






PERFORMING FOR EUROPE

2023

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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 fewer 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.



“ ESCA has expanded the scope of its regulatory and advocacy activities, both geographically and thematically. ”



## FOREWORD FROM THE ESCA PRESIDENT

The automotive industry continues to transform in order to take account of the challenges the sector faces through supply chain pressures, regulatory changes and the need to futureproof long-term investments.

ESCA has been at the heart of such a transformational stage from a regulatory perspective. If in 2021 the EU's main focus was on fighting climate change and decarbonizing the road transport sector, in 2022 (and into 2023) the focus now is on making the air that we breathe cleaner, particularly in urban areas. This is the primary goal of the EURO 7 standards. EURO 7 seeks to set limits for a number of non-CO2 pollutant emissions, most importantly NOx, particulate matter, and microplastics emissions deriving from tyre abrasion. ESCA has contributed to every phase of the legislative work on EURO 7, from the drafting phase of the European Commission to the ongoing amendment phase of the European Parliament and Council of the EU.

ESCA members fully support the objectives of the EURO 7 legislation and have already invested in technologies that make the internal combustion engine as clean as possible as well as investing in technologies that will replace the internal combustion engine. When regulations are drafted, the specificities of the (Ultra) Small Volume Manufacturers ((U)SVM) sector need to be acknowledged. This is ESCA's priority: calling on EU legislators to recognise the unique challenges of (U)SVMs, by underlining that given the very limited volumes of (U)SVMs products placed on the EU market, their longer product life cycles and the supplier prioritisation of mass market, immediate access to emission reduction technologies required to comply with EURO 7 would be extremely challenging. For this reason, ESCA has asked for more flexibility and additional time for (U)SVMs to comply with the new requirements of the EURO 7 file.

In addition to EURO 7, ESCA has expanded the scope of its regulatory and advocacy activities, both geographically and thematically.

First of all, emission reduction regulations are being designed not only in the EU, but also in other key markets for the (U)SVM sector. ESCA is closely monitoring regulatory developments worldwide, and particularly in the UK and the US, where pollutant (and CO2) emission reduction legislation will set a very challenging regulatory framework for the sector.

continued...

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





Secondly, EU non-emission-related legislation is being drafted, which is also likely to have a tremendous impact on ESCA members. Upcoming EU legislation to facilitate the use of vehicle-generated data by mobility service providers has led ESCA to add a “digital” dimension to its traditional policy portfolio. Similarly and more recently, regulatory developments aiming at reducing the life-cycle environmental impact of vehicle batteries, and at improving the end-of-life treatment of vehicles, have triggered the creation of a “circular economy” and “sustainable supply chain” policy dimension. In all these cases, just like for emission policies, ESCA’s ultimate goal has been to educate policy-makers on the uniqueness of the (U)SVM sector, which inherently requires more flexible approaches and additional compliance time compared to that of mass market.

Without a flexible approach the future of this extremely high-value sector is at risk. European (U)SVMs continue to produce and export worldwide some of the most iconic, desirable and innovative vehicles. The combined total turnover of our members has a value of over €3 billion, while ESCA members’ R&D spend is worth over €600 million and our members continue to break new innovative ground in industry expertise and in the development of new technologies. Our members employ over 9,000 people directly across borders and hundreds more through their supply chains.

Preserving such a key high-value manufacturing sector, in such a complex transformational stage, is of paramount importance for the EU. That is why ESCA – the only association representing the specific interests of the European (U)SVM sector – was able to establish itself as a trusted partner for policy-makers, and that is why its role will be more and more crucial in the years to come.

