



2008 FCAI – Supplier of the Year Presentation

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Thank you all for attending what is possibly the most important Supplier of the Year event ever.

We come together at a critical time for the industry.

Now I'll say right from the outset that I'm not one for doom and gloom - I'm all for standing and fighting for Australian operations.

We find ourselves in this situation together as OEMs and suppliers and we're in it together - for the long haul.

The recently announced New Car Plan gives us the ability to do that together.

During the government's planning process, there was a very high focus on suppliers, not only manufacturers.

That demonstrates that we are intrinsically linked. One can't live without the other. We simply have to make this work together.

Tonight is a night to celebrate supplier excellence - we need to back that up with day to day working relationships.

The FCAI and FAPM executives met this afternoon to discuss how to work together even better.

I was impressed by the frankness of the discussion and the openness of the FAPM leaders to consider new ways of doing business together.

It is clear that there needs to be more regular dialogue at industry level.

Now turmoil has a strange way of bringing people together, but the fact that the FCAI and FAPM have renewed their working relationship is certainly a positive step.

And despite all the gloomy talk about the current environment, the global factors have potential upside as well as downside in the medium term.

In the next few months, stronger Yen will make local OEMs and suppliers much more competitive.

Importers will probably need to take price, giving preference to locally built products.

There's plenty of talk about the possibility of a Chinese car invasion but the RMB has appreciated against the USD and more against the AUD.

That's going to make that proposition much harder at the bottom end of the price ladder.

Currency stabilisation, not only the yen but the Chinese renminbi and Korean won, could offer greater opportunity for component exporters.

Australia's ability to ride out the global situation as a robust economy could enable us to move quicker when recovery kicks in.

And while you've probably worked out by my accent that I wasn't born here, I want to offer a personal perspective on what's going on around us right now.

There are some stark differences between here and the US.

I have been overwhelmed by the clear signals sent by the Prime Minister and the Industry Minister, Mr Carr.

The PM says he wants to lead a country that makes things ... and Mr Rudd, I could not agree with you more.

In the US, try explaining that this industry is not important to ordinary Americans finding their way on an auto worker's wage.

They don't have another merchant bank to go to for their funds.

Equally, tell that to proud Australians wanting to continue working in the car industry here in Australia.

Australians who want their children to become engineers or designers or other employees of what is the highest value added manufacturing sector in the country.

The thing which I draw energy from, both as the Chairman of GM Holden and President of the FCAI, is that the Australian Government made its intentions very clear around the car industry and the financial sector.

I firmly believe that our industry can get through this, and we can get through it stronger than we have been before.

And remember ... just take pause for a minute here ... that we've got a lot to be proud of.

All three carmakers have introduced new large cars and variants in the past two years.

Derivatives have performed well - Territory for Ford, Aurion for Toyota, now Sportwagon for Holden.

Ford and Holden have introduced new generations of their popular Utility models.

Toyota has announced plans to produce a hybrid Camry out of Altona.

And Ford is localising the Focus small car from 2011.

These are world class products, competing without a level playing field against imported vehicles.

It's the same in the component sector - world class, competing in a global market.

The FCAI Supplier of the Year awards are about recognising excellence among the supplier community.

Winning these awards demonstrate a benchmark of supplier excellence for the rest of the industry to follow.

It certainly gets the attention of government decision makers, but most importantly, it's a major morale boost for employees.

And confidence is what it's all about right now.

Confidence among consumers, component makers, manufacturers, banks and the government.

Confidence among us as industry leaders.

We've been here before - the 1970s, the 1980s, even the 1990s depending on which car company you represent.

The twin oil shocks of the 70s had us clamouring to make investment decisions which could have stopped this all 30 years ago.

So we're there again ... and how we react in the next few months will define us as an industry.

There's been far too much invested in this world class industry for it to be thrown away because of a short term challenge.

We need to do our part, you need to do yours.

This is not the time to give in.

It's time to break new ground.

We have been given clear direction from the Rudd Government to innovate more and offer Australians greener cars.

We have been given \$6.2 billion to share as an industry, stimulating what we have called a 'decade of innovation'.

It's a major redirection for the government and the most tangible guidance yet to redefine what we are as an industry.

I know I am among people and companies who can work with us to make that happen.

We need to look past the immediate challenges of survival and into a longer term future of shared success.

So I want to thank everyone for coming and hope you enjoy the evening.