Driving Ambition to Action

Priorities for Sustainable and Smart Mobility in the EU

CLEPA
European Association of Automotive Suppliers

CLEPA
European Association of Automotive Suppliers

65 years advocating for safer, smarter, and more sustainable mobility

+120 global automotive suppliers, covering all systems and parts in a vehicle

20 national trade associations & sector organisations

+3,000 companies across the entire supply chain

Follow our activities: www.clepa.eu | @CLEPA_eu

5 #DrivingAmbition2Action
Key priorities 2024-2029

CLEPA
European Association of Automotive Suppliers

1. Ensure technology-open regulation for an effective decarbonisation of road transport

- **Substantive review of CO2 regulations**: The CO2 regulations for cars and trucks must undergo a thorough review based on Life-Cycle Assessment (LCA). All technologies and energy carriers that can reduce CO2 emissions should be utilised, including full electrification, advanced plug-in hybrids, range extenders, and hydrogen solutions powered by green electricity and fuels.

- **Accelerated roll-out of charging and refuelling infrastructure**: To build consumer confidence in electric and zero-carbon mobility, a dense network of charging and refuelling infrastructure is essential. Its roll-out must be expedited.

- **Type-approval rules for renewable fuel vehicles**: Type-approval rules for vehicles operating exclusively on renewable fuels is essential for the decarbonisation of road transport including the existing fleet. The framework should be ready by 2025 to provide industry with certainty. The definition of renewable fuels shall be consistent with the Renewable Energy Directive.

- **Turn the hydrogen economy into reality**: The EU has set itself targets for the hydrogen economy but is far from achieving it. We need sufficient amounts of hydrogen produced and imported for it to contribute to decarbonising transport.

2. Unlock competitive and digital services for affordable mobility

- **Regulation for fair access to connected vehicle data**: The Commission has identified that data access is concentrated among a few dominant market players. It is imperative to adopt regulations that mandate fair access to in-vehicle data and resources, fostering transparency, innovation, and growth.

- **Cybersecurity without compromising competition**: While cybersecurity is vital, it must not restrict access to On-Board Diagnostics (OBD) information or the ability to install spare parts. Limiting these will reduce choice and increase the cost of spare parts, maintenance, and repairs for consumers.

- **Promoting competition**: Ensuring the sale of spare parts in the independent aftermarket promotes consumer choice and reduces prices. The independent aftermarket is currently protected by the Motor Vehicle Block Exemption Regulation (MVBER). This regulation must be revised and extended to align with the latest market trends and technologies.

3. Advance sustainability in automotive innovation

- **Streamline regulations**: Promote regulatory coherence and reduce reporting burden, particularly in initiatives like the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CS3D), to facilitate innovation while ensuring environmental responsibility.

- **Consolidate life-cycle assessment (LCA)**: Standardise an LCA methodology, where appropriate, to provide clarity and consistency in assessing environmental impacts.

- **Incentivise sustainability performance**: Encourage continuous enhancement of sustainability practices instead of only directing investment to best-in-class, particularly in the Taxonomy and Green Claims Directive, and unlock circular business models through the End-of-Life Vehicles Regulation (ELVR).

4. Boost resilience and industrial competitiveness

- **Swift and just industrial transformation**: Support the upgrade of legacy facilities and the industrialisation of innovative automotive technologies, reducing investment risks and fostering industry modernisation.
- **Robust investment conditions**: Reduce administrative burden, bring down energy costs and support industry in re- and up-skilling the European workforce to foster industrial growth and competitiveness.
- **Prosperous trade relations**: Strengthen market access and cross-border investment globally through strategic trade and materials agreements, while enhancing regulatory collaboration with third countries.

5. Adapt vehicle safety regulations to the digital age

- **Promote harmonisation and interoperability**: Further improving the EU safety regulation and foster harmonisation with international standards, such as UN regulations, is essential for achieving ambitious road safety targets and promoting regulatory convergence.
- **Facilitate autonomous driving**: Early deployment of autonomous driving systems should be facilitated while ensuring they are safe and reliable in all driving conditions and for road users.

Digitalisation and the Green Deal have put the automotive industry on an unprecedented course of transformation. Automotive suppliers are delivering the innovations that make the transformation a reality, reinventing our technological foundations in the process. The focus must now shift to making the transition work for industry and people, by ensuring efficient, effective and technology-open implementation. This requires continued dialogue and concrete action from policymakers. Automotive suppliers stand ready to contribute.

Matthias Zink
CLEPA President and CEO Automotive Technologies at Schaeffler

The industry invests billions of euros each year in innovation. Policymakers must ensure that the EU remains competitive for industrialisation and scaling. We must prioritise the enablers for alternative fuel mobility, advanced and secure digital services, and effective sustainability standards. Political action at the EU level, including the right funding instruments and a flexible regulatory framework will be crucial to making this work.

Benjamin Krieger
CLEPA Secretary General

Introduction – Automotive suppliers at the core of EU's twin transition

At the core of the EU's mobility transition lies the European automotive supply industry, comprising of 3,000 companies. Many among them are small and medium-sized enterprises alongside global market leaders. Every vehicle on our roads is a testament to the leading edge parts, components and systems that are produced, designed and manufactured by these companies. Their specific products and services sustain **1.7 million direct jobs** across the EU and cement the sector's technological leadership through an annual investment of **€30 billion in research and development**. Ranking as the top private R&D investor in Europe, the sector registers approximately **39,000 patents each year**, driving ambition to action in European mobility.