**Helen Foord**  
McLaren Automotive

“ Preserving such a key high-value manufacturing sector, in such a complex transformational stage, is of paramount importance for the EU. ”



# PRODUCTION CENTRES

- 1 ALPINA**  
Buchloe, Germany
- 2 ALPINE**  
Dieppe, France
- 3 ASTON MARTIN LAGONDA**  
Warwickshire, UK  
St Athan, UK
- 4 BUGATTI**  
Molsheim, France
- 5 DONKERVOORT**  
Lelystad, Netherlands
- 6 GOUPIL**  
Bourran, France
- 7 INEOS AUTOMOTIVE**  
London, UK  
Hambach, France
- 8 KOENIGSEGG**  
Ängelholm, Sweden  
Barcelona, Spain
- 9 KTM**  
Graz, Austria
- 10 LOTUS**  
Norfolk, UK
- 11 MCLAREN**  
Sheffield, UK  
Woking, UK
- 12 PAGANI**  
San Cesario sul Panaro, Italy
- 13 PRAGA CARS**  
Prague, Czech Republic  
Orechová Potůň, Slovakia
- 14 RIMA**  
Sveta Nedelja, Croatia
- 15 RUF**  
Pfaffenhausen, Germany
- 16 WIESMANN**  
Dulmen, Germany
- 17 HISPANO SUIZA**  
Barcelona, Spain
- 18 BERTONE**  
Luxembourg, Luxembourg



## GLOBAL REACH

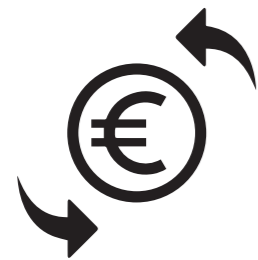
### R&D CENTRES

- China
- Slovenia
- United Kingdom
- Spain

- China
- Gulf Cooperation Council
- Japan
- Norway
- South Korea

### EXPORT COUNTRIES

- Switzerland
- Canada
- Mexico
- Thailand
- United Kingdom
- Australia
- Taiwan
- USA
- Singapore
- EU Countries
- Hong Kong



TOTAL TURNOVER

**Over €3 billion**

TOTAL R&D INVESTMENT (EUROS) IN 2022

**€ 619,757,000**



NUMBER OF EMPLOYEES DIRECTLY EMPLOYED

**9,125**

GLOBAL NUMBER OF REGISTRATIONS IN 2022

**15,579**



NUMBER OF EUROPEAN REGISTRATIONS IN 2022

**9,460**

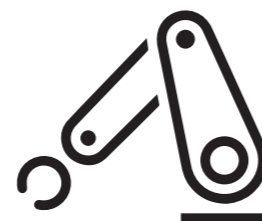


TOTAL R&D FACILITIES

**24**

TOTAL PRODUCTION OF VEHICLES IN 2022

**18,871**



## ESCA MEMBERS' COMMUNITY & ENVIRONMENTAL ACTIVITY

ESCA members' wider contributions to our communities and environment include:

- ❖ ESCA member Goupil's factory roof is fully fitted with solar panels, in addition to 100% of its fleet being fully electric. Significant progress is being made on fully electric fleets for the future.
- ❖ Our members organise and host site visits with younger generations to educate them on areas from manufacturing and science, to innovation, technology and the vast skills sets and opportunities that can be acquired through working in this exciting industry.



- ❖ ESCA members regularly collaborate with universities, harder to reach communities and STEM partners to create greater diversity and education within the industry, such as Alpines engagement on the Rac(H)er programme.
- ❖ The James Bond Aston Martin car raised £2.75m for the Prince's Trust and veterans charities in their 2022 auction.
- ❖ Members opened up their production facilities to the Government for use as COVID-19 vaccination centres.
- ❖ A focus on hydrogen technology for future vehicles.
- ❖ Net zero manufacturing facilities already in operation with others in the pipeline.





# KEY ISSUES & POLICY DEVELOPMENTS

ESCA's overarching policy objective is to help policy makers fully understand and appreciate the specificities of the (Ultra) Small Volume Manufacturers ((U)SVM) sector, thus making sure that policies are designed in a way that reflects the unique nature of the industry.

