Global Automotive Sector Trends & Trade Union Challenges

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Main Points

- Global Economic Picture
- Industry and Company Trends
- Government measures & the global crisis
- Metalworking trade union responses
- Some key challenages for trade unions

World GDP Growth

2007-08 actual, 2009-10 projection (as of April '09)

Source: International Monetary Fund

	2007	*2008*	*2009p*	*2010p*
World	**5.2**	**3.2**	**-1.3**	**1.9**
Advanced Economies	**2.7**	**0.9**	**-3.8**	**0.0**
United States	2.0	1.1	-2.8	0.0
Euro Area	2.7	0.9	-4.2	-0.4
Japan	2.4	-0.6	-6.2	0.5
Emerging & Developing Countries	**8.3**	**6.1**	**1.6**	**4.0**
Africa	6.2	5.2	2.0	3.9
Central & Eastern Europe	5.4	2.9	-3.7	0.8
CIS	8.6	5.5	-5.1	1.2
Developing Asia	10.6	7.7	4.8	6.1
Middle East	6.3	5.9	2.5	3.5
Western Hempishere	5.7	4.2	-1.5	1.6

New Car Registrations, World & by Region

2006-2008 actual, 2009 forecast

NAFTA & South America includes light trucks

	2006	2007	2008e	2009f	07/06	08/07	09f/08
	million units				% change		
NAFTA	19.31	18.82	15.94	12.37	(2.5)	(15.3)	(22.4)
W Europe	14.80	14.82	13.58	11.82	0.1	(8.4)	(13.0)
Japan	4.64	4.40	4.22	3.54	(5.2)	(4.1)	(16.1)
Asia-Pacific*	9.00	10.51	10.90	9.62	16.8	3.7	(11.7)
Africa & ME	3.05	3.25	3.34	3.09	6.6	2.8	(7.5)
C & E Europe	3.50	4.42	4.99	3.48	26.3	12.9	(30.3)
S America	2.65	3.34	3.45	2.44	26.0	3.3	(29.3)
World Total	57.0	59.6	56.4	46.4	4.6	(5.3)	(17.8)

* excludes Japan

Source: Automotive Quarterly Review, 1st Quarter 2009

New Car Production, World & by Region

2006-2008 actual, 2009 forecast

NAFTA & South America include light trucks

	2006	2007	2008	2009f	07/06	08/07	09f/08
	million units				% Change		
NAFTA	15.33	15.10	12.65	9.69	(1.5)	(16.2)	(23.4)
W Europe	13.95	14.24	12.86	11.12	2.1	(9.7)	(13.5)
Japan	9.76	9.95	9.92	8.03	1.9	(0.3)	(19.1)
Asia-Pacific*	10.34	11.81	12.34	13.70	14.2	4.5	11.0
S America	2.82	3.21	3.48	2.70	13.8	8.4	(22.4)
C & E Europe	3.68	4.44	4.76	4.73	20.7	7.2	(0.6)
Africa & ME	0.86	0.92	0.90	0.76	6.5	(1.6)	(15.7)
World Total	56.7	59.7	56.9	50.7	5.2	(4.6)	(10.9)

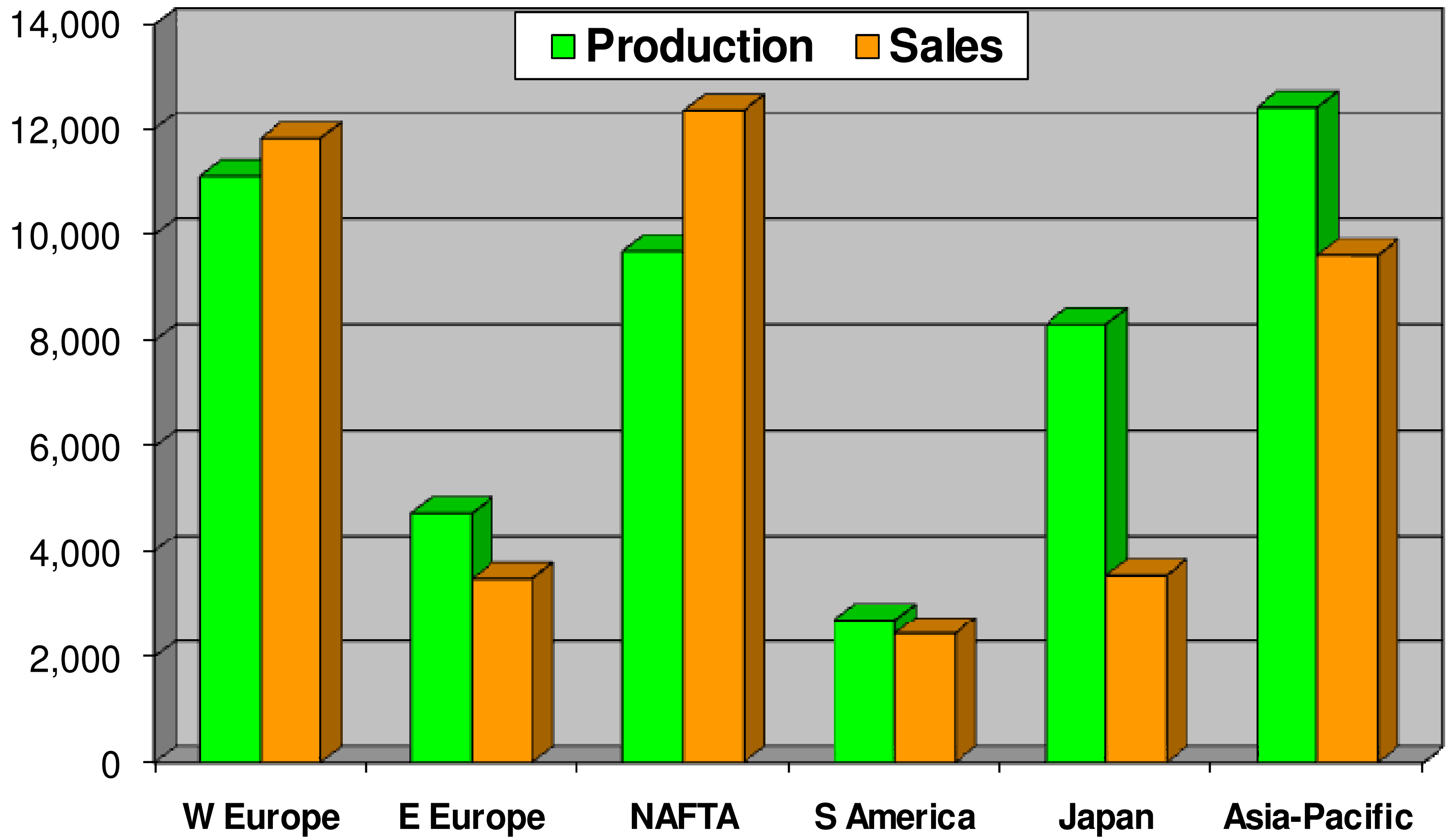
* excludes Japan

Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Regional Production vs. Sales

2009 forecast

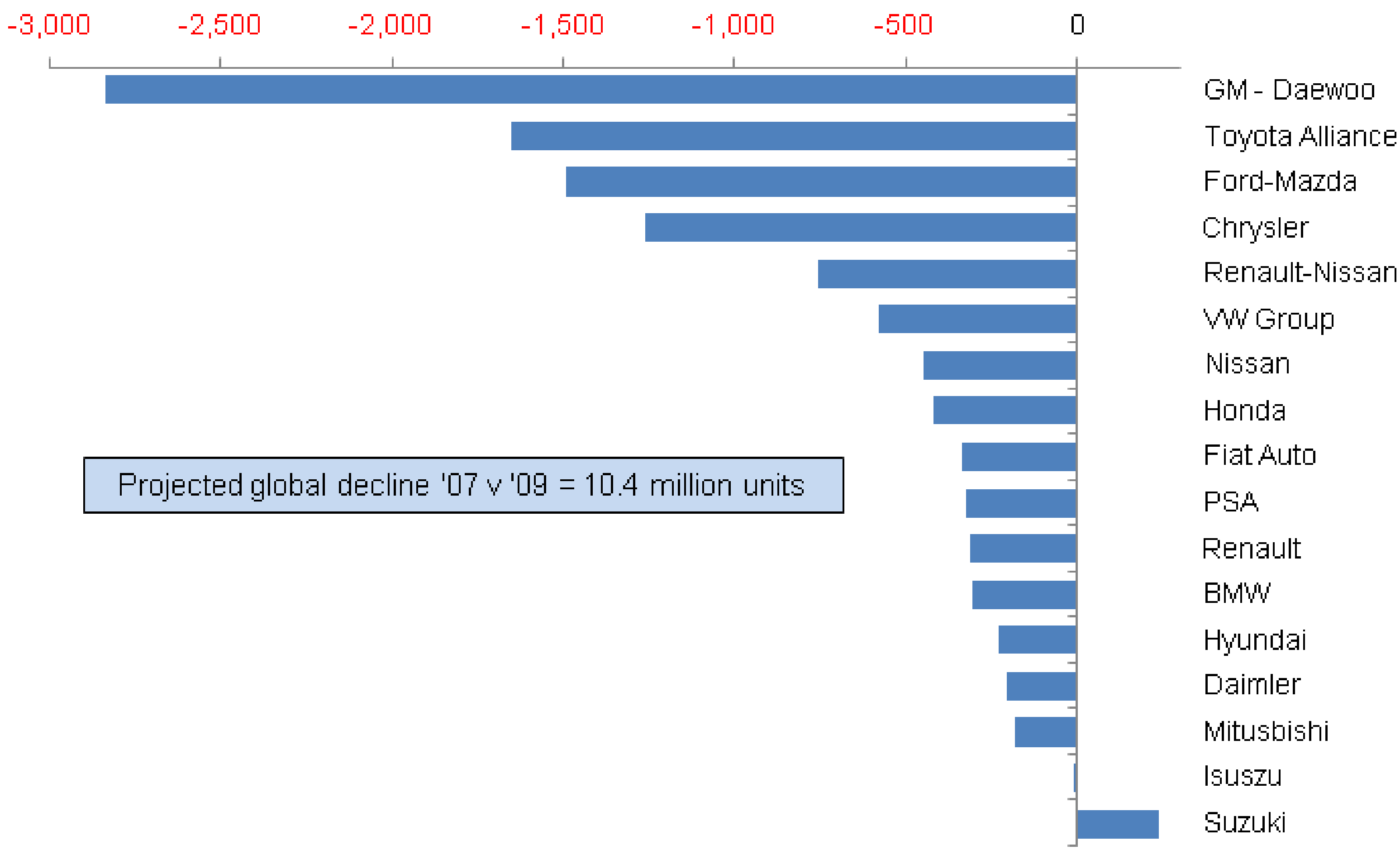
(in 1000 units)



Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Peak to Trough?