Despite the industry's brisk technological pace, the transition towards digital and climate-neutral road transport remains extremely complex with numerous challenges ahead. The future of mobility hinges on our collective ability to adapt, innovate through coordinated efforts and a shared vision towards a more prosperous future for all.

Following the recent European elections and the changeover to a new European Commission and Parliament, this document outlines the automotive supply industry's priorities and recommendations for the next political mandate. For a detailed analysis of the policies shaping the industry's future, please refer to CLEPA's legislative forecast, the annex of this document.

1. Ensure technology-open regulation for an effective decarbonisation of road transport

CLEPA supports the European Union's objective to lead the world towards a climate-neutral economy. To meet the Commission's ambitious 2040 target of a 90% reduction in greenhouse gas emissions effectively and efficiently, **it is imperative that the EU embrace a technology-open approach.**

While EU regulations for decarbonising mobility are the toughest and most ambitious worldwide, focusing solely on vehicle tailpipe emissions in the CO2 emission standards regulation misses the broader impact of total life-cycle emissions. **This holistic view is essential for addressing climate change effectively.**

Automotive suppliers are at the forefront of developing technologies for climate-neutral and zero-emission vehicles. While electric mobility is central to decarbonising passenger cars, its success depends on several framework conditions, such as customer demand, sufficient charging infrastructure (see p. 11), grid expansion, and the availability of raw materials. Given the uncertainties in these areas, flexibility and adaptability are crucial.

The upcoming reviews of CO2 standards for cars and trucks in 2026 and 2027, respectively, must be substantive. It should consider all relevant criteria and KPIs, balancing climate, industrial and social needs.

These reviews should rely on LCA to deploy all available technologies for CO2 emission reduction, including advanced plug-in hybrids, range extenders and hydrogen solutions. Climate neutral mobility is not a question of propulsion technology but of renewable electricity and fuels.

All technologies capable of reducing carbon emissions should complement electrification (see p. 15). A strategy which includes all technologies will drive a swift and efficient transition to climate-neutral mobility without undermining existing investments in electrification. The strategy must address legal conditions, fuel/resource availability and infrastructure deployment supporting the realisation of AFIR targets. As part of it, the EU should strengthen its efforts to reach its ambitious targets for the hydrogen economy.

By beginning of 2025, **legal requirements for the type-approval of "vehicles running exclusively on CO2-neutral fuels only" should be defined.** The definition of renewable fuels should be derived from the Renewable Energies Directive to ensure consistency within the EU's regulatory framework.

Embracing a diverse range of technologies ensures effective climate protection, social acceptance, a successful industrial transformation and a more resilient Europe.

2. Unlock competitive and digital services for affordable mobility

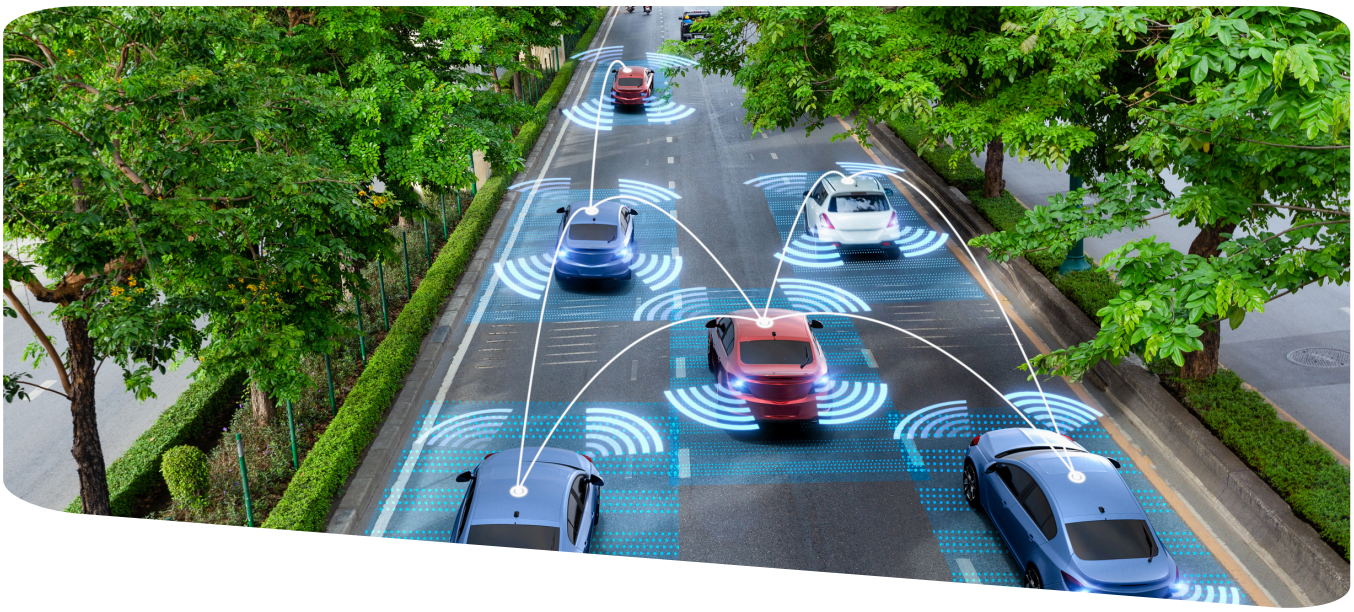
Today, over 50 million connected vehicles generate vast amounts of data, enabling new products and services, enhancing smart mobility, and crucially, maintaining affordability. This data revolutionises vehicle maintenance and reshapes the competitive landscape in the automotive aftermarket. For example, predictive maintenance schedules repairs before damage occurs, preventing incidents, and saving time and money. This digital transformation in the aftermarket can also enhance full transparency on available services, repairs and maintenance options for consumers.

