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EUCAR Reception, Nov 8th, 2011, Brussels

Final – as presented

Vice-President Kallas, honoured guests, ladies and gentlemen, good evening. We at Ford, together with our fellow members of EUCAR, are very pleased to be hosting tonight's event.

Let me say at the outset that research and innovation lie at the heart of the competitiveness of the European automotive industry.

This important annual gathering is focused on how we – both industry and government working together – can maintain and enhance that competitiveness.

But it is also about how all of us in this room, can further contribute to improving the lives of people around the world in years to come.

As Chief Technical Officer at Ford, I have a global role, leading our worldwide Research and Advanced Engineering activities. But I often feel like my heart is still in Europe, where the automotive sector provides employment for more than 12 million people. That is one in every 16 jobs. Twelve million families depend on our industry for their livelihood. The automotive industry is a major economic engine for Europe.

In the field of innovation, EUCAR members invest annually close to €26 billion, or about 5% of the turnover of our companies. Total automotive R&D investments, including those from our suppliers, are even higher, making the auto industry the largest private investor in R&D in Europe.

I'm sure everyone here tonight believes that the future of the auto industry depends on this kind of investment in technology and innovation.

That makes the EUCAR mission of fostering strategic collaboration on R&D more important than ever. Both for Europe **and** beyond.

To consider the really big picture underpinning the work we do, there are seven billion people in the world today. That number is expected to grow to nine billion in our lifetime.

At the same time, the world is growing more prosperous. Increasingly, in emerging markets, automobile ownership is no longer an unattainable desire. It is becoming affordable for new waves of consumers.

It should be of no surprise that in countries like China and India, the desire for personal mobility will continue to increase at a rapid rate.

In the decades to come, 75 percent of the world's population is expected to live in cities, and it is expected that 50 of these cities will have more than 10 million people. That raises the possibility of global gridlock -- a never-ending traffic jam wasting time, energy and resources...or...

...the vision of a future where innovation will create solutions that define the automobile's continuing role in personal mobility. I am sure, like me, you will think that solving these challenges is exhilarating work Well, the responsibility is in **our** hands.

Over the past decade, we certainly haven't been slow in meeting challenges. There have been three prime areas of innovation – fuel economy and CO2 reduction, safety and the connected vehicle.

First and foremost, with growing concerns over the availability and affordability of fuel and the impact of CO2 emissions on the environment, our industry has maintained a strong technology focus on reducing CO2 and improving fuel economy.

This has led to downsizing of internal combustion engines, advanced boosting technologies, lightweight materials, and a lot of other actions to improve efficiency, but in particular a move to more electrified powertrains.

The level of electrification varies from Auto Start/Stop systems through to hybrids, plug-in hybrids and battery electric vehicles.

This has already driven huge changes in research, product development, the supply chain and manufacturing, with more to come.

In the US, higher awareness of fuel economy has led to a shift towards smaller vehicle segments. This has eased our way towards a global Ford product line up, as other markets traditionally preferred smaller cars.

Secondly, improving road safety has been a key priority in recent years, with enormous strides made in the availability of active safety systems. These complement passive safety technologies, which are approaching the peak of their potential after more than three decades of development.

The third area of global research and innovation has been in the area of the connected vehicle. For example, how do we integrate the mobile phone and internet into the vehicle? In the future, how will vehicles with electric powertrains communicate smartly with the electric grid? As an industry, we're already working intensively on these challenges and opportunities. At Ford, we've adopted an open platform called SYNC, which use the connectivity of users' mobile devices. This enables faster upgrades and updates, such as those we know from the IT sector and consumer electronics industry.

We should not be shy in saying that we have made great progress on these three important areas for Europe and our citizens.

But think of the challenges of the future. Billions of customers, and at least a billion more cars on the road in less than 40 years. That is what should be driving the research and innovation agenda of the future.

Growth in demand, shrinking fossil fuel resources, CO2 and air quality issues will continue to inspire the search for alternative solutions. This will remain an extremely important role in R&D, and we can expect even more momentum in the near future.

Here we have to find individual solutions for individual markets. "Thinking Globally, Acting Locally" seems to be the logical approach, but we're also seeing macro trends towards electrification, more extensive use of biofuels and hydrogen applications.

There will be new challenges for industry and policy makers to address, for example:

- Materials required for electrified mobility may lead to new geo-political dependencies;
- Production of high grade biofuels must not compete with the food chain and our ability to feed the world's growing population
- And, at a time of global economic dislocation and austerity, modern infrastructures still have to be built, and so on.