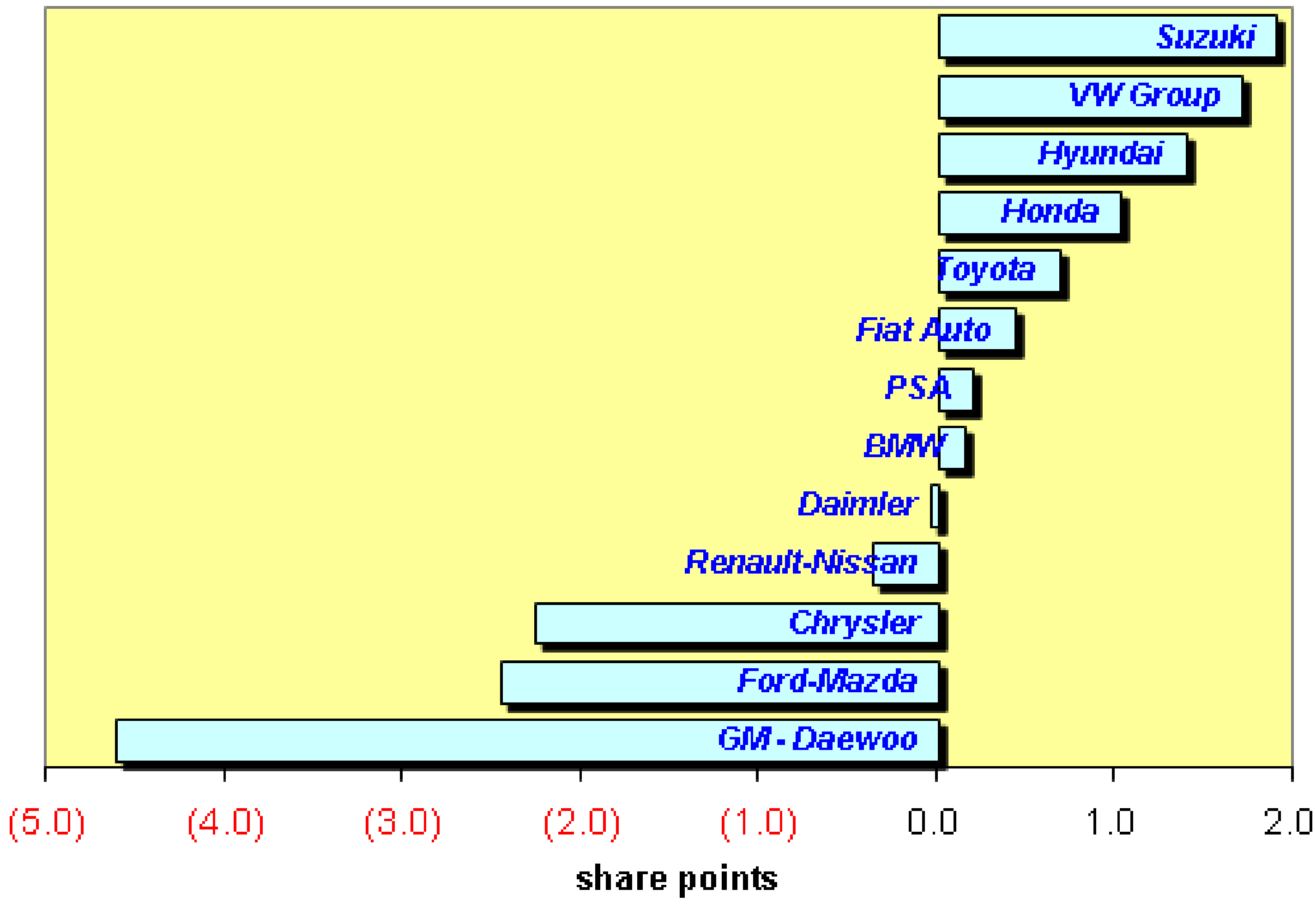
New Car Registrations, By Company
2007 vs. 2009 forecast (in 000 units)



Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

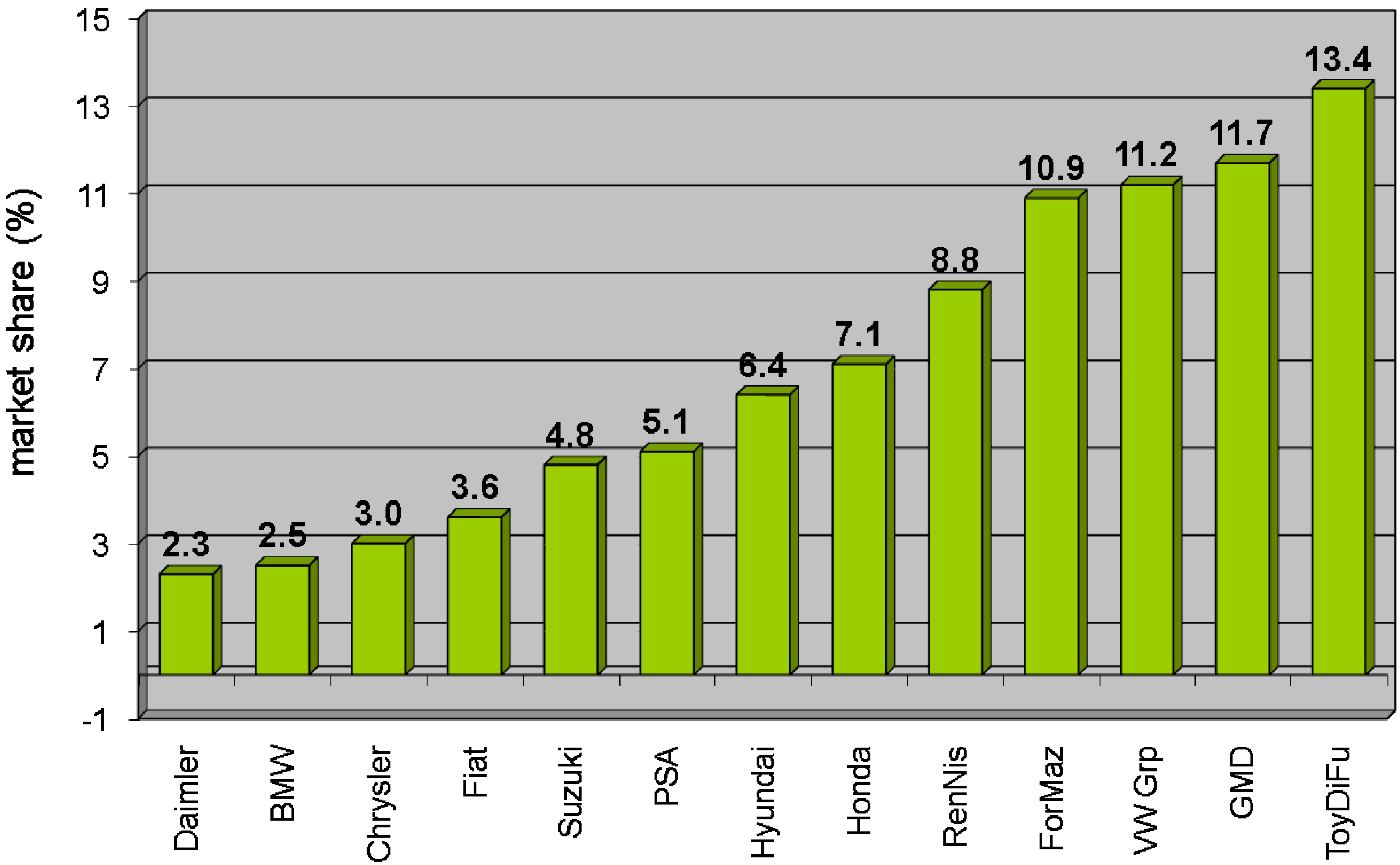
Projected Shift in Global Car Market Share
2004 vs. 2009 (forecast)

One share point = approx. 500,000 units



Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Projected Shares of 2009 Car Market by TNC Alliance