Currently, access to in-vehicle data and resources is limited to a few market participants, with a privileged position in the data stream, limiting competition and restricting the development of innovative services. This also threatens the business models of thousands of independent workshops across Europe. Competition among authorised and independent repairers is crucial for keeping mobility affordable.

To unlock the full potential of digital mobility services and ensure a competitive aftermarket, **CLEPA calls for a comprehensive legislative package, including urgent sector-specific legislation ensuring access to in-vehicle data and resources** for independent operators, complementing the Data Act (see p. 12) to facilitate data sharing, a **revised Motor Vehicle Block Exemption regulation after 2028** (see p. 20-21), taking into account the latest technical and market developments, and a future-proof regulatory framework that guarantees authorised and non-discriminatory access to all types of information while considering cyber security and data protection concerns (see p. 12).

Digitalisation is driving the development of smarter vehicles, with automotive suppliers leading in vehicle connectivity and digital services, to this extent further implementation of the EU regulation on Intelligent Transport Systems (ITS) and on Safety-Related Traffic Information (SRTI) will boost cooperative safety and innovative traffic management and services (see p. 26).

Data privacy protection is crucial, necessitating compliance with GDPR and the implementation of anonymisation techniques for collected data. **Promoting interoperability through open standards and standardised Application Programming Interfaces (APIs) fosters compatibility among vehicle systems, enhancing the integration of new technologies.**



3. Advance sustainability in automotive innovation

The automotive supply industry is committed to transitioning to a sustainable, climate-neutral, and circular economy. Suppliers are focused on reducing scope 1 and 2 CO_2 emissions from their production lines. In 2022, they achieved an average 4.5% reduction in emissions compared to 2020 by increasing the use of renewable energy to a peak of 41%.

Additionally, automotive suppliers are enhancing product designs to increase circularity and use low-carbon, recycled, and bio-based materials, complementing efforts to reduce emissions during vehicle use. For example, production of green steel in Sweden's first steel mill will be facilitated by take-off agreements with automotive suppliers. The End-of-Life Vehicles Regulation will play a crucial role in cementing progress, but policymakers will need to collaborate closely with industry to improve legal coherence and ensure targets are feasible and technology open (see p.16).

Environmental, Social and Governance (ESG) policy frameworks can support a market for sustainable products by providing customers with the information needed to make informed choices. Over the past five years, the EU has adopted common standards and classification schemes (e.g. Corporate Sustainability Reporting Directive, EU Taxonomy Regulation, Green Claims Directive).

However, these have created significant bureaucratic hurdles due to inconsistent and overly burdensome reporting requirements, and insufficient recognition of incremental progress. Instead, the ESG framework should align as much as possible with market initiatives (e.g. Catena X, Drive+) and further their uptake.

For instance, the forced labour product ban encourages disengagement from high-risk regions, while the Corporate Sustainability Due Diligence Directive requires companies to refrain from disengagement if it worsens conditions for affected stakeholders. Electrification requires greater access to raw materials and collaboration with other countries, yet many regulatory initiatives (e.g., Deforestation, Carbon Border Adjustment Mechanism) are perceived as protectionist and distorting trade relationships. The EU Taxonomy Regulation aims to mobilise investments for climate change mitigation but risks imposing unfeasible secondary pollution criteria (DNSH) and inconsistently treating vehicle assembly and component manufacturing.

Before proceeding with further initiatives, the European Commission should prioritise implementation, regulatory coherence, and streamlining sustainability reporting requirements.

4. Boost resilience and industrial competitiveness

The automotive supply industry is one of Europe's most competitive manufacturing industries, but now faces fierce competition from other regions. Over the past four years, roughly two thirds of the sector have operated at profitability levels insufficient to finance the green and digital transition. Small and medium-sized suppliers, in particular, find it challenging to secure financing and face significant administrative burdens.

While the EU remains a hub for innovation, initial production often occurs in regions with lower energy costs, better financial conditions, and easier access to public funding. **To strengthen Europe's competitiveness, consolidated efforts are needed to to reduce energy costs, streamline regulations, maintain and further integrate a strong single market, adopt an open trade policy, and focus on skills.** Additionally, enhancing access to private capital and simplifying the highly bureaucratic approach to public funding are crucial.

