7 December 2011

CO2 Emissions Standards,
Vehicle Emissions and Environment Section,
Surface Transport Policy,
Department of Infrastructure and Transport,
GPO Box 594,
Canberra ACT 2601

Dear Sir/Madam

Subject: Jaguar Land Rover submission on CO2 Emission Standard

We thank the Australian government for allowing us the opportunity to provide comments on the Discussion Paper entitled "Light Vehicle CO2 Emission Standards for Australia".

Background – Global Strategy

Jaguar Land Rover (JLR) is a business built around two iconic British car brands. Jaguar Cars Limited, founded in 1922, is one of the world’s premier manufacturers of luxury saloons and sports cars. Land Rover has, since 1948, been manufacturing authentic, performance 4x4s with all-terrain technology that defines 'breadth of capability' in their segments.

In June 2008, Tata Motors purchased Jaguar Land Rover from Ford Motor Company. Tata Motors is part of the Tata Group, a global conglomerate based in India. The group is one of the largest companies in the world with interests in vehicle manufacture, IT, engineering, chemicals, steel and agriculture.

Today, Jaguar Land Rover employs 21,000 personnel, supports nearly 130,000 in total throughout the supply chain, dealer network and wider economy and has three UK-based factories.

With 2011/12 sales projected at over 310 thousand vehicles, Jaguar Land Rover is the largest investor in automotive research and development and engineering in the UK and is investing £1.5 billion a year for the next five years in product creation. These investments will deliver over forty major product actions over that period. The company is also the largest export earner in Britain, exporting 75% of its UK production to 177 markets in 65 counties, including Australia.

Jaguar Land Rover takes its environmental responsibilities very seriously and is investing heavily to reduce global emissions from its cars and operations, including vehicles exported for sale in Australia. In particular, JLR is making significant gains in low-emission technologies and next generation propulsion systems beyond 2015. This includes working on extending its power train line-up to include state of the art transmissions, diesel and petrol hybrids, plug-in hybrids and range extended electric hybrids.
A global leader in aluminium light-weighting, we have made significant investments in aluminium construction that allows our XJ full size luxury saloon to be 136kg lighter than its rivals from Germany. We are continuing to develop this expertise and the next generation of Jaguar Land Rover vehicle platforms will produce a lightweight architecture that allows us to introduce vehicles that will be up to 420 kilograms lighter than previous models. The first of these products will be on sale in Australia in 2013.

The fuel efficiency of our niche vehicle portfolio has continued to deliver reductions of CO2 emissions well in excess of the industry averages in the US and EU. Further improvements will be driven by increased use of advanced power train and hybrid technologies and lightweight materials in existing and new models.

Jaguar Land Rover recently announced plans to invest £355 million to build a state of the art advanced engine facility in Staffordshire, UK. This plant will produce a new family of petrol and diesel engines (AJ200) featuring advanced technology, low emissions and additional, flexible, competitive solutions for engine supply.

Local Context - Jaguar Land Rover Australia

Jaguar Land Rover operates in Australia from offices at North Ryde New South Wales. The company has forty-eight full time direct employees and supports another fifty positions in supplier and partner companies linked to the value chain.

There are thirty-eight Jaguar and Land Rover dealers in Australia directly and indirectly employing over two thousand salaried, hourly and casual staff. This calendar year the company will deliver in excess of six thousand six hundred new Jaguars, Land Rovers and Range Rovers.

Jaguar Land Rover products are significantly popular in Australia, with the Land Rover range being particularly well suited to the long distances, harsh terrain and challenging environment encountered in the bush. The Land Rover Discovery has won Australia’s Best Cars Award for the best all terrain four-wheel drive for the last seven years consecutively. Jaguars and Range Rovers are equally well suited as a means of comfortable and luxurious travel in the densely developed urban environment of our mainland capital cities.

To summarise, Jaguar Land Rover products are positioned in an important niche within the Australian automotive market, and satisfy a significant group of Australian consumers who are seeking the world’s most instinctively rewarding sports cars and luxury saloons, and SUVs with unequalled breadth of capability, luxury and performance.

Key Observations

As outlined above Jaguar Land Rover is a niche manufacturer that it is investing significant sums in a range of technologies to improve the environmental performance of its vehicles. However, as an exclusively UK-based manufacturer, the company lacks the global footprint and scale economies of its (principally German) rivals. It is from this viewpoint that the company must approach the Government Discussion Paper on CO2 standards.
That paper is, in the main, based on the EU CO2 legislation, Regulation 2009/443/EC. We strongly support the logic of the Australian government assessing other legislation already adopted across the world. This approach drives global alignment and offers strong potential for comparable or uniform global legislation that focuses on a single rational standard or process and results in less regulatory burden on companies. This in turn means we can develop more efficient production plans and product solutions.

EU Regulation No 443/2009 clearly sets out the EU’s philosophy as regards "niche" manufacturers, as follows:

Paragraph (20)

It is not appropriate to use the same method to determine the emissions reduction targets for large-volume manufacturers as for small-volume manufacturers considered as independent on the basis of the criteria set out in this Regulation. Such small-volume manufacturers should have alternative emissions reduction targets relating to the technological potential of a given manufacturer’s vehicles to reduce their specific emissions of CO2 and consistent with the characteristics of the market segments concerned.

Jaguar Land Rover would like to draw attention in particular to the text of Article 11, Paragraphs 1 and 4. We request that the Australian government give strong consideration to the replication of the principles and intent contained within paragraph 20 and Article 11.4 of the Regulations.

By mirroring the EU Regulations the Australian government would provide an appropriate regulatory framework for niche importers – however this is not an exemption from improvement. As outlined above we are investing heavily in new technologies aimed at delivering significant and continuous improvements to the company’s CO2 fleet average. Our proposals are aimed at realistic recognition that our vehicles need to be measured off a different base than that used for mass manufacturers, or importers that retail a much wider range of motor vehicles than the relatively narrow, niche and specialist products Jaguar Land Rover sells in Australia.

Jaguar Land Rover's sales profile in Australia is and will remain heavily biased towards sports cars, sporting saloons and broadly capable SUVs during the period covered by the proposed legislation. We would anticipate that any target would still pose a greater challenge to, and would mean a higher percentage reduction for niche manufacturers like Jaguar Land Rover than it would for other volume OEMs. Indeed, as has been seen under both EU and US legislation, Jaguar Land Rover is required to meet a higher percentage CO2 emissions reduction target than the industry average.

Summary Position

As a member of the Federal Chamber of Automotive Industries, Jaguar Land Rover strongly supports the Chamber's separate submission and the detailed conclusions and recommendations contained on page 5 therein.

We support the establishment of a mandatory CO2 emission standard with realistic industry targets for 2015 using the mass-based burden sharing arrangements for large volume producers and importers proposed by the FCAI. Our company draws your attention specifically to the EU model and the parallel recommendations along similar lines contained...
in the FCAI submission covering niche manufacturers. We also strongly favour flexible arrangements including pooling, banking and lending to ensure maximum overall industry performance against the agreed targets.

Jaguar Land Rover welcomes and appreciates the opportunity for strong, open communication between the Australian government and the automotive industry prior to the drafting of the legislation. We look forward to seeing a draft text in due course and to holding constructive discussions on the details of the proposed legislation as soon as it becomes available.

Yours faithfully,

David S Blackhall
Managing Director
Jaguar Land Rover
Asia Pacific Operations