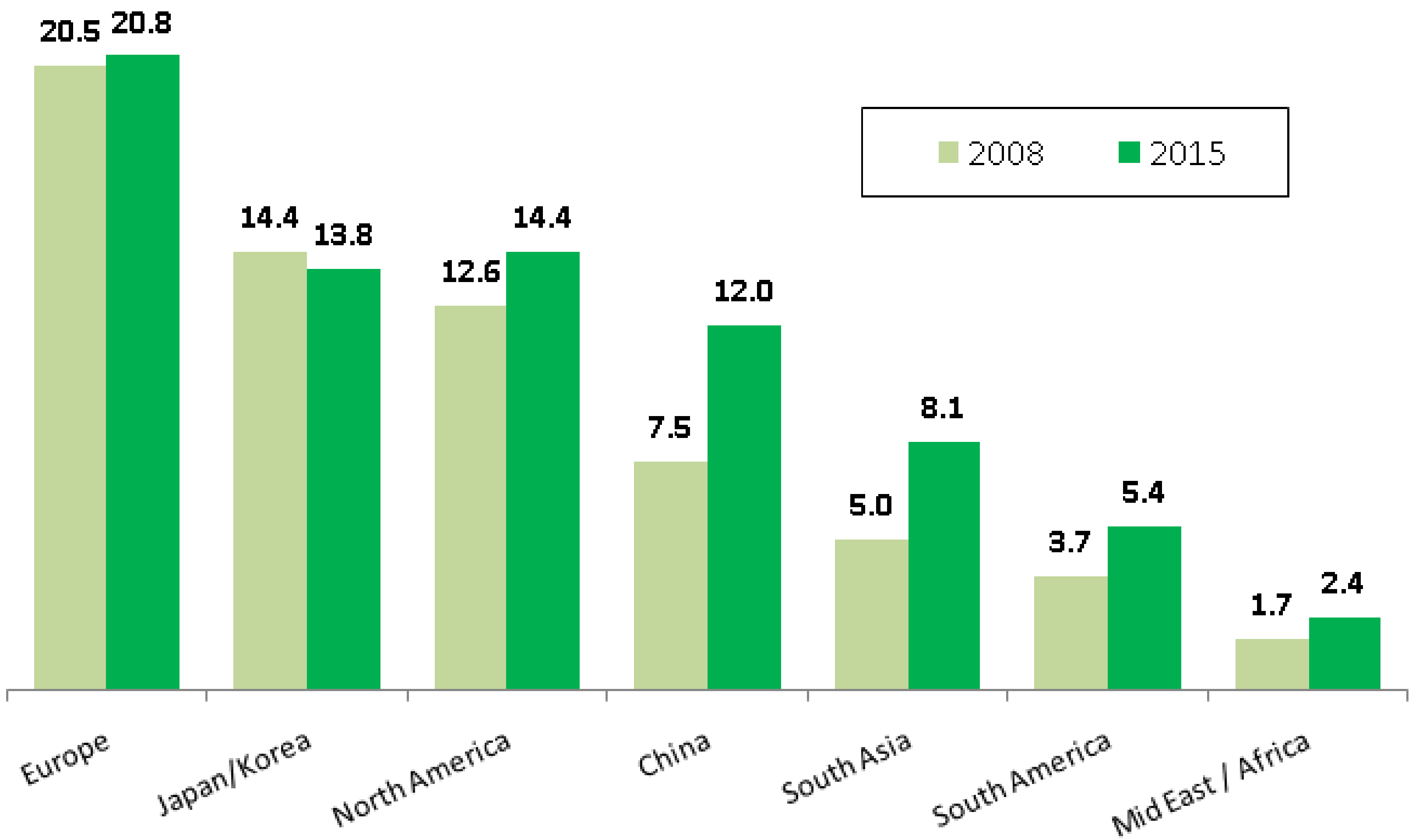


Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Region Light Vehicles Production Forecast

2008 to 2015 (in 1,000,000 units)

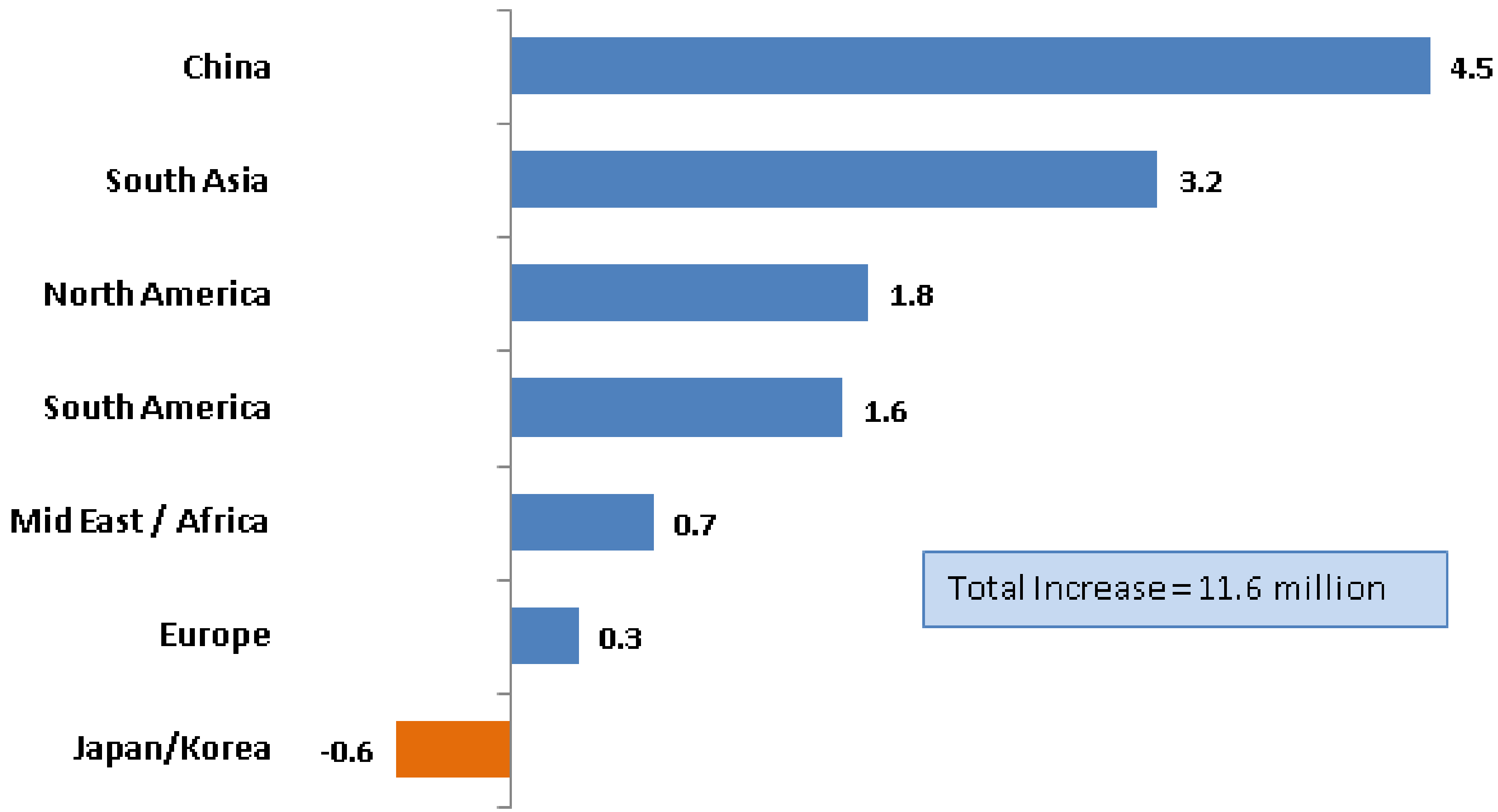
Source: CSM – May 2009



Projected Change in Light Vehicle Output

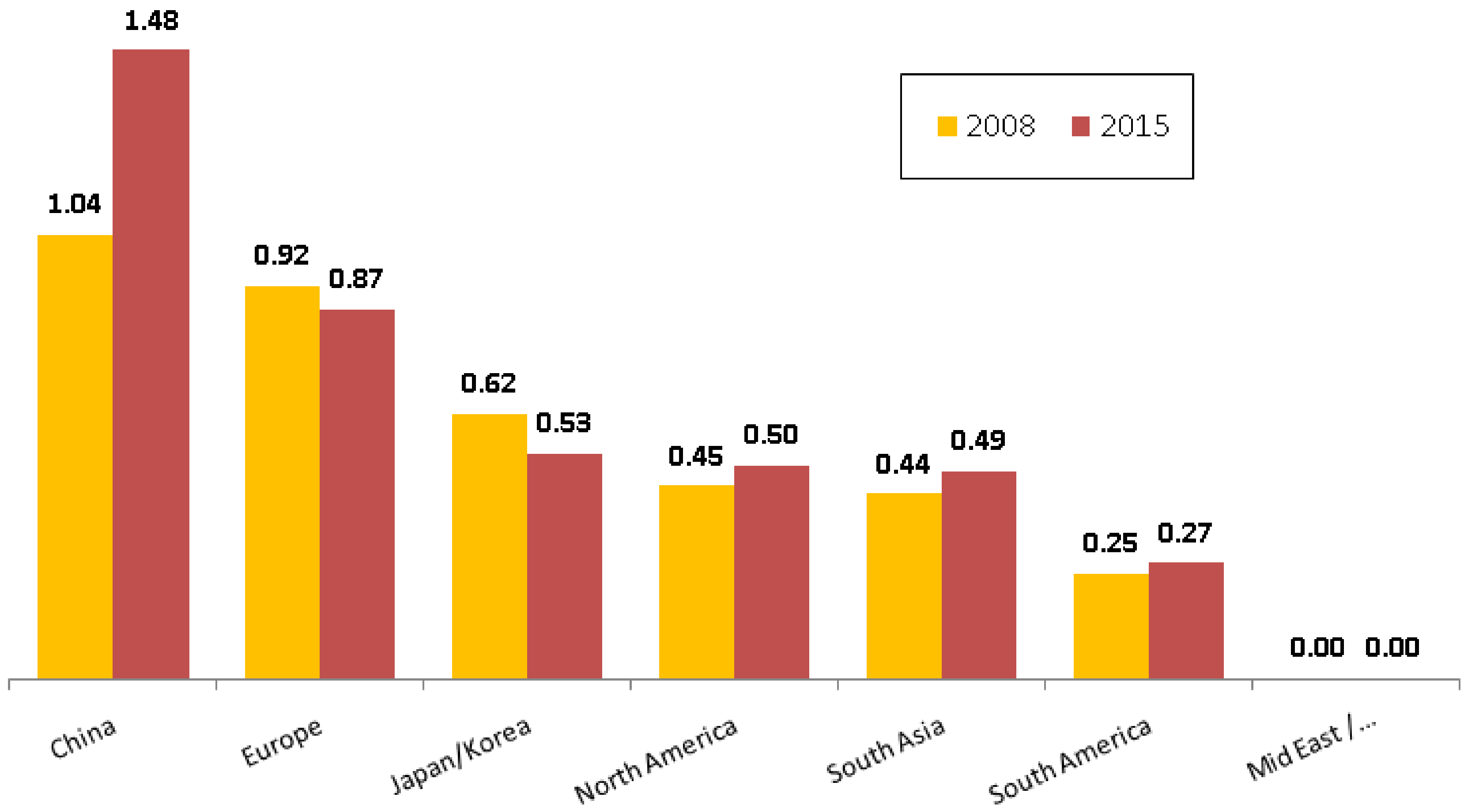
2008 to 2015 (in 1,000,000 units)