The European Commission should bolster the Strategic Technologies for Europe Platform with sufficient funding to restore the global level playing field and protect the integrity of the single market. This funding should support the transformation of legacy facilities and help de-risk investments in innovative automotive technologies. Expanding the scope of the **Innovation and Just Transition Fund**, starting with the recognition of key components in the secondary legislation of the Net Zero Industry Act, could facilitate this. The **Important Project of Common European Interest (IPCEI)** is an excellent tool to support R&I and the first deployment of innovative technologies but requires more agility and more predictability in its selection procedures (see p. 17 - 18).

A competitive Europe requires an ambitious bilateral and multilateral trade agenda to provide suppliers with access to markets, while ensuring a level playing field. Complementary tariffs and trade barriers are not the solution to enhance competitiveness. Recently, trade policy has been tasked with additional objectives that have sometimes slowed or halted trade negotiations. **CLEPA calls on all institutions to focus on fostering international trade based on WTO rules with a pragmatic and results-oriented approach.** Resilient supply chains will require dedicated international partnerships to diversify raw materials supply chains and continued efforts to implement the EU Chips Act.

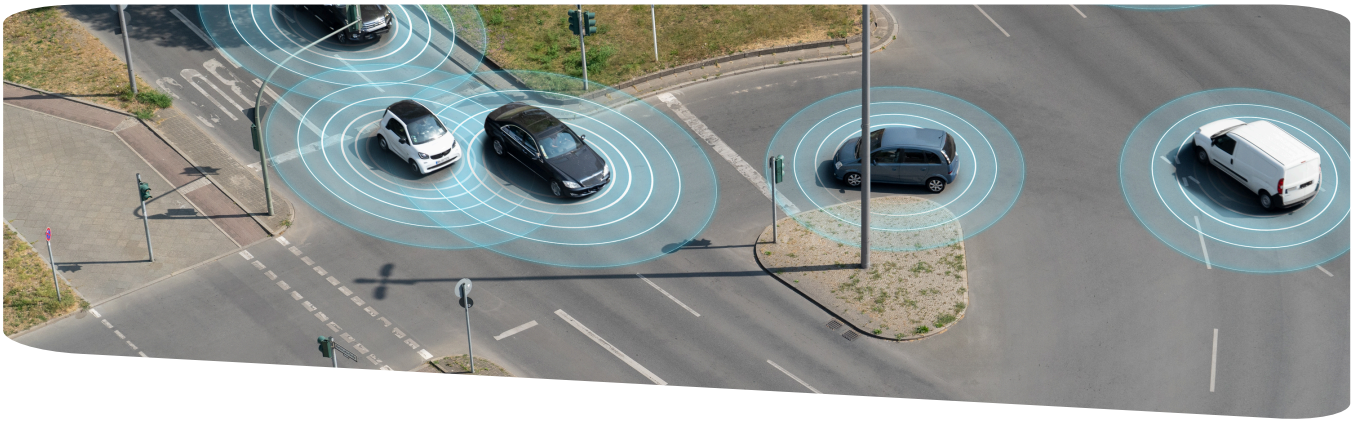
A competitive industry strongly relies on a skilled workforce and the ongoing transformation requires continuous efforts to reskill workers. Our sector has a particular responsibility to ensure a just transition. Automotive suppliers are making significant efforts to ensure the necessary skills transition, including special training programs for employees working on internal combustion engines to new drivetrains, including hydrogen and battery-electric powertrains. **The European Net Zero Industry Academies, established under the Net Zero Industry Act, should provide a platform for collaboration on skilling between industry, member states and European Commission, aligning closely with the existing Automotive Skills Alliance initiative.**

5. Adapt vehicle safety regulations to the digital age

Road safety is a crucial societal challenge and a strategic focus area for European automotive suppliers, who have led in safety technologies for decades. Both EU member states and automotive suppliers are committed to achieving zero traffic fatalities by 2050. Reaching this goal requires collaboration between industry and policymakers to bring innovative technologies to market. Essential will be the **evaluation of the achievements of the safety measures and systems introduced by the "General Safety Regulation" EU 2019/2144,** evaluation to be completed by the Commission by 2027, that shall be accompanied by recommendations, including a legislative proposal to amend the safety requirements, in order to further reduce or to eliminate accidents and severe injuries in road transport.

Further improving the EU safety regulation and with international standards, such as UN regulations, is essential for achieving ambitious road safety targets and promoting regulatory convergence.

Early deployment of autonomous driving systems should be facilitated while ensuring they are safe and reliable in all driving conditions and for road users, including pedestrians and cyclists. Manufacturers must demonstrate robustness in design and validation processes based on a system-engineering approach that aims at systems "free of unreasonable risks" within the intended operational design domain (ODD), during normal operation, crash avoidance and fall-back situations.



Conclusion

As the automotive supply industry looks ahead to the next legislative term, the focus must shift from regulation to driving implementation. Coordinated efforts are essential to reduce bureaucratic burden, cut costs, promote renewable energy, and enhance infrastructure. Achieving a sustainable and competitive future requires close collaboration among policymakers, industry leaders, and society.

By working together, we can create an enabling environment that supports innovation, growth, and the ambitious goal of a climate-neutral, circular economy. Automotive suppliers are committed to advancing safety, sustainability, and technological innovation, pivotal in navigating the challenges and opportunities ahead. We stand ready to contribute to shaping rules and to a constructive dialogue to achieve the EU's shared goals.