- SVMs' business model differs from Large Volume Manufacturers' (LVMs), in a number of aspects, such as:
- Access to technologies: when customizing and delivering their products, component and engine technologies suppliers tend to prioritize LVMs over (U)SVMs, given the (very) limited number of vehicles produced per year.
- Longer lifecycles of the vehicles: small volume vehicles typically have longer design, production and in-use cycles, spanning approximately 15-20 years per type from inception to renewal.
- Vehicle architecture: cars produced in small volumes typically have unusual vehicle architectures, given use cases such as high-performance sports cars, off-road, utility and maintenance vehicles. In most cases, these vehicles have space and weight constraints that limit the possibility to install additional components or technologies, which are otherwise mandatory. Compromising with the vehicle architecture makes it less appealing to the customer, as the unique appearance is one of the selling points of vehicles produced in small volumes.
- Negligible number of total EU registrations: in 2020, the total number of registrations in the EU by ESCA members accounted for 6,945 vehicles. The number of (ultra) small volume manufacturers registrations has never exceeded 0,1% of annual registrations in the EU.
- Limited use of vehicles: cars produced in small volumes have an average mileage of 3,708km per year, which is significantly lower than vehicles produced in large volumes.

ESCA has been focusing its efforts on mainstreaming these concepts in the three main areas of advocacy activities in 2022 and 2023: trade, emissions and digital.

## TRADE

ESCA continues to facilitate its members' engagement with different legislative bodies in non-EU markets, to ensure a favourable legal framework, and continued market access for small volume manufacturers. In 2022, ESCA especially followed regulatory developments in the UK and the US, as important legislative developments in the field of emissions started shaping the global market for car manufacturers.

Having uniform global standards is crucial to the small volume industry, and it is through this dialogue that ESCA is able to bring out-of-EU insights to the EU policy makers, and help Europe become a front-runner in the legislative standards and industry innovation.



## EMISSIONS

In the field of EU emissions regulation, ESCA has been advocating for a fair regulatory framework that takes into account the specificities of the sector and its negligible impact in terms of emissions. This effort has had a positive impact on the shaping of regulations on both CO2 and pollutant emissions.

The revised EU CO2 standards Regulation entered into force in April 2023. It contains a derogation regime for SVMs until 2035 and confirmed the existing exemption regime (without an end date) for USVMs, in keeping with what ESCA has advocated for throughout 2022.

As to pollutant emissions, ESCA's focus throughout 2022 and 2023 has been the EURO 7 standards, proposed by the European Commission on 9 November 2022.

Concerns for the (U)SVM sector are similar to those expressed on the CO2 standards file: additional time should be granted to SVMs to comply with the revised standards, and exemption mechanisms should be put in place for USVMs. The Commission's proposal essentially encompasses ESCA's main request, as a 5-year delayed application has been granted to (U)SVMs, compared to mass-market. However, some amendments are further needed to the text, notably on issues such as differentiated application dates for new vehicles and new vehicle types and laboratory tests for USVMs. ESCA has been presenting these policy requests to key policymakers in the European Parliament and the Council of the EU – who are now negotiating their amendments to the Commission's proposal – and will keep its advocacy efforts throughout 2023. The final text should enter into force in Q2 2024 at the earliest. In parallel, the European Commission has been working on secondary legislation to implement EURO 7 measures. Such legislation is being designed and drafted in the Advisory Group on Vehicle Emission Standards (AGVES), chaired by the Commission and composed of different stakeholders of the EU automotive sector, including ESCA. Thanks to this membership, ESCA members have been actively participating in AGVES meetings that take place approximately once per month and are contributing to the drafting of EURO 7 secondary legislation.

## DIGITAL

In 2022, ESCA inaugurated a new bucket of activities in the digital policy area. In light of the growing importance of data for policy-design purposes, the European Commission opened a public consultation on a proposal for a regulation on access to in-vehicle data, functions and resources on 29 March 2022. This initiative requires car manufacturers to hand over to third parties in-vehicle generated data related to repair and maintenance, car sharing, mobility as a service and insurance.

ESCA members reached out to the European Commission and to like-minded industry associations to discuss the upcoming proposal and to highlight once again the need to take into account the specificities of the industry. In particular, given the architecture of vehicles produced by (U)SVM, as well as the existing EU regulatory framework (where a number of derogations and exemptions are in place for (U)SVMs), ESCA's ask to policymakers is to make compulsory for (U)SVMs only the hand over of those data that are effectively at their disposal.

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Car Manufacturers Alliance


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