Source: CSM – May 2009



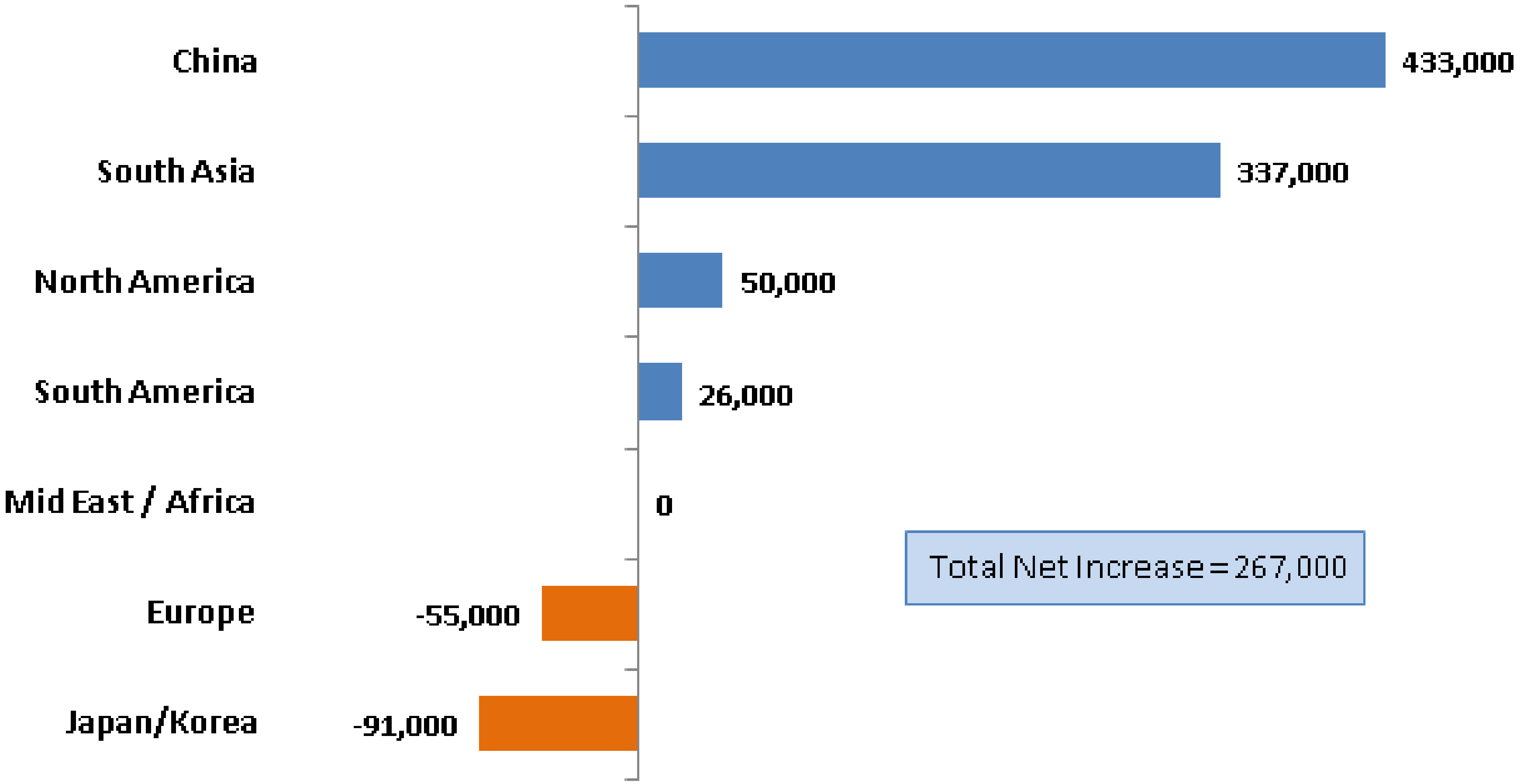
Medium / Heavy Vehicles Production Forecast 2008 to 2015 (in 1,000,000 units)

Source: CSM – May 2009



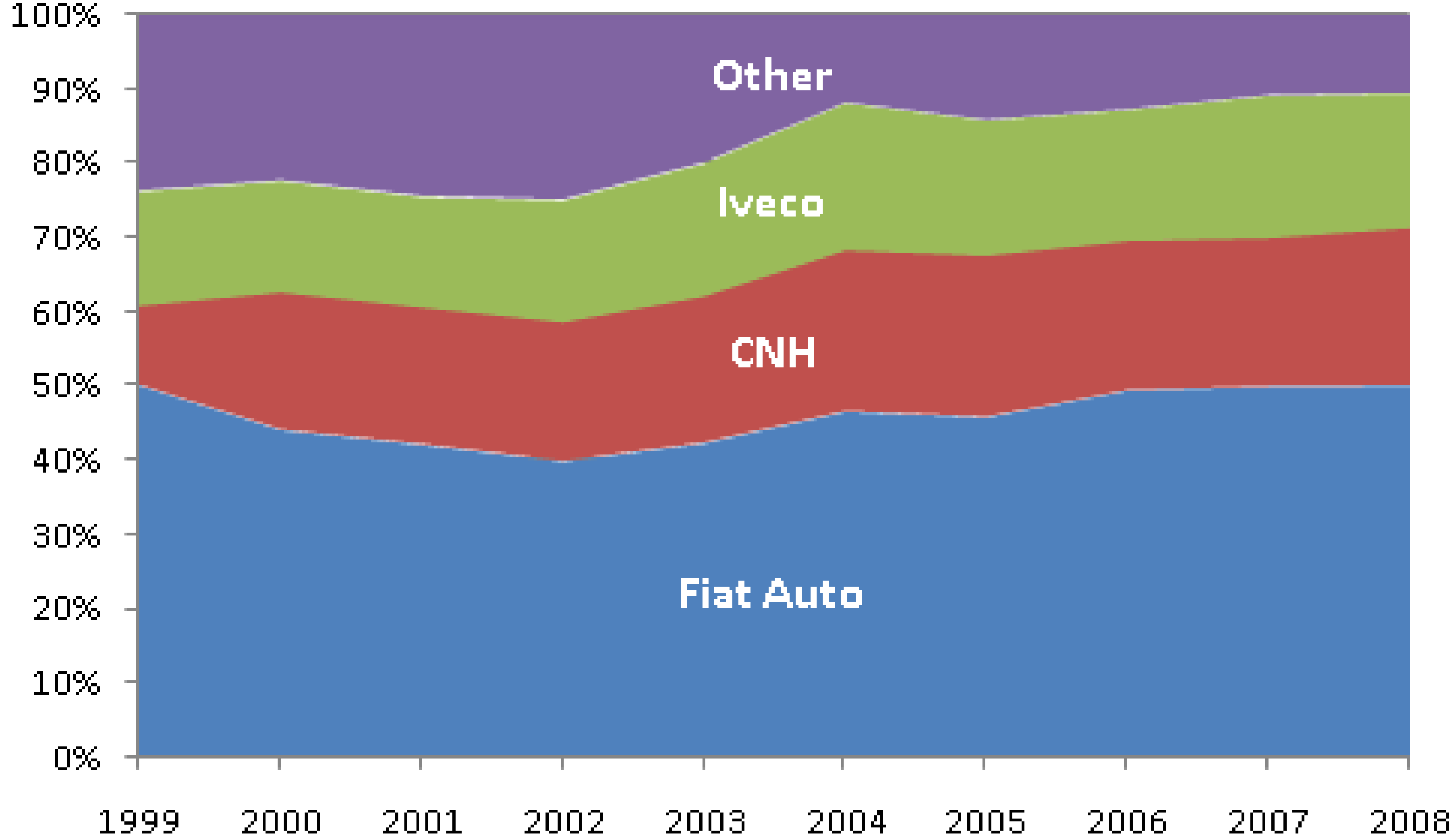
Projected Change in Medium & Heavy Vehicle Output 2008 to 2015

Source: CSM – May 2009



Fiat Group less diversified

Revenue by division, 1999 – 2008 (%)



