

Stripped-back auto show mirrors German car industry gloom

September 8 2019, by Yann Schreiber



Major foreign carmakers are shunning Frankfurt's International Auto Show this year, but climate protestors plan to attend

Frankfurt's biennial International Auto Show (IAA) opens its doors to the public Thursday, but major foreign carmakers are staying away while

climate demonstrators march outside—forming a microcosm of the industry's woes.

"There have never been so many cancellations by carmakers," said Ferdinand Dudenhoeffer of the Centre for Automotive Research (CAR).

"The IAA is turning into a trade fair packed with problems," he added, in the image of the German manufacturers who host it.

Giants like Mercedes-Benz maker Daimler, BMW and Volkswagen are seeing their engineering advantage and [profit margins](#) eroded—even as the global economic outlook darkens.

The potential blow of US tariffs on European auto imports hangs over many carmakers, who have already suffered from an escalating Washington-Beijing trade confrontation due to their American factories.

Meanwhile three of the world's four largest carmakers will stay away from the IAA this year: the French-Japanese Renault-Nissan-Mitsubishi alliance, Japan's Toyota and US-based General Motors (GM).

Other heavyweights like Italian-American Fiat-Chrysler and France's PSA have also absented themselves, as well as some of the best-known [luxury brands](#).

The remaining manufacturers huddled in Frankfurt's massive trade fair complex have one major priority: stoking enthusiasm for new electric models set for release this year, as new EU carbon emissions limits enter into force from 2020.



Porsche expects well-heeled clients to fork over a hefty sum for its new battery-powered Taycan model

Pricey targets

If manufacturers cannot squeeze the average carbon dioxide (CO₂) output of their fleets below 95 grammes per kilometre, they will be fined a hefty 95 euros (\$105) per excess gramme on each car registered.

After years of delay, German manufacturers still lag foreign competitors like California's Tesla on the costly research and development for electric alternatives that can score in the mass market.

Even at the high end, Volkswagen subsidiary Audi has failed to dent Tesla with its e-Tron electric SUV.

And stablemate Porsche is betting buyers will be prepared to fork out a massive premium over the Californian brand's top models for its new battery-powered Taycan.

That makes VW's Frankfurt launch of its ID.3—a compact all-electric car that it compares to the legendary Beetle and Golf—of vital importance, as the tip of the spear in the sprawling conglomerate's 30-billion-euro electric offensive.

The first model based on VW's modular MEB electric platform, ID.3 "is almost critical to survival" for the company, Stefan Bratzel of the Center of Automotive Management told AFP.

"It has to be a success, the shot has to hit home, because a lot is riding on it."



Climate campaigners inspired by Swedish militant Greta Thunberg plan to stage major protests at the Frankfurt auto show this year

Marchers expected

Where big international competitors will be lacking, climate demonstrators are planning to make up the numbers at this year's IAA.

Thousands are expected to hit the streets Saturday, reaching the trade fair on bicycles or on foot, while a blockade is scheduled Sunday amid calls for a "transport revolution".

After taking on coal mining over the summer, the environmentalists are turning their fire on a sector that long seemed untouchable.

As Germany's biggest manufacturing industry employing around 800,000 people, the car sector was also protected through deep connections to traditional political parties.

But the winds are changing in German politics.

Climate change has shot up voters' agenda after a fierce 2018 drought and months of "Fridays for Future" demonstrations by schoolchildren, while the Greens are polling at unprecedented levels and made big gains in this year's European elections.

Meanwhile a years-long diesel emissions cheating scandal rumbles on, as a case by 400,000 car owners against VW over "dieselgate" opens in three weeks' time.

And on September 20, all eyes will be on Chancellor Angela Merkel's beleaguered coalition government in Berlin, as it unveils a comprehensive new climate strategy ahead of a UN summit.

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