

Open letter to MEPs and Member States' representatives on the need for technology openness to achieve CO₂ emissions reduction from vehicles

Brussels, 31st May 2022

With the 'Fit for 55' package, the European Commission has put forward key proposals to put the EU on a trajectory towards **climate neutrality in 2050**. We strongly support the overall political ambition and look forward to the challenge of the transition, which is undoubtedly underway, specifically in mobility. However, **to achieve the objectives and not lose support in the long run, we emphasise the importance of a technology-mix that embraces all relevant solutions to reduce CO₂ emissions without ignoring the varied realities of consumer and industry needs. We are concerned that the Commission's proposals do not achieve such a balance.** Looking at the changes which are currently debated in the Council and the European Parliament, even more work is required to achieve this.

Representing the mobility, engineering, and energy sectors, the signatories of this letter are keen on contributing to efficient and effective solutions, which work for the climate, consumers, the competitiveness of our industries and the EU's strategic autonomy.

We would like to stress the need for a **technology open regulation on CO₂ emission standards from vehicles**. Where clean electric mobility is the solution that meets consumers' demands, it will succeed. Where it is not (yet) feasible, there should be choice. EU employment remains stable with a technology open regulation while also providing **affordable and low-cost solutions for vulnerable households and businesses**. To reduce carbon emissions, the electricity and fuels used to power vehicles need to be renewable. Hence, **the focus should be put on decarbonising the electricity and fuels supply, not on banning or promoting one technology over others.**

A target of 100% CO₂ emission reduction measured at the tailpipe is a de facto ban on vehicles with an internal combustion engine, including plug-in hybrid vehicles. A target lower than 100%, or the recognition of CO₂ emission reductions from the contribution of sustainable renewable fuels would avoid such a ban.

The **voluntary crediting system for sustainable renewable fuels** is a **fully developed, practical solution** ready for implementation in the regulation for CO₂ standards for cars and vans. It builds on **existing structures for the accounting of fuels** on the market, **sustainability criteria, avoids double counting** and keeps **responsibilities of OEMs and fuel suppliers separate.**

The **crediting system is a first step towards a more holistic lifecycle approach.** It would provide a safety-net where direct electrification is not yet viable, address the tremendous unsolved challenge of reducing carbon emissions from the **existing vehicle fleet**, reduce the

pressure for fast-track deployment of **charging infrastructure**, high **electricity prices** and further subsidies as well as critical raw materials sourcing.

Direct **electrification of the drivetrain** will contribute to reducing tailpipe emissions. However, certain **conditions** need to be met. Most importantly, a sufficiently dense and capable network of **charging infrastructure** and sufficient **additional renewable electricity**. Progress in deploying charging infrastructure and renewable electricity is **uneven across Member States** and only meets the minimum requirements in very few. Furthermore, electrification is **not a one-size fits all solution** for all use-cases. Requirements for long distances and transport of heavy loads exceed what electric mobility can deliver today and in the foreseeable future.

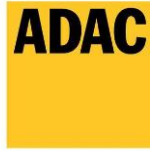
Recent developments exacerbate uncertainties. The organisation of supply chains is still constrained by the impact of the **pandemic**. **Raw material** and **energy prices** have been on the rise for an extended period. We have to recognise that reliance on few supply sources poses critical risks to our European industrial base. Electrification of mobility may help reducing fossil fuel imports in the long term, but at the same time, it bears the risk of creating new dependencies on raw material and battery cell imports, keeping value creation outside of the EU.

In addition, the **road transport sector with its high CO₂ abatement costs should be used to scale up sustainable renewable fuels beyond the EU quota** and provide the right investment signals. Such fuels should be used as transitional fuels for the road transport sector, while at the same time they should be made affordable for hard-to-abate sectors like aviation and shipping, where the capacity to invest is much lower due to direct international competition and less ambitious climate protection regulations.

A **transition towards electric mobility** at the pace which is currently debated, will make it **difficult to manage** the transformation of the industry and its workforce **without disruption**. In the automotive supply industry alone, the CO₂ targets already proposed by the European Commission put over 500,000 jobs in the powertrain domain at risk until 2040, with the majority of the risk occurring between 2030 and 2035.

A technology open regulation for CO₂ emission standards for vehicles, recognising the contribution of sustainable renewable fuels, maintains competitiveness, employment, and choice. Practical, fully developed mobility solutions are available. We ask you to consider and support these for a holistic EU climate policy that combines ambition with efficiency and puts Europe and its citizens on a path to achieve the ambitious targets we have set for ourselves.

Kind regards,





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