Fiat passenger car production

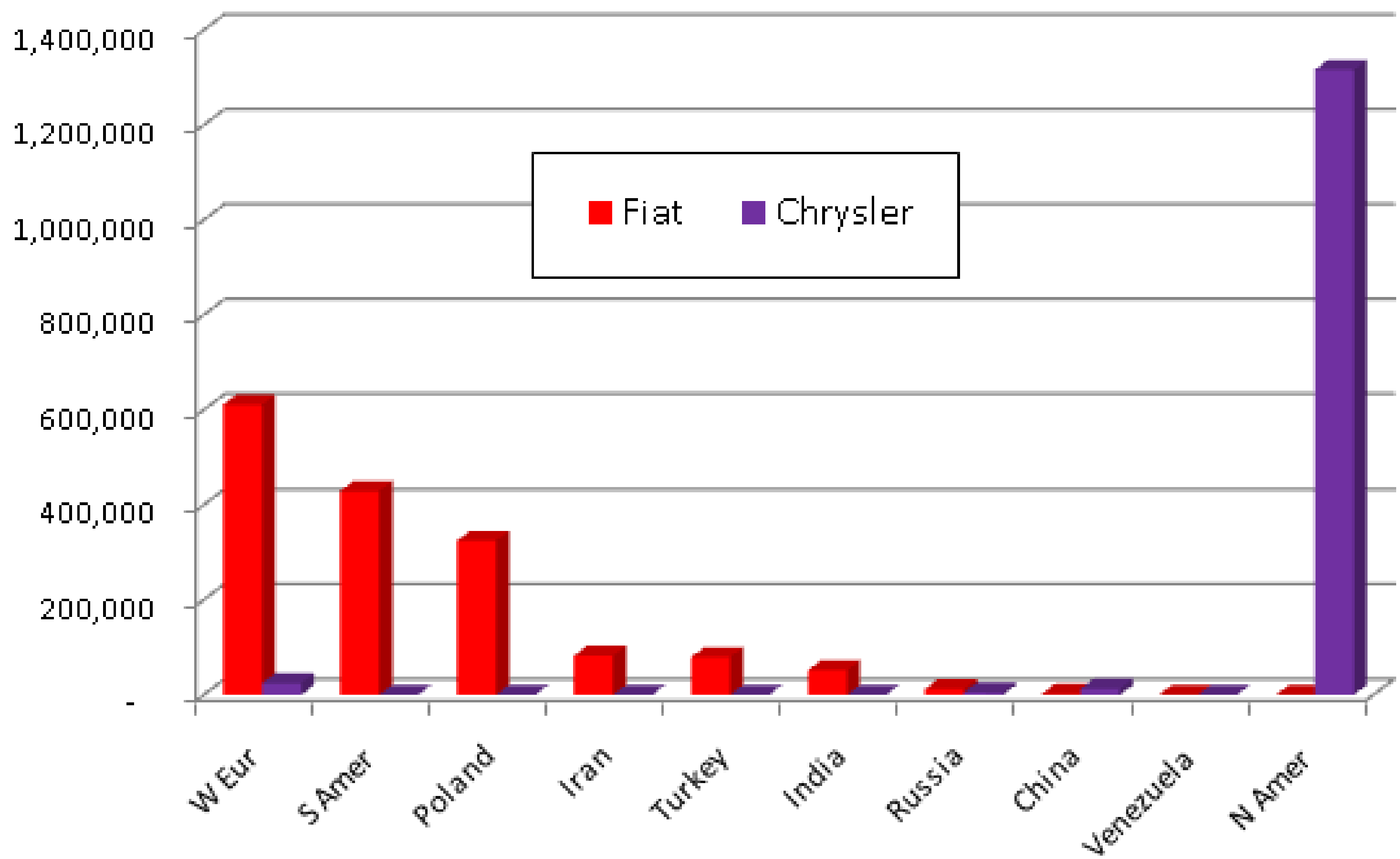
2005-2008 actual, 2009 forecast

Fiat	2005	2006	2007	2008	2009(f)
W Eur	725,518	888,822	897,210	648,253	611,297
S Amer	423,647	480,552	610,326	631,789	429,291
Poland	273,028	281,642	346,177	440,059	324,602
Iran	-	-	-	7,446	82,524
Turkey	63,130	70,689	95,349	74,816	79,393
India	5,958	4,200	4,350	30,341	51,843
Russia	-	1,097	10,348	16,163	12,189
China	32,788	31,400	16,083	369	2,369
Venezuela	-	-	-	-	-
N Amer	-	-	-	-	-
Total	**1,524,069**	**1,758,402**	**1,979,843**	**1,849,236**	**1,593,508**

Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Fiat & Chrysler Car Production

2009 forecast, by Region

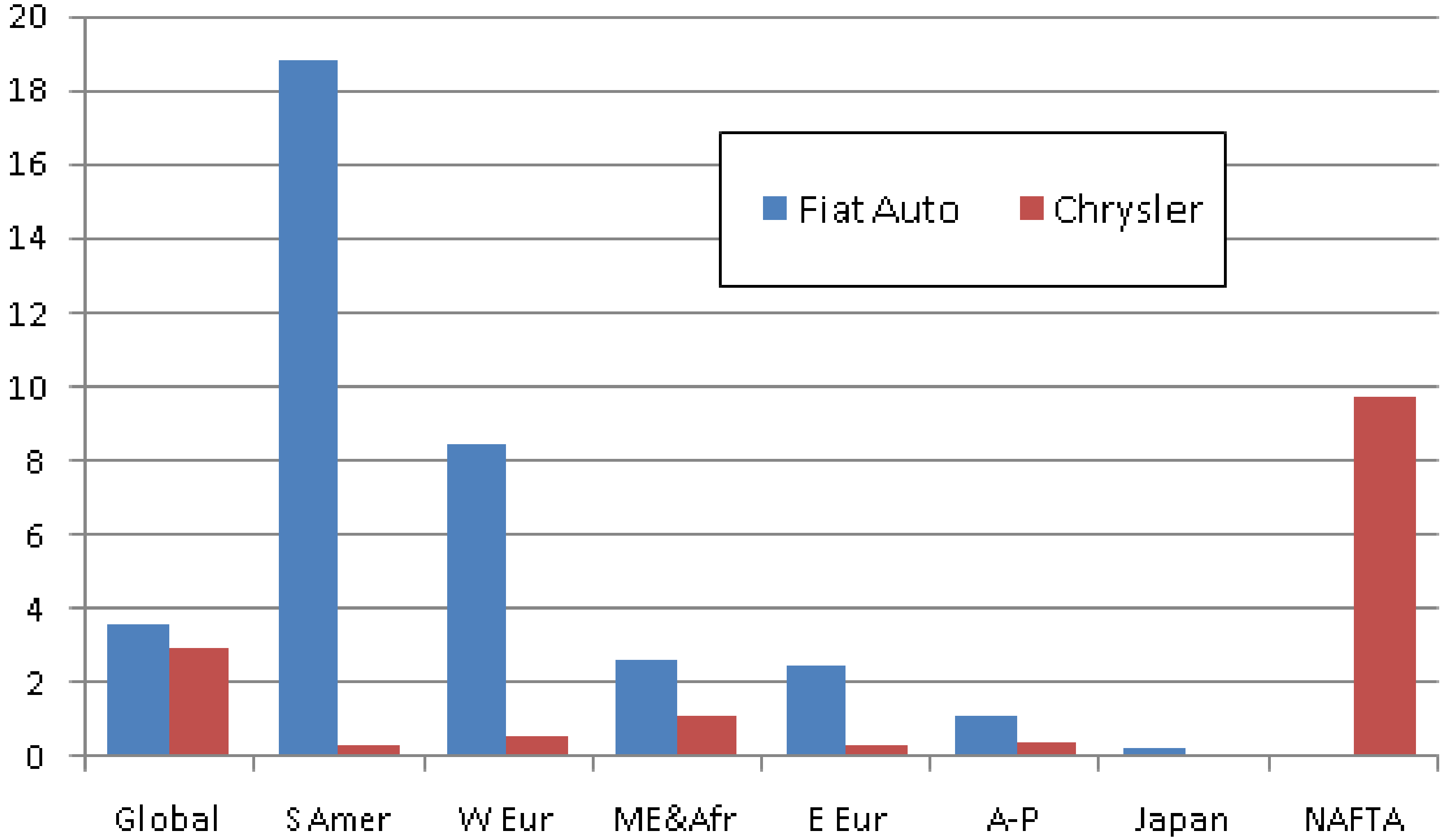


Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Projected Shares of 2009 Car Market