#DrivingAmbition2Action

Annex

Legislative forecast 2024-2029

CLEPA
European Association of Automotive Suppliers

Annex: Legislative forecast 2024-2029

In the legislative term 2024-2029, CLEPA expects the European institutions to work on several issues which are of critical importance to the automotive supply industry. This document presents an overview of the most prominent issues, in alphabetical order, together with a short outline of our priorities.

More detailed positions will be provided, and we are looking forward to engaging with decision-makers to promote cooperation and ensure a successful mobility transformation.

Key dossiers include:

- Alternative Fuels Infrastructure Regulation (AFIR)
- Access to In-Vehicle Data – Data Act Implementation
- Access to On-Board Diagnostics
- Automated Vehicles Safety Assessment
- CO_2 Emission Standards for Light and Heavy-Duty Vehicles
- End-of-life Vehicles Regulation (ELVR)
- Industrial Transformation Fund, Net-Zero Industry Act and Strategic Technologies for Europe Platform
- Life-Cycle Assessment (LCA)
- Motor Vehicle Block Exemption Regulation (MVBER)
- Negotiation and Ratification of Free Trade and Critical Raw Materials Agreements
- Per- and Polyfluoroalkyl Substances (PFAS) Restriction
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation
- Renewable Energy Directive (RED)
- Safety Related Traffic Information (SRTI) Delegated Regulation Revision
- Standard Essential Patents (SEPs) Regulation
- Weights and Dimensions Directive

Alternative Fuels Infrastructure Regulation (AFIR)

Context

In 2023, the Alternative Fuels Infrastructure Regulation (AFIR)**[1]** was updated with the objective of setting a framework for the use and deployment of alternative fuels in road transport. This regulation is meant to speed up the deployment of charging and refuelling infrastructure in line with the stricter targets in the CO2 fleet regulation. However, the ambition of AFIR is not sufficient for the anticipated share of zero-emission vehicles in EU's fleet. The European Commission expects a need of 3.5 million charging points**[2]** by 2030. This means nearly 2.9 million public charging points will need to be installed in the next seven years. This equals to almost 410,000 per year, or 7,900 per week. A successful ramp-up of zero-emission vehicles in the fleet will only be possible with a much faster deployment of charging and refuelling infrastructure.

Our priorities

- **Ensure robust review of progress of the implementation of the AFIR, which is required to take place by 2026.** This review should assess the deployment of refuelling and recharging infrastructure, the impact of the regulation on the competitiveness of the relevant sectors, the financial and operational burden imposed on businesses and the necessity of setting additional mandatory targets.

- **The AFIR is crucial to foster the circulation of alternatively powered vehicles on European roads.** However, it mandates only minimum coverage and further effort will be needed to ensure a network of charging and refuelling infrastructure in line with the CO2 targets for cars, vans and heavy-duty vehicles.

- **Support the Sustainable Transport Forum**, in particular the work of the sub-group focusing on recharging and refuelling infrastructure for zero-emission heavy-duty vehicles. This group should ensure that the Commission publishes its technology and market readiness report for heavy-duty vehicles by 31 December 2024.

[1] (EU) 2023/1804
[2] https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_7785

Access to In-Vehicle Data – Data Act Implementation

Context

The Data Act, adopted in November 2023, aims to empower consumers in the data economy by granting them the right to share data with third parties. However, it falls short in providing the necessary access to in-vehicle data for third parties (or independent service providers) to create innovative business models, lacking standardisation and the transparency needed for substantial market growth. Currently, data from modern connected vehicles' is primarily controlled by a few market participants, who provide third parties with limited and inconsistent access to these data sets. This restriction prevents consumers from benefitting from innovative services and the financial advantages of greater competition in price and performance. To address these issues, it is crucial to implement automotive sector-specific legislation (SSL) to establish fair competition rules. Such legislation will spur the swift development of data-driven services and rapid technical solutions, ultimately benefiting consumers.

Our priorities

- **Ensure the swift publication of a proposal and adoption of a sector-specific legislation** (SSL) to complement the Data Act, vital to improve competition, boost innovation capabilities of thousands of automotive supply companies, and protect consumer rights and choice.

- **Secure a level playing field in the aftermarket** and prevent that independent workshops are placed at a disadvantage due to lack of access to in-vehicle data.

- **Guarantee transparency** on all available data points and establish a minimum list of data points that must be accessible.

- **Ensure harmonised rules and a governance system** that outlines the procedures for data access, safeguards for confidential information and trade secrets, while ensuring robust cybersecurity measures.

- **Review the implementation of the Data Act**, as the regulation is set to enter into force in September 2025. The monitoring of key market dynamics and testing of the Data Act effectiveness for the automotive sector based on different use cases is essential.

Access to On-Board Diagnostics

Context

The European Commission is working on an amendment to Annex X of the EU type-approval framework 858/2018, following recent legal verdicts questioning the current industry approach towards secure access to On-Board Diagnostics (OBD). CLEPA supports an amendment to Annex X in principle but emphasises the need for a comprehensive approach. The current text only considers the physical connector, whereas OBD data is also accessible via OEM backends of the vehicle API. Additionally, cybersecurity measures resulting from UNECE R155 requirement are not reflected in the current text. Annex X addresses reprogramming in paragraph 6.4 but does not consider the latest technologies such as Ethernet-based data transfer.

