



The European Small Volume
Car Manufacturers Alliance

PERFORMING FOR EUROPE

2021

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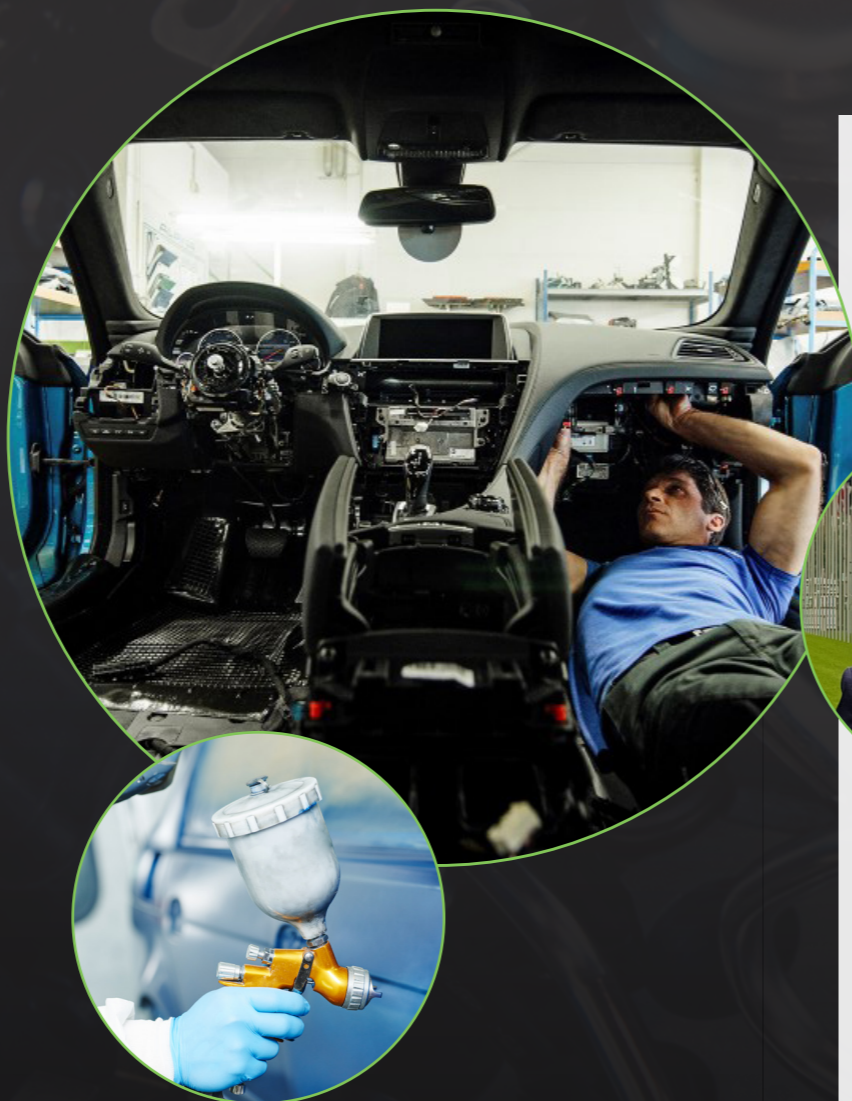
ABOUT ESCA

The European Small Volume Car Manufacturers Alliance (ESCA) is the trade body representing the interests of independent European car manufacturers.

ESCA members make advanced, high performance cars with individual production of less than 10,000 units per year, recognised by EU legislation as Small Volume Manufacturers (SVMs).

Based in Brussels and London, the ESCA team is made up of policy and public affairs professionals who coordinate the work of the Alliance and policy interventions on a range of issues including access to export markets, emissions targets and safety technology.

The Alliance advocates on behalf of its members in the European institutions, in EU Member States and in the United Kingdom to ensure their interests are represented alongside the mainstream automotive industry.



FOREWORD FROM THE ESCA PRESIDENT



European small volume car manufacturing has been at the forefront of the automotive industry throughout its history. Often our members at ESCA provide the bridge between the pioneering motoring spirit and cutting edge world leading technologies of the future.