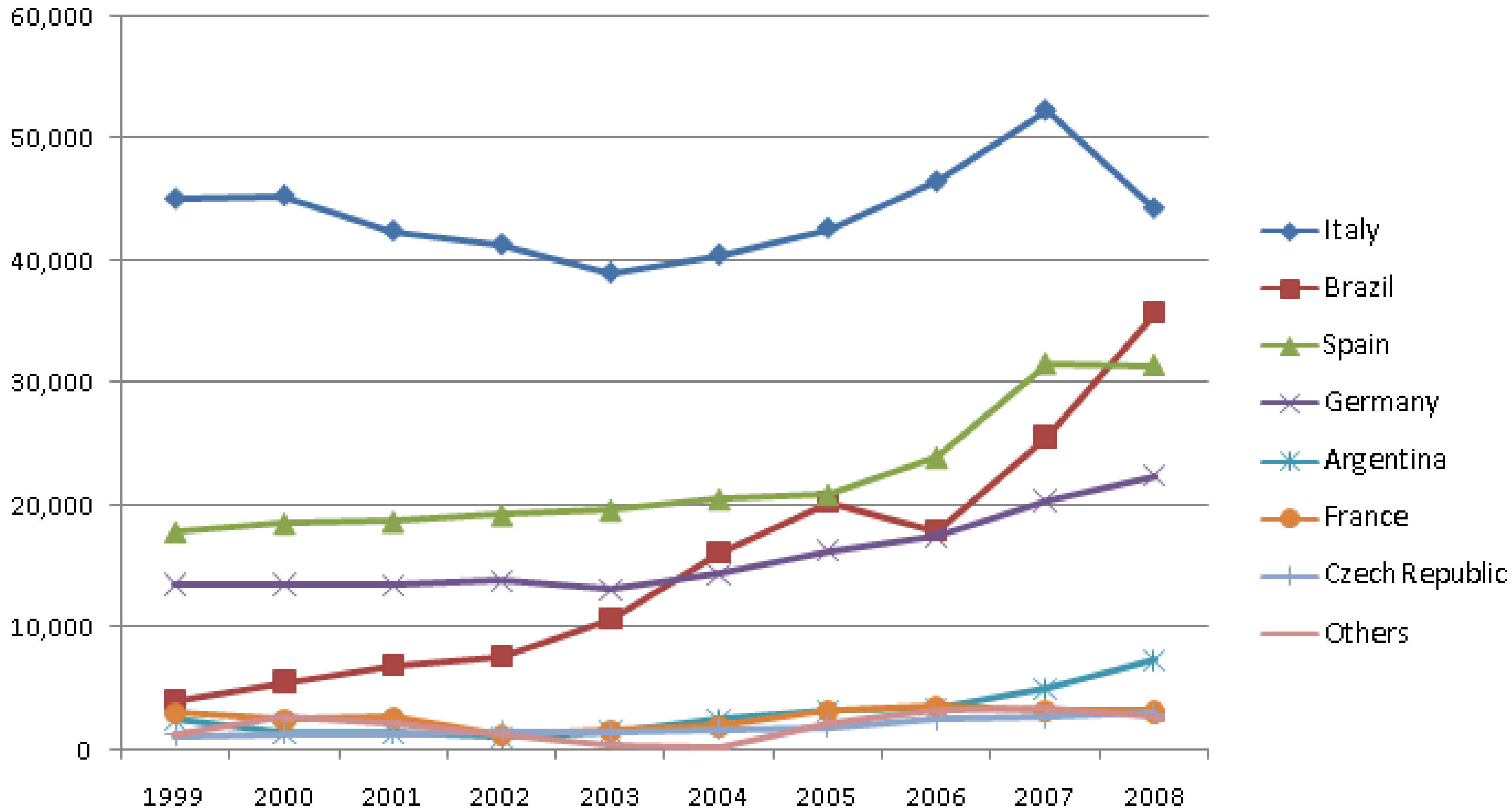
Fiat, Chrylser: Global & by Region

(%)



Source: Automotive Quarterly Review, 1st Quarter 2009; IMF

Iveco Production, by Country
1999-2008

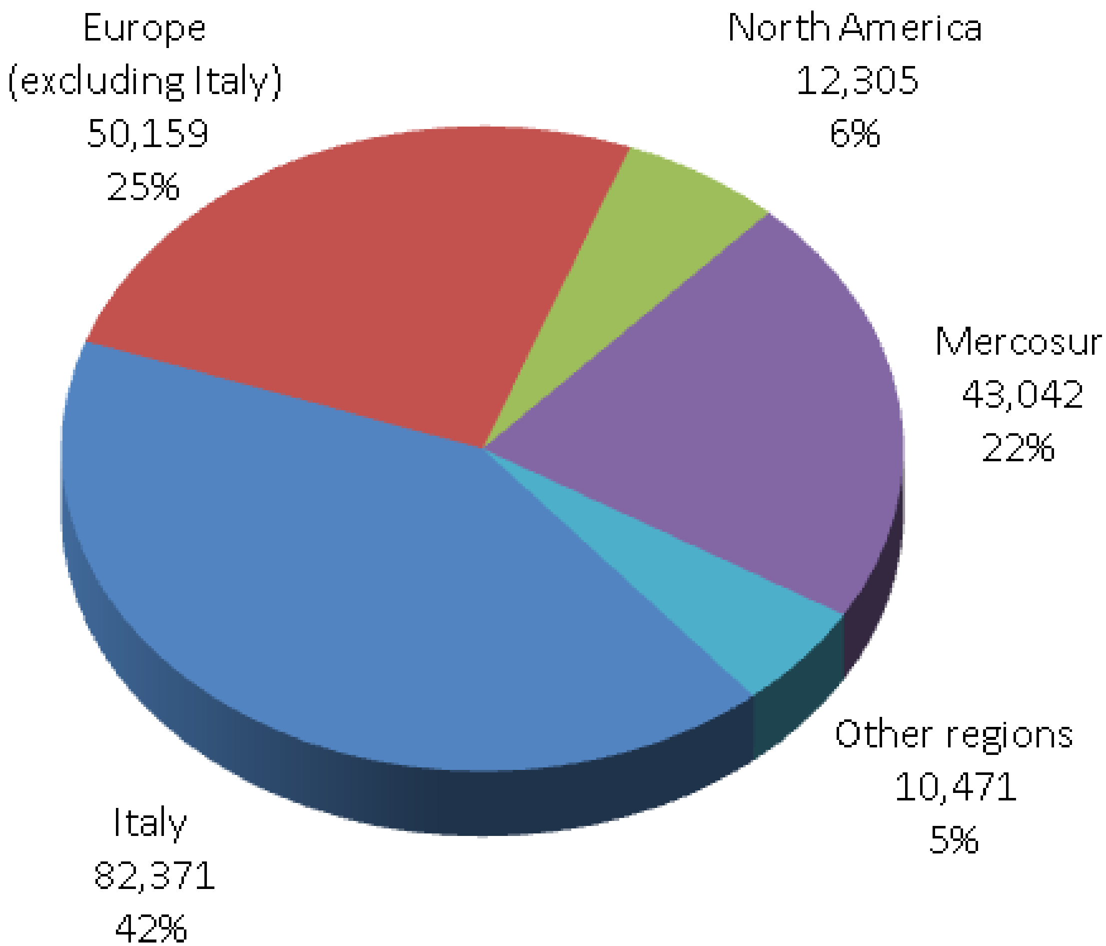


Source: AutomotiveWorld, The World's Truck Manufacturers, 12th Ed.