Advancements in other areas could make it possible to accommodate greater numbers of vehicles on the roads...safely and efficiently.

For example, progress in car-to-car communications are intriguing. This technology provides us with the opportunity to take safety and traffic management to new levels.

But it also requires us to address some key questions, such as the security, privacy and liability issues related to intelligent vehicle communications.

We have to work together, as an industry and with our key partners – both private and public, to ensure robust solutions in these areas.

And we also need to imagine a world where the model of vehicle ownership and use is different than that of today.

Consumer trends already indicate that personal vehicle ownership is becoming less important, particularly for younger people.

In the future, we can anticipate that car pooling, car sharing and intermodal transport will become more common-place.

Mega cities with their special needs and lack of space will also require new mobility concepts.

Yet, our vision is that the automobile can and should remain a key part of the mobility landscape. If I take you back to the desires of the emerging middle class in places like Mumbai or Chongqing, they want to experience the benefits of personal mobility every bit as much as we have.

That said, people's expectations for how they experience a car will change, and demands for personalization will provide us new challenges.

At Ford, we've already begun futuring in these areas as part of a sustainable approach we call 'Great Products, Strong Business and a Better World'. We believe our future success is inseparable from these fundamentals.

At the recent Frankfurt autoshow, we provided a glimpse at how cloud connectivity could change the automotive experience...and the expectations people have of their automobile.

The Ford Evos Concept imagines a future world in which the automobile can access important data and personal information stored in the cloud, knowing your preferences, your health, your schedule and more. The power to pull and process information to provide you with a seamless, connected lifestyle is amazing.

We also describe a 'Smart' plug-in electric hybrid system that self-optimizes, sensing EV-only zones and switching to full electric mode, finding and reserving an inductive-charging parking place automatically via a cloud-based transaction and guiding you directly to the spot.

As we collectively address opportunities like these, the framework for innovation strengthens.

That, I hope, is the purpose behind everyone's strong commitment to the work of EUCAR. We will accomplish more together than individually, and more by collaborating broadly with stakeholders than hiding behind the protective shield of an industry group.

More than ever in the past, car-to-car communication, biofuel policy and electrification, to name a few, will require standardization, common processes and political guidance.

This, of course, increases the need for collaborative efforts in associations such as EUCAR and its counterpart, USCAR. We at Ford are equally engaged in USCAR, and we believe there are tremendous opportunities for closer collaboration.

We are also continuing to work on harmonization across the global industry. Ford is currently taking a lead on promoting joint standards and regulatory development between the EU and US in the field of electric mobility within the Transatlantic Economic Council.

We believe this kind of approach can be a precursor to global agreements around how we, for example, charge vehicles, transport batteries and access raw materials.

Effectively, thinking and planning globally while acting and implementing locally.

Here in Europe, the political environment is crucial. It needs to provide a solid basis for continuity and planning security. Long-term evolutions and developments with huge investments need a sustainable political framework and support from the EU and national governments even in challenging economic times such as these.

The EUCAR vision, Horizon 2020, is to be commended for setting out a clear and ambitious path forward. We at Ford love the spirit of Horizon 2020 because it's so close to our own vision of Great Products, Strong Business and a Better World.

Horizon 2020's mandate for "Smart, Green and Integrated Transport" must be recognized as being a potential solution to one of the major societal and industrial challenges. This is crucial to driving further investments into this sector.

Innovation has always been the competitive advantage of the European industry. However, without the political support, it will be tougher in the future to maintain the global competitiveness of the European car industry. We know that other regions in the world covet Europe's leadership role, and we cannot be complacent when it comes to research funding in the EU.

I would also suggest that we continue to work on making sure we have the appropriate regulatory framework in Europe.

We should objectively review the European Commission's recent White Paper on the future of individual mobility to provide a balanced perspective and to ensure that the recommendations are consistent with consumer wants and the expected pace of vehicle technology and infrastructure development.

Industry/Government partnerships will also be required to ensure that Europe remains a key hub for automotive activities on a global scale.

Working together, all of the stakeholders represented here, can help achieve a future in which the European auto industry attracts research funding that is truly commensurate with its contribution to the European economy and its own significant R&D spend.

The possibilities are great as we jointly pave the way for the next generation of mobility. Great for the industry here in Europe, Great for the European economy, and, maybe most importantly, Great for our fellow citizens both within and beyond Europe.

I wish EUCAR every success in its vital mission and I hope you have a very successful and productive conference tomorrow. Thanks for your attention.