Our priorities

- **Ensure a comprehensive amendment of Annex X and not a 'quick fix'** focused solely on secure access to OBD. The Annex should also consider technological changes and provide independent workshops with the right to have meaningful access to OBD information.

- **Complement the amendment of Annex X with sector-specific legislation** on access to in-vehicle data.

- **Implement the requirement of restricted access to vehicle interfaces to authorised personnel** to support the increase of measures addressing vehicle cybersecurity.

- **Verify that authorised access to vehicle interfaces does not limit the access to vehicle OBD information** as provided in Art. 61 of EU 858/2018.

- **Ensure that authorisation is provided by an independent authority**, such as Trust Centre (TC) or Conformity Assessment body (CAB).

- **Harmonise authorisation for access to all vehicle interfaces**, covering all potential use cases, not just access to the physical OBD connector.

Automated Vehicles Safety Assessment

Context

Since the 2016 Amsterdam Declaration, automated and connected vehicles have been increasingly relevant in Europe's mobility ambitions. However, it is still crucial that decision makers facilitate the early deployment and market of automated driving systems, ensuring they are safe and reliable in all driving conditions and for all road users, including pedestrians and cyclists.

Additionally, product development, validation and compliance with local traffic rules drive costs to exorbitant levels for vehicle manufacturers and automotive suppliers.

Promptly establishing a viable and harmonised "safety assessment methodology" in the context of the United Nations Forum on vehicle regulations can drastically help, enabling rapid implementation at European and global level. The fragmentation caused by regional initiatives will only continue increasing costs for industry and hindering the deployment of these technologies.

Our priorities

- **Ensure rapid completion and implementation of regulations to enable the type-approval of fully automated systems in unlimited series,** while continuously promoting the adoption of analogue principles at global level via the United Nations.

- **Focus on demonstrating the robustness of the design and validation processes put in place by the manufacturer.** These principles should be based on a system-engineering approach, aiming at systems “free of unreasonable risks” and compliant with road traffic regulations in the country of use throughout the vehicle’s lifetime.

- **Implement design and validation methods to demonstrate the behavioural competencies expected of automated/autonomous vehicles** during normal operation, considering the intended operational design domain (ODD), the performance during crash avoidance situations and the performance of fall-back strategies. Testing and verification approaches shall mainly focus on simulation, self-assessment and auditing.

CO2 Emission Standards for Light- and Heavy-duty Vehicles

Context

In 2024, EU policymakers have adopted the world's most ambitious CO2 standards for light**[3]** and heavy-duty vehicles**[4]**. Achieving these targets will be highly challenging. A CO2 reduction of 45% by 2030 requires over 400,000 zero-emission trucks on the roads, translating to about 60,000 new zero-emission trucks registered annually from 2024 until 2030. Similarly, we calculate that for a CO2 reduction of 55% by 2030, we need about 34 million zero-emission cars on the roads, or around 5 million new zero-emission cars registered annually from 2024 to 2030. The European Commission is tasked with completing a review of the standards for cars and vans in 2026 and for trucks and buses by latest, 2027. These reviews must be thorough, considering all technologies that can contribute to emission reduction to ensure efficient and effective results.

Our priorities

- **Maintain and reinforce technology openness as a fundamental principle for decarbonising road transport.** All levers must be pulled to bring emissions down quickly.

- **Recognise the role of hydrogen engines** and ensure that the CO2 standards for heavy-duty vehicles include a definition of zero-emission that encompasses hydrogen engines.

- **Support the inclusion of carbon-neutral fuels complimentary to e-mobility** and enabling the full potential of the light and heavy-duty transport sector to decarbonise. Renewable fuels should be defined in line with the Renewable Energy Directive II (EU) 2018/2001 provided they meet the sustainability criteria outlined in the Directive and associated delegated acts.

- **Ensure a comprehensive review of CO2 regulation for both light and heavy-duty vehicles respectively by 2026 and 2027 the latest, and based on a life-cycle assessment, allowing the use of all potentially available technologies for a successful transition.** This technology mix includes but is not limited to alternative fuels, advanced plug-in hybrids, range extenders and hydrogen, as well as the framework conditions that must be adequately addressed in the regulation.

- **Monitoring and involvement of industry.** Building on the discussion on key performance indicators in the "Route 35" process, the Just Transition Dialogue and the criteria defined in the regulations on CO2 standards for cars and vans as well as heavy duty vehicles, a comprehensive monitoring process should be established to track progress of deployment of alternatively powered vehicles, emission reduction, the impact on industry and employment and affordability of mobility.

---

[3] 2023/851
[2] 2019/1242

End-of-life Vehicles Regulation (ELVR)

Context

In 2021, the European Commission launched a review of the End-of-life Vehicles (ELV) Directive, a regulation from 2000 containing targets for the reuse, recycling and recovery of ELVs and their components. The recent Commission exercise resulted in a proposal for a new regulation 2023/0284 (COD). Automotive suppliers urge policymakers to complete this proposal as soon as possible when the new legislature is established.