Fiat Group Employment,

by Region, 2008

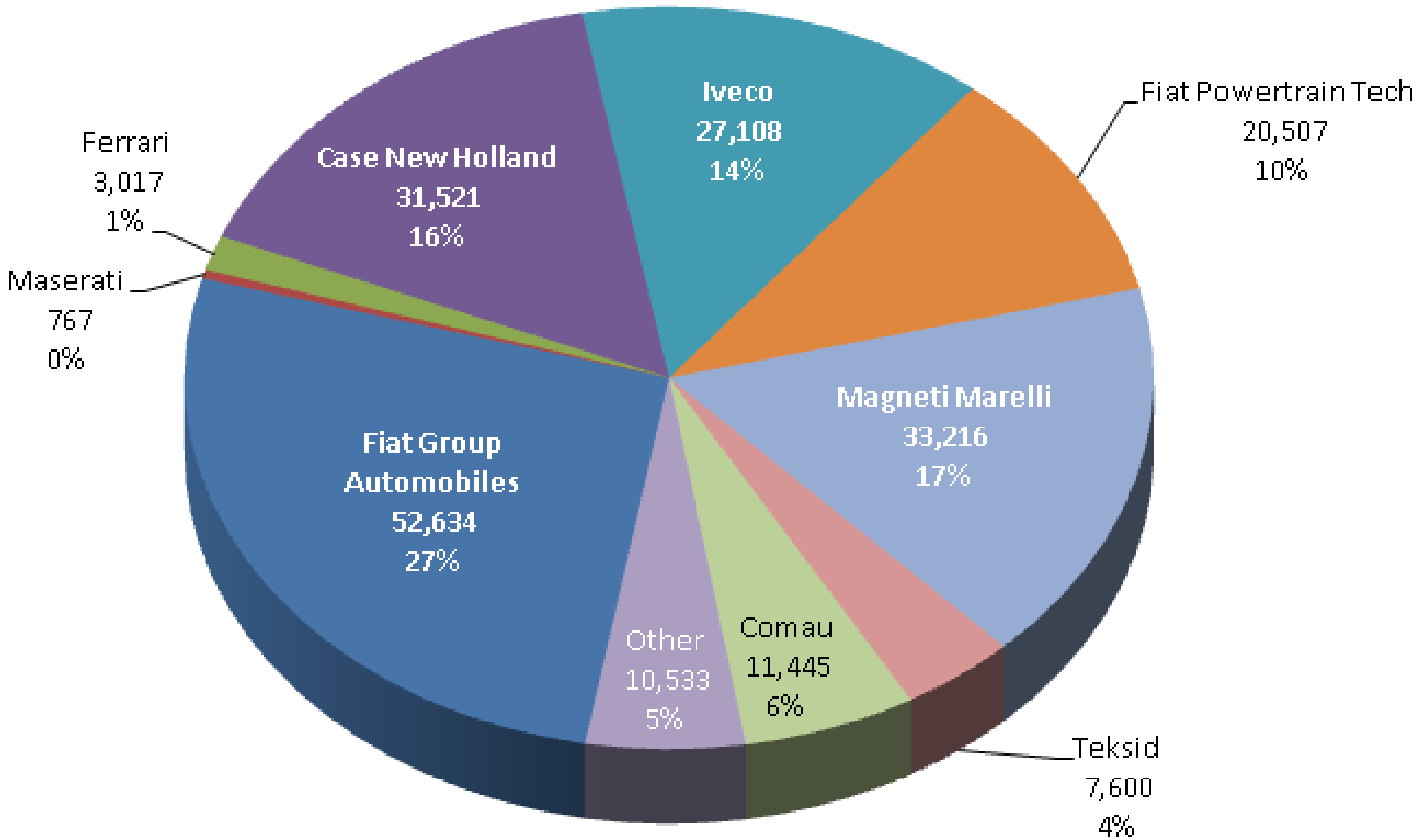
Total = 198,348



Source: Annual Report

Fiat Group Employment,

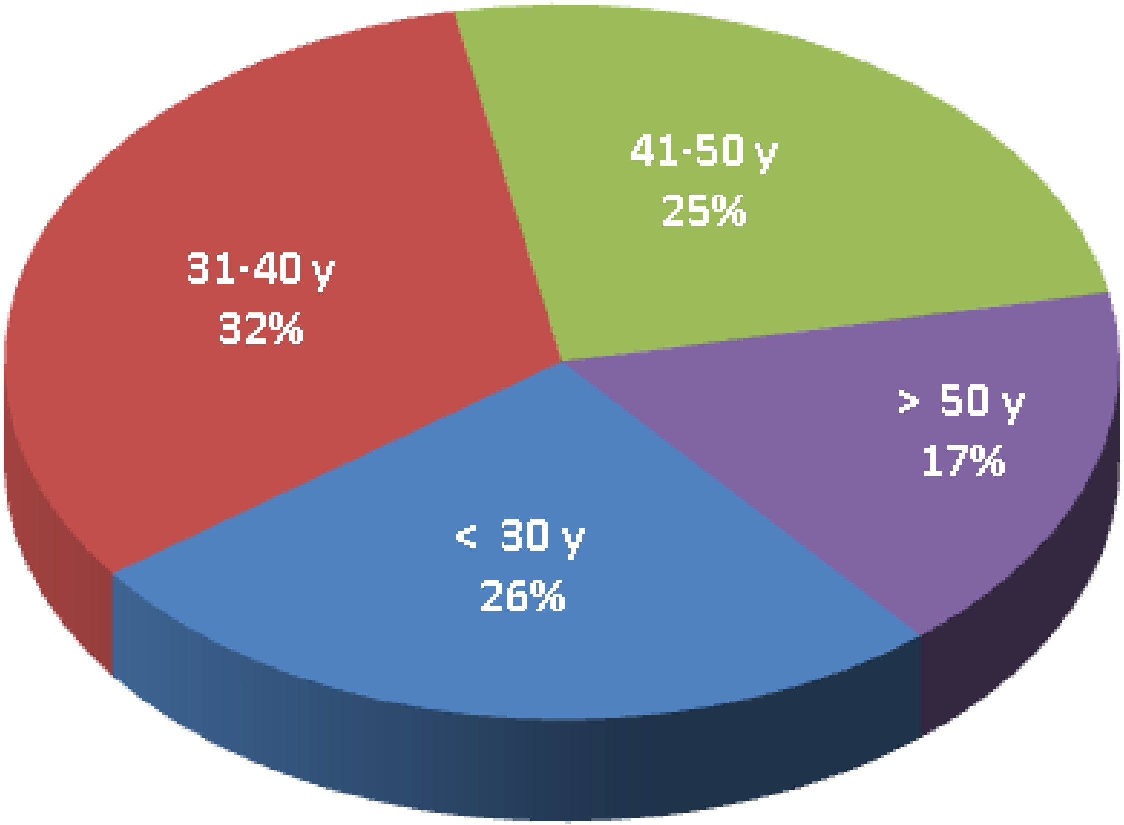
by Sector, 2008



Source: Annual Report

Fiat Group Employment,

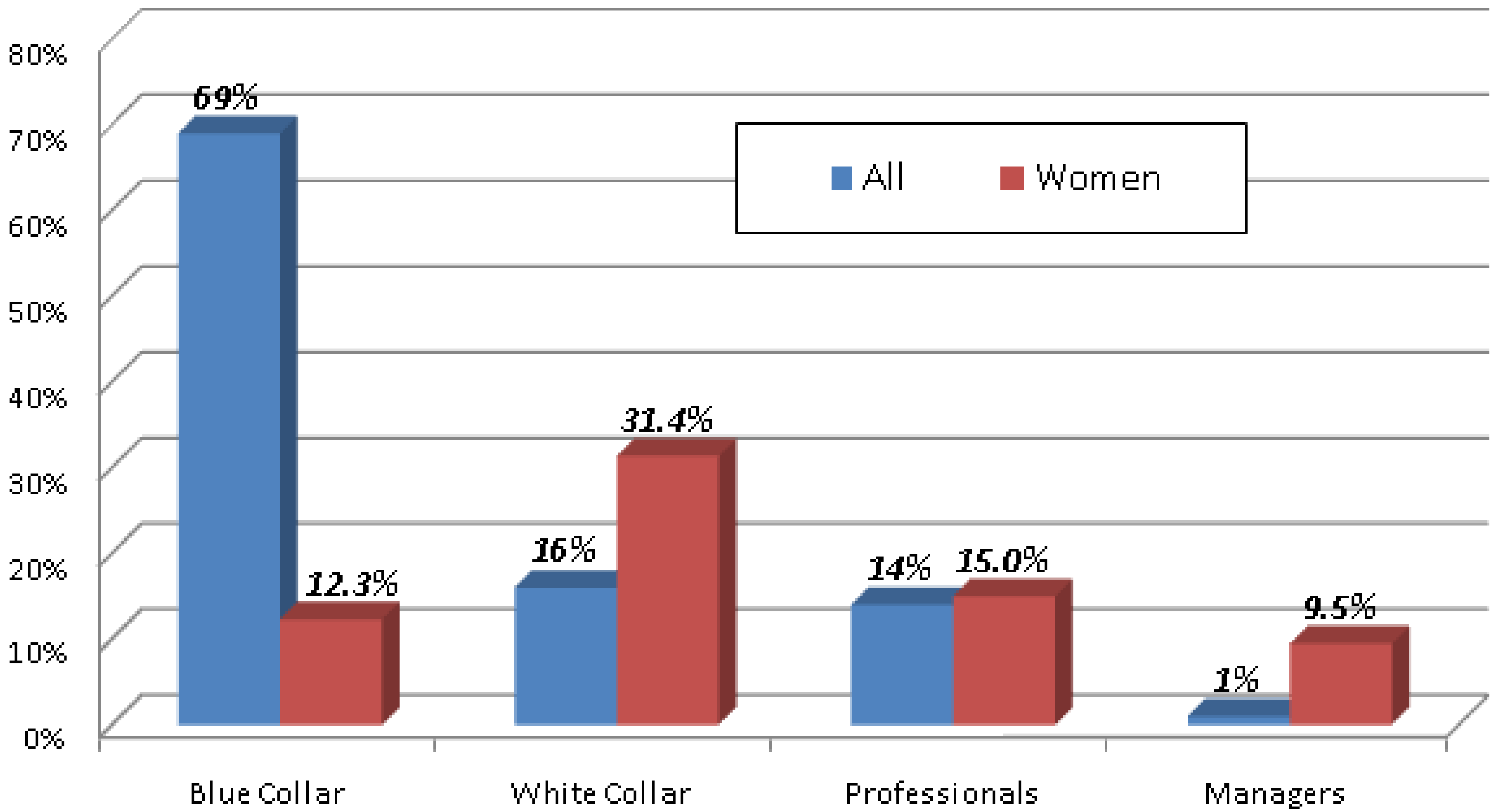
by Age, 2007



Source: EWC

Fiat Group Employment,

by Gender and Classification, 2007

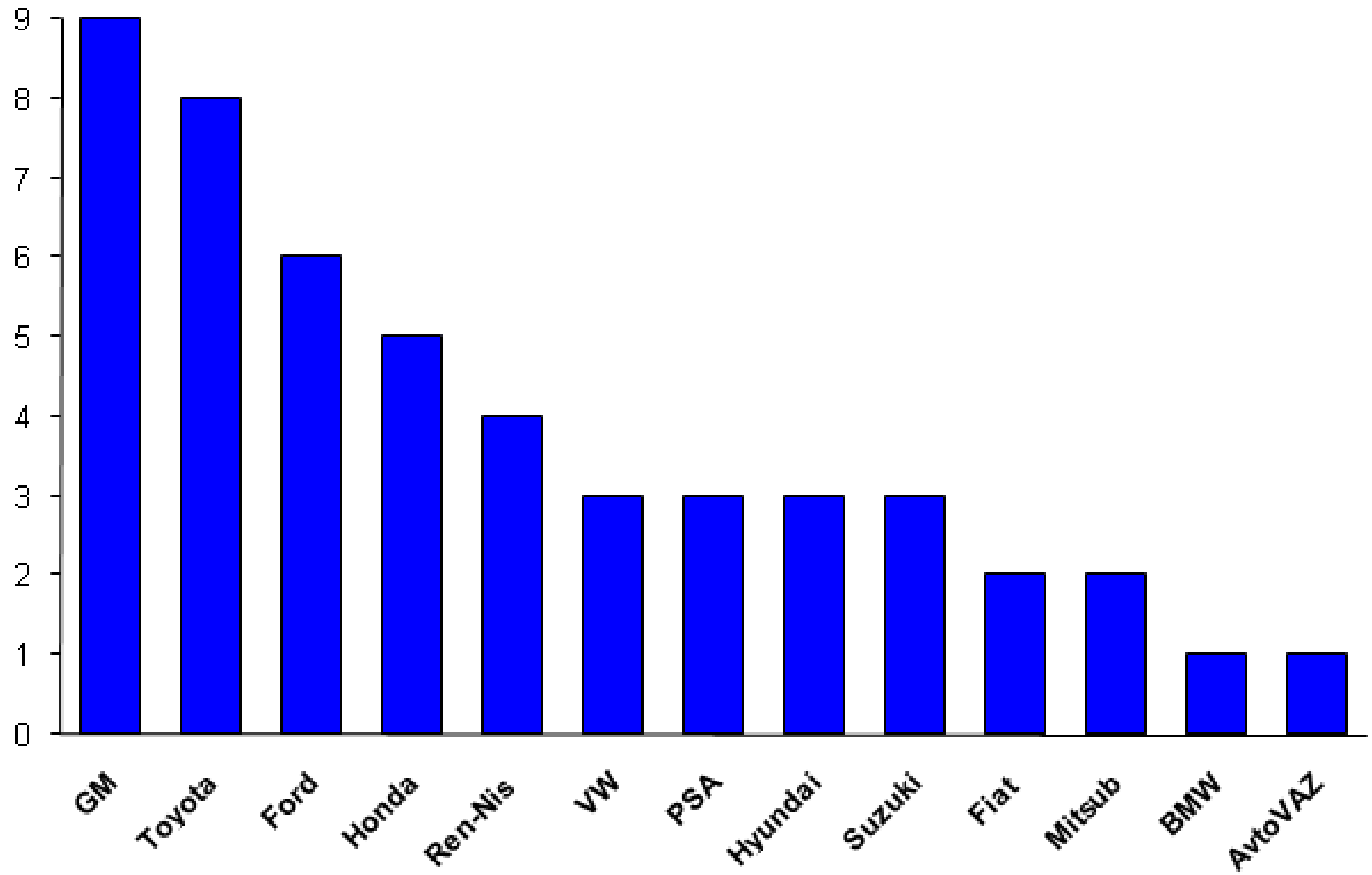


Source: EWC

Global company strategies aim at commonalities across borders ...

