the ambitious European fuel efficiency goals.

Further questions by the Indian side concerned retrofitting in Germany and if CNG is allowed. Which battery companies are located in Germany? Dr. Steinle mentioned the Centre for Solar Energy and Hydrogen Research (ZSW). VW produces own batteries (cell) core technology to implement cell in the car, but there is no chance for retrofitting in Germany, it is no business case.

Dr. Gandhi questioned whether emission for fuel production would be counted?

Fuel Production is in Europe part of greenhousegas emission trading system, fuel efficiency would be measured by kw/h per km. Reference cycles in India and Germany are close.

In Germany also electric Taxi fleets and 3 busses are operating by induction. There are also gas taxis. Electric including fuel cell are predestined for closed systems like airports. E bikes and light duty vehicles for postal services, craftsmen and delivery services. This all together could create a second market.

### 3. CO2 regulation:

Mr. Woerle reported in his presentation (annex) that the new test cycle, the WLTP, which would substitute the NEDC is still in an early stage. WLTP will deliver more representative CO2 & fuel consumption values for customers. If India is willing to introduce the WLTP – which would be supported in general - VDA would have the same recommendation as in the EU: introducing WLTP after 2021, so that there is no interference with the actual legislation. With this approach the massive efforts for a correlation program could be reduced. VDA is standing ready for any discussion in India on the experiences we've made with the WLTP implementation process in the EU.

Mr. Gandhi informed that India is working intense on the new test cycle. There are challenges: the test cycle influences CO2 emissions, and affects labelling and taxation. The NEFZ is not realistic and not in a line with real consumption.

The task is to define a new CO2 legislation or a correlation factor. A correlation factor is difficult, on the other hand double testing is costly, high effort. But a precise individual vehicle correlation factor is a challenge. For India the new test cycle would be introduced only from 2021 on.

Co2 commercial vehicles;

Dr. Schuckert gives a presentation about CO2 and CVs(see annex). It is strongly recommended that India studies in detail why Europe preferred first to develop a methodology how to describe the fuel consumption of HDVs

European and German HDV manufacturers offer to India support to develop a suitable procedure how to describe CO2 emissions/fuel consumption of HDV. Such a process will help Indian OEM to build up know how and tools to improve fuel consumption.

The GHG test methods follow a full vehicle approach. But there is a misunderstanding between fuel consumption and test results, i.e. Simulation results vs. test results.

The question by Mr. Mathur, how much less is the fuel efficiency, was answered that there could be a difference up to 5 to 7 %.

Mr. Bräunig explained that there is a strong expectation by the public that the WLTP would deliver worldwide true information on fuel consumption.

Traffic and road condition in India cost 30 % within in the test procedure.

Mr. Woerle pointed out that postponing and a two step approach maybe a solution for India. In Europe is a strong pressure to be faster, but India might avoid the correlation factor. That means a WLTP for emission regulation in the first step, second step fuel economy regulation. The first step could be to analyse the several options.

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Mr. Woerle offers assistance of VDA to India. It was informed that the Ministry for Road Transport would be responsible.

Mr. Mathur mentioned the European results couldn't be transferred to India 1:1. CO2 limits are already a piece of law in India in the notification of the Bureau of Energy Efficiency and a revised notification is coming. Ministry of road transport is the implementing body therefore.

#### **4. Alternate fuels:**

Dr. Schuckert gives a presentation about the status in Europe and Germany on Alternative Fuels (see annex).

Dr. Schuckert mentioned that in Stockholm / Sweden Ethanol busses would operate, but this would be a safety problem in countries with higher temperature. The acceptance of E 10 in Germany is rare.

Mr. Gandhi points out in his presentation (annex) that in India CNG, Auto LPG, Ethanol would be several options. Also flexifuel vehicles. There are lot of areas of possible collaboration.

Concerning Ethanol there quite some problems in India: Sugar cane different qualities, there are problems in ensuring ethanol, imports would be needed, concerning ethanol from waste lands, crops are not efficient.

#### **5. End of Life:**

Mr. Lotz gives a presentation on "End-of-Life Vehicles" including political and regulatory developments in Europe regarding ELV-legislation, latest results from EUROSTAT regarding achievement of recycling targets and the UNECE-Regulation "Type Approval Recyclability" (see annex).

Mr. Sen asked whether there is a rule for remanufacturing in Germany or if there were guidelines, which was denied. If OEMs remanufacture parts the same specifications as for new parts apply. Remanufactured parts are not used in the production of new vehicles. The biggest OEM plant for remanufacturing in Germany is the VW plant in Kassel, maybe a visit would be possible.

Mr. Gandhi told that concerning Fleet modernization, there is a SIAM expert group on recycling, taking reference information from EEC directives, ELV rules should be operative in 3 years.

During the discussion Indian Side mentioned that there is a GIZ project with India on End of Life. SIAM proposed that industry from German Side should be involved in this project. BMVI will deliver further information and contact

## 6. Commercialization and Framework Development:

Sugato Sen, SIAM, informs about the current Automotive Policy in India (see presentation in the annex).

At the moment the Automotive Mission Plan from 2006-2016 is being analyzed. Based on the expected growth rate for the remaining period of AMP 2016, the overall performance of the industry may fall around 20% short of the targets.

Sen mentions the goal "Support Manufacturing and Not Trade". High import duty on CBUs would have incentivized global players invest and manufacture vehicles in India for market access.

VDA mentions the advantages of dismantling market access barriers. If a country wants to export it should also open its markets for imports. Altogether this makes an industry more competitive and investments will come in, if the market is attractive.