Despite the Covid-19 pandemic and its impact on the automotive sector as a whole, our Alliance has grown over the past year as a result of increased regulatory pressure in the European Union, pushed by societal trends and values all ESCA members share and support.

The ESCA membership includes manufacturers who register in the EU less than 10,000 vehicles per year, with our ultra-small volume manufacturers producing just a handful of passenger or commercial vehicles each year. However, the economic output of our members on the wider automotive sector as well as the European economy far outweighs the number of cars produced.

The combined total turnover of our members has a value of almost €2 billion, while ESCA members' R&D spend is worth over €315 million as we continue to break new ground in industry expertise and in the development of new technologies. Our members employ thousands of people across borders and export some of the most desirable vehicles in the world to international markets.

Our historical investment and commitment in design and innovation helps make the wider European

automotive sector compete in a global market where advanced technologies developed by ESCA members find their way into the mainstream giving Europe a competitive advantage.

This report sets out the importance of the small volume sector to the European economy and the three key regulatory areas that are crucial for our members: emissions, safety and trade.



While 2020 has been a difficult year, we hope that 2021 will be the year of relaunch for Europe and our sector. We remain strongly committed to reducing emissions and increasing the use of low carbon technology in our vehicles and improving driver, passenger and vulnerable users safety across our models.

I would say to any (ultra-) small volume manufacturer that it is vital the sector is able to speak with one voice and it has never been more important to make sure that our voice is heard. By joining ESCA you can make sure that our industry is properly represented at all levels and on the issues that are important to us all.

Kuthan Toydemir
Koenigsegg

Our historical investment and commitment in design and innovation helps make the wider European automotive sector compete in a global market

Our members are responsible for some of the world's most recognisable, iconic and innovative brands, breaking the mould in the automotive industry.



ECONOMIC VALUE

The small volume car manufacturing sector has continued to enjoy strong growth in Europe.

Members of ESCA represent a combined turnover of just under €2 billion, with 7193 employees directly involved in small volume manufacturing and an additional 10,014 jobs supported through its supply chains.

Collectively our members hold 406 patents and are responsible for an R&D spend of €315 million.

In total, ESCA members produced some 14,196 vehicles last year, a 14% increase compared to last year, with the United Kingdom, France, Germany, the Netherlands, Italy and Croatia all represented as manufacturing sectors.

Key export destinations include the United States, China, Japan, Thailand, Switzerland and Norway.



PRODUCTION CENTRES

1. ASTON MARTIN LAGONDA
Gaydon, Warwickshire, UK

2. MCLAREN
Woking, Surrey, UK
Sheffield, Yorkshire, UK

3. KTM
Graz, Austria

4. ALPINA
Buchloe, Germany

5. PRAGA CARS
Prague, Czech Republic

6. PAGANI
San Cesario sul Panaro, Italy

7. KOENIGSEGG
Ängelholm, Sweden

8. RIMAC
Sveta Nedelja, Veliko Trogvisce, Croatia

9. WIEMANN
Dulmen, Germany

10. RUF
Pfaffenhausen, Germany

11. GOUPIL
Bourran, France

12. BUGATTI
Molsheim, France

13. DONKERVOORT
Lelystad, Netherlands

14. INEOS AUTOMOTIVE
London, UK



GLOBAL REACH

R&D CENTRES

- China
- Slovenia
- United Kingdom

EXPORT COUNTRIES

- China
- Gulf Cooperation Council
- Japan
- Norway
- South Korea
- Switzerland
- Thailand
- Taiwan
- United States

TOTAL TURNOVER
€1,965,600,000



TOTAL R&D INVESTMENT (EUROS) IN 2020
€315,100,000



NUMBER OF EMPLOYEES
7,193



TOTAL PRODUCTION OF VEHICLES IN 2020
14,196

GLOBAL NUMBER OF REGISTRATIONS IN 2020
14,088



NUMBER OF REGISTRATIONS INSIDE THE EU AND UK IN 2020
6,945

AVERAGE MILEAGE OF AN ESCA CAR PER ANNUM
3708 KM



NUMBER OF PATENTS HELD
406



KEY ISSUES

ESCA members produce passenger and commercial vehicles in small quantities. This makes them distinct from large car manufacturers.