The ELVR proposal covers all aspects of a vehicle's lifecycle, from design and market placement to final treatment at the end-of-life. The scope is also extended to new vehicle categories. This proposal also aims to address the issue of missing vehicles and sets guidelines for circular design to improve the recovery of parts and materials. Additionally, the text introduces targets for the use of recycled plastics.

The proposal aligns with the European Commission's goal to improve circularity in the sector through stricter design targets, increased use of recycled materials, standardising available information on products, and prolonging the lifecycle of products and materials. Legal requirements for an automotive circular economy and increased harmonisation across Member States are positive steps towards achieving the EU's sustainability ambitions.

Our priorities

- **Support technology-neutral recycled content targets to ensure the production of newly type-approved vehicles** with a Commission-led assessment for the availability of recycled plastics after the adoption of the Regulation.

- **Create an EU-harmonised calculation methodology for recycled content**. Specifically, we urgently call for rules for calculating and verifying chemically recycled content using chain of custody, such as the mass balance approach.

- **Tackle accumulated legacy substances in ELVR** and any in other relevant automotive substance legislation.

- **Promote a streamlined approach for information requirements** (e.g. clear reporting thresholds).

- **Recognise the role of remanufacturing and its operators**, following the industry-agreed definition of "Remanufacturing". We strongly advise to use it in this regulation. The different activities during the treatment process must also be defined separately in Article 3.

- **Ensure that the removal of parts and components for reuse or remanufacturing** is driven by market demand and ecological feasibility.

Industrial Transformation Fund, Net-Zero Industry Act and Strategic Technologies for Europe Platform

Context

In February 2024, policymakers reached a provisional agreement on the Net-Zero Industry Act (NZIA)**[5]** and Strategic Technologies for Europe Platform (STEP)**[6]**. These two regulations aim to provide net-zero technologies with fast-tracked permitting procedures and access to funding. Recognised net-zero technologies include batteries, electric propulsion technologies, energy storage systems, and hydrogen technologies, as well as their components. Nine months after entry into force, the European Commission is expected to propose secondary legislation to further refine the list of components. CLEPA welcomes the NZIA and STEP as an important first step but calls for broader state aid reform to bridge the increasing funding gap in the sector.

Our priorities

- **Ensure that key automotive components are recognised in the NZIA Delegated Act** and can obtain funding through STEP or complementary instruments.

- **Reform the state aid and Important Projects of Common European Interest (IPCEI) framework** to establish a new funding instrument with predictable eligibility criteria and speedy application procedures.

- **Secure funding necessary for industrial transformation.** Most automotive jobs are at stake in regions that currently qualify only for limited support, as existing funds (e.g. Just Transition Fund, reskilling initiatives under ESF+) are oriented towards lower income regions.

- **Establish funding to create a business case** for projects to reorient existing facilities and projects to produce innovative green, circular or digital technologies, thereby unlocking private investment. This could include a mix of guarantees and grants.

- **Broaden funding beyond batteries and fuel cells** to foster innovation where Europe is strong and globally competitive, e.g.: electric powertrain, power electronics, material innovation (e.g. circularity) and hydrogen technologies.

[5] 2023/0081(COD)
[6] 2023/0199(COD)

- **Advocate for EU funding** as the preferred option to ensure a global level playing field and avoid fragmentation of the Single Market.

- **Promote public procurement and encourage public authorities to make net-zero solutions,** including vehicles, mandatory in public contracts. Establish a dedicated portal for automotive-relevant tenders across EU.

- **Maintain close alignment with FP10, the successor to Horizon Europe,** to continue fostering R&I collaboration relevant to mobility technologies.

- **Implement simple and easy to access eligibility criteria for industry**, to ensure certainty that businesses planning new or extended projects in necessary transition technologies can be confident in their eligibility for funding, keeping ensure investments within Europe.

Life-Cycle Assessment (LCA)

Context

Recent discussions on road transport have strongly emphasised adopting a life-cycle approach (LCA) to better assess and mitigate the environmental impact of various transportation modes. This approach considers the total greenhouse gases emissions generated throughout the entire lifecycle of a vehicle, from raw material extraction and manufacturing to usage and end-of-life disposal.

Our priorities

- **Support technology-neutral recycled content targets to ensure the production of newly type-approved vehicles** with a Commission-led assessment for the availability of recycled plastics after the adoption of the Regulation.

- **Implement an LCA that follows a technology-open approach** to level the playing field for the uptake of different powertrain technologies.

- **Ensure that future LCA methodologies are fair, impartial and reproducible**, while they take into consideration the specific circumstances relevant to automobile products, based on international standards (ie such as work done by the UNECE in its dedicated working group for automotive life cycle assessment) and global harmonisation.

Motor Vehicle Block Exemption Regulation (MVBER)

Context

The Motor Vehicle Block Exemption Regulation (MVBER)**[7]** is a legal framework established by the European Union to regulate competition in the motor vehicle sector in the context of vertical distribution agreements. The regulation aims to promote fair competition, ensure consumer protection, and facilitate a single market for motor vehicles and related services. It ensures that independent repairers have access to technical information, diagnostic tools, and training necessary to repair and maintain vehicles, fostering competition in the aftermarket sector.

Of central importance for the automotive suppliers' industry: The regulation prohibits restrictions of the sales of spare parts to independent repairers, restrictions of the sales of part tools and diagnostic equipment to all channels and restrictions of placing of supplier logos on products sold as original equipment.