Mrs. Mans appeals that FTA negotiations between India and the EU should be concluded, with tariff dismantling and longer transition periods for India. Since years India has a trade surplus in passenger car trade with Germany.

The Indian side mentioned the new Automotive Mission Plan 2026 of the New Government. Sharma: Vision 2026 will enable the Indian auto industry to: Contribute around 13% to GDP Generation additional 100 million jobs, and Attract more than US\$ 80 bn in investments.

The new AMP is still under consideration.

The new Government would also make a comprehensive review of all existing Free Trade Agreements of India. The the new Government would decide about future FTAs.

Dr. Steinle requests if there are any further plans for Delhi-Mumbai corridor by the new Government? Mr Sharma explains that the plans were to be continued.

## 7. Training and Skill Education:

Mr. Sharma informs about new initiatives:

- NAB: National Automotive Board: An institutional mechanism to focus on automotive excellence
- UNIDO-ACMA Skilling Project: to bring global benchmarking among small and medium Indian auto component manufacturers
- ASDC: Automotive Skill development Project
- NEMMP 2020: Vision for responsible growth

Mr. Sharma underlined the openness of India for cooperation on projects like E-Mobility, education, Design and IT Technologies.

## 8. Radio Frequencies (New Topics in 2014)

VDA explains why radio regulations are relevant for the automotive industry. Radio technology would be the basis for many automotive systems today. Therefore, Radio-based automotive systems can only operate in de-licensed frequency bands. In India, the 24 GHz, 76 GHz, and 79 GHz frequency bands are not de-licensed. For this reason, radar-based driver assistance systems are not available in India explains Mr. Richter.

VDA strongly supports the de-licensing of the automotive radar frequency bands in India

VDA member companies would support SIAM in its efforts and discussions with the Department of Telecommunications. The Department of Telecommunication should be made aware of the safety benefits, de-licensing the frequency bands would bring. Support by the Ministry of Road Transportation & Highways and the Ministry of Heavy Industry would be highly appreciated by VDA.

Mr Sharma informs that there is a small working group between three concerned ministries. There would be no harmonization of frequency bands between Europe and Asia. *(Mr Sharma reads out o a letter from another ministry answer to a request of MHI – Question to Indian side: could some of the main messages of this letter be added to the minutes?)* Mr Sharma hopes that there will be a solution found.

## 9. Aftermarket (requested by SIAM, Introduction into topic)

SIAM asks for a definition of “remanufacturing”.

VDA explains the EU DEFINITION for Reman:

*“A remanufactured part fulfils a function which is at least equivalent compared to the original part. It is restored from an existing part (core), using standardized industrial processes in line with specific technical specifications. A remanufactured part is given the same warranty as a new part and it clearly identifies the part as a remanufactured part and the remanufacturer”*

This would be a common definition of ACEA, APRA, CLEPA, FIRM and VDA. A remanufactured part is **different** from a **reused, repaired, rebuilt, refurbished, reworked or reconditioned part**. These categories are not subject to this definition and the process of remanufactured parts.

**Next Dates:**

**IAA-India Day 2015, planned for September 18, 2015 at IAA-Grounds in Frankfurt, Germany**

**IAA 2015: September 17-27, press days: 15&16 September**

**List of delegation:**

Indian Delegation

Mr. Ambuj Sharma, Additional Secretary, Ministry of Heavy Industrie  
Mr. Vikram Kirloskar, President, SIAM  
Mr. Ramesh Suri, President , ACMA  
Mr. Vishnu Mathuir, DG, SIAM  
Mr. Sugato Sen, DDG, SIAM  
Mr. K.K.Gandhi, ED Technical, SIAM  
Mr Vinnie Mehta, DG, ACMA  
Mr. D.J.Kulkarni, ACMA

Mr. P.S. Gangadhar, First Secretary (Economic and Commercial (Embassy of India)

German Delegation

Dr. Veit Steinle, Director-General, Departmental Policy Issues, Federal Ministry of Transport, and Digital Infrastructure

Mrs. Birgitta Worringen, Deputy Director General, Environment and Transport, Federal Ministry of Transport, and Digital Infrastructure

Dr. (Mrs) Anna-Luise Stille  
Desk Officer, Division “Electric Mobility”, Federal Ministry of Transport and Digital Infrastructure

Klaus Bräunig, Managing Director, German Association of the Automotive Industry (VDA)

Marius Baader, Head of Department Markets, Analyses, Raw Materials, Statistics,  
German Association of the Automotive Industry (VDA)

(Mrs.) Angela Mans  
Head of Foreign Trade and International Relations, German Association of the Automotive Industry (VDA)  
Dr. Manfred Schuckert, Senior Manager, Automotive Regulatory Strategy - Commercial Vehicles, Daimler AG

Sabine Jost-Heil, Senior Manager International Trade Regulations and Industry Policy  
Daimler AG

Anita Engler, Certification and Regulatory Affairs Design for Environment  
Daimler AG

Dr. Markus Richter, Certification and Regulatory Affairs Safety - Expert Radio Regulations  
Daimler AG

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Dr. Hans-Rainer Lotz, Type Approval, Recycling, Functional Safety, Team leader vehicle recycling, Volkswagen AG

Gerhard Wörle, Corporate and Governmental Affairs, Environmental and Climate Policy, Emissions, Vehicle Safety  
BMW Group

Pankaj Gupta, Head - External Affairs and CSR  
Volkswagen India Private Limited

Heiko Mertens, Volkswagen, Typgenehmigung, Recycling, Funktionale Sicherheit  
Leiter Funktionale Sicherheit