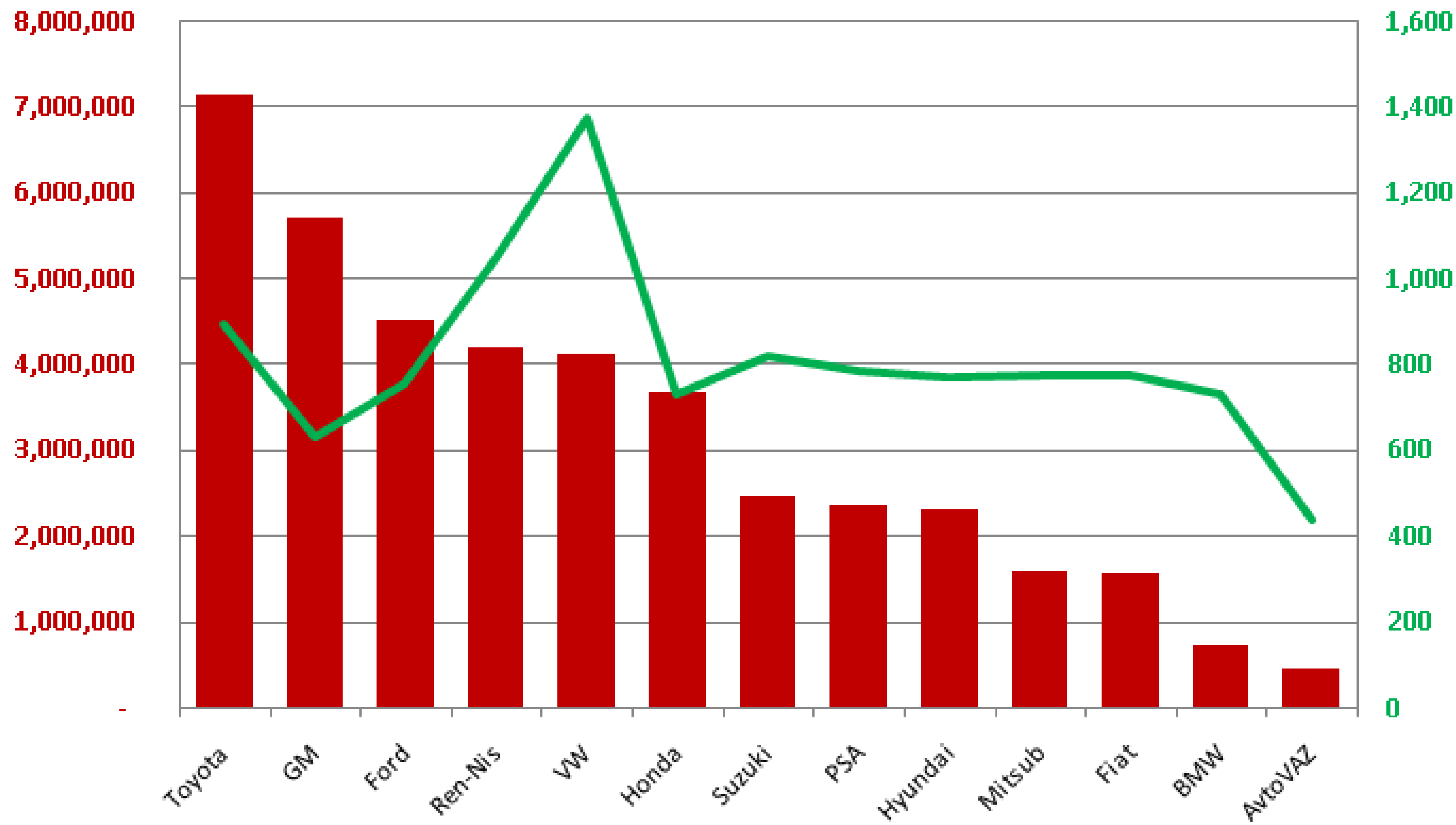
- Vehicle platforms and architectures
- Manufacturing and quality processes via the global manufacturing systems
- Components and parts procurement
- Factory layouts and automation adjusted for local labour situations
- IT, data and budget systems

Vehicle Platforms by Auto TNC
Ranked in Top 50 Worldwide, 2007



Source: PriceWaterhouseCoopers Automotive Institute; Just-Auto

Vehicle Platforms by Auto TNC, 2007
Total Volume on Platforms & Average Per Platform



Source: PriceWaterhouseCoopers Automotive Institute; Just-Auto; IMF

Fiat Corporate Partnerships:
Joint Ventures

- PSA (SEVEL), Italy and France
- Tofas, Turkey
- Tata, India and Argentina
- Chery Automobile, China

Fiat Corporate Partnerships: *Contract Manufacturing*

- Ford, Poland
- Pininfarina, Italy
- Suzuki, Hungary
- Sollers Group, Russia
- Sanatana, Spain

Fiat Corporate Partnerships:
Technical / Parts Alliances

- GM, powertrains, Poland
- Suzuki, diesel engines, India
- Chery, gasoline engines, China
- PSA, transmissions, Argentina
- Tata, engines and transmissions, India
- Sollers Group, diesel engines, Russia

Government policies for the automotive sector

(proposed, adopted and/or implemented, as of May 2009)

	Australia	Austria	Brazil	Canada	China	EU	France	Germany	Italy	Japan	Korea	Netherlands	Portugal	Russia	Slovak Rep.	Spain	Sweden	Turkey	UK	USA
Credit facilitated to captive automotive financing arms & banks making auto loans	X		X		X	X	X	X			X	X		X					X	X
Credit guarantees, low-interest loans, emergency bridge & working capital loans				X	X	X	X			X			X	X		X	X		X	X
Incentive programs to scrap older vehicles & purchase new cleaner ones		X			X		X	X	X	X			X	X	X	X				
Funding for R&D and tooling for cleaner vehicles	X				X	X	X	X			X						X		X	X
Reduction in vehicle-related taxes			X		X		X	X	X	X	X									X
Short-time work and partial unemployment schemes		X					X	X	X	X				X			X	X		
Structural adjustment funds for auto sector, including suppliers	X					X	X				X					X				
Expanded training funds for workers	X						X						X						X	
Trade-related measures (market access, tariffs, export finance)	X												X	X						
State equity injection and/ or increased ownership stakes							X	X												X
Renewal of government vehicle fleets including cleaner vehicles					X									X						

Source: Press articles

Main areas of government policies for the automotive sector

- Stimulating demand for motor vehicles including restoring liquidity for vehicle financing (*shorter-term*)
- Addressing company solvency and restoring credit lines (*shorter to medium-term*)
- Protecting employment and income support, along with skills development (*short to medium-term*)
- Progressing on cleaner vehicles and fuels (*shorter to longer-term*)

Metalworking union actions and responses

1. Prompt adoption of **stimulus programs** that benefit and protect workers economy-wide.

2. Effective measures to **prevent redundancies** and retain workers in jobs with company and government-financed benefits that **secure worker incomes** and maintain and supplement family purchasing power.

3. **Restoration of credit lines** for companies across production chains, and loans for households and enterprises to finance the purchase of new cars and trucks and other final products.

Metalworking union actions and responses (continued)

4. **Acceleration of investments in R&D**, design and production of advanced motor vehicle and fuel technologies that lower emissions of carbon dioxide and other pollutants in ways that generate and maintain high quality jobs for metalworkers.

5. Rejection of and **resistance against** any employer, government or right-wing ideological **attempt to exploit the crisis to attack or undermine trade unions** and workers' rights or to divide workers.

Some key challenges for trade unions

- Maintaining solidarity when conditions have heighten already existing risks of divisions between workers.
- Blocking attempts by companies to substitute percarious jobs for permanent ones in the aftermath of the crisis.
- Needing to broaden and deepen trade union efforts to organize workers during a period of deteriorating economic conditions.

Trade union responses requires unifying structures & strategies!

- Trade unions need unifying structures & strategies to resist companies playing workers & communities off one another. This also requires government policies that end ruinous competition for investments.
- Trade unions are weaker in the supplier sector so unions need to put more emphasis on organizing there by reinforcing assembly-supplier worker links.
- Unity between permanent and precarious workers needs to be strengthened to ensure protection and security of all workers.

Trade union responses requires unifying structures & strategies!

- To effectively defend worker and trade union rights, support collective bargaining and to organize the unorganized, union structures & strategies need to…
  - ✓ … extend beyond an enterprise, recongizing and responding to commom challenges facing workers across the sector.
  - ✓ … allow for effective coodination between national and international trade union structures.
- Solidarity, mutual support and effective communication are the foundations of collective means to respond to TNC strategies in a globalized industry.

SOLIDARITY