Due to their handcrafting and small production numbers, ESCA members rely on very different business models within the automotive sector. On average, ESCA members have longer product development cycles than most larger manufacturers.

Design, engineering and production costs of a model have to be recuperated over a very small sales volume, with forward-looking investments taking place typically 5-6 years in advance of production.

For this reason, ESCA members find it difficult to make rapid changes to their vehicles and typically

any change driven by the regulatory outlook requires a longer time to implement.

As such, ESCA and its members work proactively with the EU institutions and national governments to ensure that the regulatory environment put forward allows small volume manufacturers to compete more readily, invest in new technology and achieve both commercial goals of their organizations as well as targets set out by policymakers.

ESCA works on three key areas that are crucial to uphold and safeguard the competitiveness of its members: emissions, safety and trade policy.

EMISSIONS

The EU has put forward the European Green Deal, a flagship initiative that aims to make the Union climate neutral by 2050. In order to achieve this objective the EU plans to reduce the share in carbon emissions and improve ambient air quality across all sectors, including automotive.

ESCA members stand ready to support the EU in its ambition and are fully committed to reducing emissions from their fleets and increasing the use of low-carbon technologies in their vehicles.

The annum average emissions of a typical ESCA vehicle is much lower compared to that of large volume manufacturers. The share of small volume car manufacturers in the emissions – both CO2 and pollutants – of the overall road transport sector is therefore negligible.

Within the EU compliance with CO2 emissions standards are calculated on a fleet average. As small volume manufacturers have much smaller fleets over which the emissions can be averaged, they require a regulatory framework that provides an equal treatment for small volume manufacturers based on comparable efforts as regards to the larger manufacturers.

Both on emissions standards as on testing requirements, ESCA has continuously engaged with EU policy-makers to ensure that the specificities and requirements for small volume manufacturers are recognized and that the regulatory framework on emissions remains proportionate to their business model whilst helping to deliver on the EU climate ambition.

SAFETY

2019 and 2020 have been important years for the EU when it comes to road transport safety. With the adoption of the General Vehicle Safety Regulation, the EU has set the basis for important developments in vehicle safety and reducing the number of road fatalities.

ESCA members support the EU ambition to significantly decrease road accidents achieve its "Vision Zero" strategy. We believe that only proportionate rules that take into account the specificities of small volume car manufacturers can be a key contributor to this objective, while guaranteeing long-term competitiveness of the sector.

Small volume manufacturers represents only a minimal and negligible fraction of overall vehicle registrations in the EU, which not only affects their ability to recuperate investments in the short term, but also to access these technologies due to their limited volumes.

ESCA members' very different business models and production cycles need to rely on a coherent and predictable EU regulatory framework, which allows for flexibilities in order to implement new technologies.

Without flexibilities, the application of new requirements would have a negative effect on manufacturers, which could ultimately undermine



The challenge for EU policy makers is to continue on the path of increasing vehicle safety and reducing the number of road fatalities.

their competitiveness in European markets, their investments in technologies, such as clean vehicles, and their overall solvency.

TRADE

ESCA members are engaged in an ongoing dialogue with the European Commission and the EU's representative bodies in global markets to guarantee market access for small volume car manufacturers to non-EU markets. It is through this dialogue with the institutions and their counterparts in other regions around the world that ESCA has achieved results that have helped the European economy become stronger, more globally oriented and more competitive.

Working together with EU decision-makers, ESCA have achieved to safeguard the small volume car manufacturers' competitiveness in third markets over the past years, and ESCA is committed to continue this dialogue.

KEY MESSAGES

Europe is the birthplace of the automotive industry, the home of SVMs that bring heritage to life.

SVMs are at the cutting edge of technological development that keeps the mass market vehicle industry competitive in a global market place.

Regulations need to reflect the unique nature of SVM business models and provide flexibility to ensure a level-playing field in today's challenging environment.

Our members add real value to the European supply chain, supporting jobs in advanced engineering, design and technology.

Access to overseas markets is vital to ensure growth and to safeguard the future of our sector.



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