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Environmental Innovation in the German Automotive Industry: Policy Drivers and Consequences for Competitiveness

This paper examines the environmental innovation process in the German automotive industry. The focus is on the policy drivers of environmental innovation and how industry adapts and with which effects for the competitiveness of the industry. In particular, the development of integrated products and technologies is examined. In a regional case study approach, firms in Southern Germany both in the car and truck sector were interviewed. Essentially, environmental innovation is driven by a mixture of factors internal and external to the firm: not only policy pressure, but cost pressure, competitive advantages, technological lead and customer pressure are important drivers. Policy pressure did not only comprehend sectoral policies like emission vehicle standards, but – among other things – also wider non-sectoral issues of energy conservation strategies both on a national and international level. EU Directives on future use of renewable energy as well as national goals for reaching the Kyoto protocol played an important role. Where policy formulation succeeded in establishing a dialogue with the automotive companies, it was particularly successful both environmentally and also from the competitiveness point of view of the firms.

Keywords: environmental innovation, policy integration, automotive industry.