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Press conference on the first registration tax, held by François Fourmont, General Director of Dacia

In its capacity of car maker, Dacia keeps its position on the fiscal plan meant to keep Romania from becoming Europe's scrap heap.

This protection scheme is justified from the environmental and public health perspective, and from the national economy perspective.

From the environmental and public health perspective

The fundamental stake of the requirements formulated by the European Union regarding the vehicle pollution is protecting the environment and the too often forgotten public health.

It is the stake of EURO 4 norms of today and the EURO 5 norms of tomorrow.

I would like to remind, in a few figures, the progress we have made between a EURO 0 and a EURO 4 vehicle within 15 years:

Between a EURO 0 vehicle and a EURO 4 vehicle:

- the CO emissions decreased by 50
- the NOx emissions decreased by 10
- the organic volatile components and the particle emissions decreased by 20

Currently, Romania has the oldest car park in Europe: between 3.5 and 4 million vehicles

- 25% are over 20 years old
- 45% are over 15 years old
- 60% are over 10 years old

If we take into account only the vehicles over 15, that is almost 1.6 million vehicles, which pollute as much as :

- 80 million EURO 4 vehicles as regards carbon oxide emissions
- 16 million EURO 4 vehicles as regards nitrogen oxide emissions
- 32 million EURO 4 vehicles as regards organic volatile components and particle emissions.

Eliminating such vehicles is, therefore, a national priority of public health, which should trigger the solidarity of Romanian politicians.

This also involves accelerating the elimination process and avoiding to replace them with the same kind of vehicles.

But, what is there to be noticed about the new comers to the European Union that have yet to take any action in that respect?

Since May 2004, Poland has been invaded by 3.3 million second-hand vehicles. In 2005, the imported vehicles over 15 years old stood for 56% of imports. And that is not a decreasing trend, as the first 10
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months of this year saw 825,000 second-hand vehicles entering Poland.

352,000 second-hand vehicles will enter Bulgaria in 2007, the double of the similar period in 2006.

Therefore, it would be delusive to believe that without measures taken to protect the environment and the public health, Romania will experience a different outcome.

From the economic perspective

The car industry has been the main development lever of the country.

The industry has been propelled by the development of Dacia during the last years. Just to give a few examples, in 2007:

- Our suppliers opened 10 new plants.
- Dacia employed over 3,000 people at Pitesti.
- 10,000 people were hired in Arges by Dacia and its suppliers.
- Dacia exports will reach 1.8 billion

Out of the 200,000 employees currently working in the Romanian car industry, over 100,000 people work for Dacia, either at the plant or as suppliers for the plant or for our commercial network.

In 2008, we are looking at 320,000-350,000 vehicles, out of which 120,000 meant for the Romanian market. Eliminating the first registration tax or rendering it useless would cause our sales to fall by half in Romania. That would trigger thousands of layoffs at Dacia, whereas yesterday we announced our intention to hire over 3,000 people in 2008. The outcome would actually translate in tens of thousands of layoffs in Romania.

At the same time, this would diminish our competitiveness in a time when it is more important than ever to maintain and develop it:

- Taking into account the size of our investments in Romania,
- Following the hardening of the anti pollution norms, Dacia will have to invest significantly in research and development; this will help us comply with the future norms, without having to increase the price of our cars, which our customers would find unaffordable.

The newly developed entities of the group, to become operating in the following years: India, Morocco, Russia; such will be our competitors, favoured by equivalent or better economical conditions.

This is not to say that we aim at closing the frontiers, that is not the case: the first registration tax has not impeded the imports of second-hand vehicles: they will remain stable at between 15% and 20% in 2007, as opposed to 2006. In other words, the same growing rate as on the new vehicles market.

It goes without saying that Romania must obey the European regulations, which is why we wish to advance a few proposals to the government and to the Romanian politicians:

- Accelerating the renewal of the car park: a real stake for the national public health.
- The evolution of the first registration tax in its current form in order to comply with the observations of the European Union, by reducing the tax depending on the age of the vehicle. Through APIA, we have submitted proposals to the Ministry of Finance in that respect.

Replacing the current tax with an environment tax based on 3 criteria:

- the level of depollution

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- number of cylinders
- CO2 emission level

We wish to be an active part in that at we are ready to help the Ministry of Finance and Environment in order to reach a solution:

- **That would allow an obvious progress of the public health**
- **That would allow the constant development of the national economy, also backed by the automobile industry.**