

Climate change, trade woes reshape Frankfurt auto show

September 10 2019, by David Mchugh



The Mercedes concept car "Vision Urbanatic" is photographed at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA starts with two media days on Tuesday and Wednesday. (AP Photo/Michael Probst)

The headwinds buffeting the auto industry are making themselves felt at the Frankfurt Motor Show, with companies confronting a slowdown in sales due to global trade uncertainty and pressure from governments to lower emissions of air pollutants and greenhouse gases.

Signs of the times at this year's show include a slew of new, market-ready electric cars led by Volkswagen's ID.3 compact that aim to reduce greenhouse gas emissions. There will also be protests from cyclists, environmentalists and industry critics who want a more pedestrian- and bicycle-friendly transportation policy, and efforts by the auto executives to engage those critics in discussion.

Here's a look at key themes at the IAA show, which opens to journalists Tuesday and to the general public Saturday. Last year, 810,400 visitors toured it, organizers report, with more than half saying they were considering purchasing a car in the next six months.

IF YOU BUILD ELECTRICS, WILL CUSTOMERS COME?

European carmakers are the focus of the show, and they will be rolling out new battery-powered vehicles to meet the European Union's tougher limits from 2021 on emissions of carbon dioxide, the greenhouse gas blamed for global warming. The lower limits are part of the EU's effort to meet the targets of the 2015 Paris climate accord. China, the world's largest auto market, is also pushing for more low-emission vehicles.



The Porsche Taycan, the first purely electric driven car of the German car maker, is present during a world premier event at the airport Neuhardenberg, about 70 kilometers (45 miles) east of Berlin, Wednesday, Sept. 4, 2019. (Patrick Pleul/dpa via AP)

Yet it remains very much open whether consumers will want to buy electric cars, given concerns about range, lack of places to charge away from home, and higher purchase prices. Battery vehicles were only 1.8% of the European market through the first six months of the year, according to figures from industry analysts at JATO Dynamics. The cars have sold better in the high end of the market, as exemplified by Tesla's Model S and Model X.

The argument for rolling out so many new electric cars is that consumers need to see enough to choose from before they will change their purchasing habits. Some 20 models will hit the European market by 2021, targeting 400,000 in sales, according to research firm Bernstein, in a European market of roughly 15 million cars sold annually.

Volkswagen has committed most heavily to electric cars among European manufacturers. It hopes to have a mass market electric car in the ID.3 compact, which it says will have a base price under 30,000 euros (\$33,000), about as much as a similarly equipped Golf diesel.



The Mercedes concept car "EQ Silver Arrow" is surrounded by media people at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA

starts with two media days on Tuesday and Wednesday. (AP Photo/Michael Probst)

Others with new electric offerings include Honda with the e, which replaces side mirrors with cameras, and Daimler's Smart with restyled versions of its fortwo and forfour small cars. At the high end, Porsche is taking aim at the Tesla Model S with the Taycan, a high-performance coupe starting at 152,000 euros in Germany including value-added tax and from \$152,000 in the U.S.

SLUGGISH SALES

World sales of cars are expected to slip to 78.3 million this year, from 83.0 million last year. The U.S.-China trade conflict has hurt economic growth in China and dented earnings at companies like Germany's BMW and Daimler, both of which make cars in the U.S. for export to China. Europe's car market grew only 0.1% last year amid weakening economic growth.

On top of that comes continuing uncertainty over the terms of Britain's departure from the EU, currently slated for Oct. 31. British Prime Minister Boris Johnson has said he is willing to leave without a divorce deal that would smooth the transition to new trading arrangements. A no-deal Brexit could disrupt business between Britain and continental Europe by imposing new tariffs and border checks, and the auto industry's supply chains are particularly vulnerable to such chaos.



A woman cleans the prototype of a Chinese car at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA officially starts with media days on Tuesday and Wednesday. (AP Photo/Michael Probst)

PROTESTS AND DISCUSSIONS

Environmental groups such as Greenpeace and Friends of the Earth Germany and Germany's ADFC bicycle club are organizing a march to the exhibition center on Saturday to call for what they view as more environmentally friendly transportation policies. They want more space

allotted to bicycles and pedestrians and more use of renewable energy instead of gasoline and diesel.

The rally coincides with a mass bike ride starting in different towns outside Frankfurt and converging at the rally. Another group has called for a blockade of the auto show on Sunday.

The show's organizer, the German Association of the Automotive Industry, is organizing a civic dialogue on Sept. 13 with up to 200 citizens who can put questions to industry figures, including auto association head Bernhard Mattes, Daimler CEO Ola Kallenius and Porsche CEO Oliver Blume. Kallenius is slated to appear on stage Thursday with Robert Habeck, the chairman of Germany's environmentalist Greens Party, for a discussion of sustainability strategies, the future of transportation, and balancing economic growth and environmental protection.



A red car stand behinds a curtain at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA officially starts with media days on Tuesday and Wednesday. (AP Photo/Michael Probst)



Cars are covered ahead of the start of the IAA Auto Show in Frankfurt, Germany, Sunday, Sept. 8, 2019. (AP Photo/Michael Probst)



A woman cleans a Mercedes car at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA officially starts with media days on Tuesday and Wednesday. (AP Photo/Michael Probst)



The Porsche Taycan, the first purely electric driven car of the German car maker, is present during a world premier event at the airport Neuhardenberg, about 70 kilometers (45 miles) east of Berlin, Wednesday, Sept. 4, 2019. (Patrick Pleul/dpa via AP)



Cars are covered with red sheets ahead of the start of the IAA Auto Show in Frankfurt, Germany, Sunday, Sept. 8, 2019. (AP Photo/Michael Probst)



Cars are covered with red blankets at the IAA Auto Show in Frankfurt, Germany, Monday, Sept. 9, 2019. The IAA officially starts with media days on Tuesday and Wednesday. (AP Photo/Michael Probst)

SHIFTING MARKETING STRATEGIES

The number of companies exhibiting at the show has dropped to around 800 from 994 during the last edition of the show in 2017, and some 30 major carmakers are staying away, including Alfa Romeo, Aston Martin, Peugeot Citroen, Fiat, Jeep, Mitsubishi, Nissan and Toyota. That's in part due to the costs of setting up at the show measured against returns in sales. Carmakers are also finding different ways of reaching the public,

including by web-streaming vehicle launches and holding their own exclusive events away from the show.

Still, there will be a strong presence, especially by the German home team. Daimler's Mercedes is putting on four "experience rooms" to emphasize the technology, comfort and connectivity of its vehicles, in addition to the usual long rows of vehicles. The largest contingent is from China with 79 exhibitors.

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Citation: Climate change, trade woes reshape Frankfurt auto show (2019, September 10)
retrieved 3 May 2024 from

<https://techxplore.com/news/2019-09-climate-woes-reshape-frankfurt-auto.html>

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