In 2023 the European Commission has extended the application of the MVBER until 2028. The EU Commission has started in 2024 the review process but a further extension of its application is not confirmed. From the perspective of consumers, suppliers, and independent repairers perspective the further extension of the application of the MVBER and updates to the rules are crucial for competition and growth in the aftermarket.

Our priorities

- **Ensure that the MVBER is extended past 2028** to prevent suppliers from being limited in the distribution of parts, to allow the use of own branding and to avoid that car owners are forced to use authorised repairers. This will maintain a competitive independent aftermarket.

- **The MVBER must be updated in light of technical and business practices developments:** The Commission has recognised access-to-in-vehicle data as a potential competition issue in supplementary guidelines. Such recognition is required in the regulation itself.

- **Prevent limitations on parts distribution for suppliers** to keep the independent aftermarket competitive.

[7] 2010/2636 (RSP)

- **Hardcore restrictions must be updated:** Certain types of agreements and practices in the motor vehicle sector can be exempt from competition law restrictions, provided they meet specific conditions. However, it also outlines "hardcore restrictions" which are serious anti-competitive practices that are strictly prohibited and cannot be exempted under any circumstances. CLEPA has identified several business practices which should be covered by hardcore restrictions, e.g. the mandatory timely licensing of design rights and proprietary software at fair, reasonable and discrimination free conditions.

- **Future-proof the MVBER to accommodate upcoming technologies,** addressing challenges posed by the rise of software-defined vehicles, EVs and all developments offering OEMs a possibility to limit third parties in offering repair and maintenance services. If these challenges are not accounted for, the MVBER risks becoming obsolete.

- **Align the MVBER with the implementation of the UN Regulation 155 on cyber security strategies** to prevent that third parties lack information on which parts require special tools, software, and authorisation in case of replacement.

Negotiation and Ratification of Free Trade and Critical Raw Materials Agreements

Context

Access to third country markets for export and investment is crucial for a thriving automotive supply industry. In 2023, automotive suppliers exported more than €56 billion in components, accounting for roughly 15% of the €366 billion in total sales. A tight knit fabric of free trade agreements plays a crucial role in facilitating trade and investment, allowing companies to diversify their sourcing strategies. Access to critical raw materials and affordable energy is essential, as current supply chain dependencies make the sector vulnerable to disruptions and geopolitical risks.

We urge the European Commission to deliver on the bi- and multilateral trade agenda by swiftly ratifying negotiated agreements and initiating or concluding trade negotiations with key trade partners. In recent years, protectionism has gained importance at the expense of much-needed trade facilitation. Strict requirements for trade partners, such as sustainability criteria, and domestic politics have, in some cases, slowed or stalled trade negotiations. We call on the EU institutions to focus trade talks on enhancing market access and reducing non-tariff barriers, while continuing to respect and defend the WTO system.

The Critical Raw Materials Act - 2023/0079(COD) should be complemented by active diplomacy to facilitate investments in raw material extraction and processing in countries that can help reduce dependencies.

Our priorities

- **Ratify Free Trade Agreements with Mercosur and Mexico.**
- **Conclude Free Trade Agreements with Indonesia and India.**
- **Finalise raw material agreements** with countries like Australia, Indonesia, and the Mercosur region (particularly Argentina).

Per- and Polyfluoroalkyl Substances (PFAS) Restriction

Context

On 7 February 2023, the European Chemicals Agency (ECHA) announced its proposed restrictions on per- and polyfluoroalkyl substances (PFASs), a group of approximately 10,000 substances which are considered to be very persistent in the environment. PFAS are widely used in the automotive sector due to their unique technical properties and currently, there are no suitable alternatives for many key applications. The scale and complexity of this proposal are unprecedented, raising significant concerns within the industry, especially regarding the uncertain timeline and the substantial barriers it presents to the electrification of road transport.

CLEPA acknowledges the environmental concerns associated with PFAS and supports efforts to reduce their usage in the automotive industry. However, the broad definition of PFAS means that potentially millions of automotive parts, fall under the proposed restriction – the large majority being fluoropolymers. The current proposal could have a detrimental impact on the automotive industry; hindering vehicle production and market placement, and obstructing the development of green and digital technologies, including crucial components for electromobility.

Our priorities

- **Segment the PFAS family to help prioritise focus** on issues requiring urgent action. This approach will bring a rational, efficient, and methodological perspective to the discussions.

- **Implement derogations for vehicles in two phases.** The first phase would only apply to new vehicle types after entry into force + X years (depending on application). In a second phase, it would apply to all vehicle production after entry into force X+Y years. This ensures that millions of existing sub-components and vehicles already legally approved do not require complete redesign, re-testing and re-approval.

- **Provide adequate lead times where no alternatives exist and implement a review clause to evaluate progress.** This would improve certainty and prevent the displacement of investment from the EU. A vast number of PFAS lack alternatives today and the current proposal does not consider the time needed for research and qualification of alternatives.

- **Apply the repair-as-produced principle**, so that the restriction does not affect spare parts produced after the rules come into force. Parts should be repaired or replaced following the 'repair as produced' principle to support the circular economy without undermining it.

Registration, Evaluation, Authorisation and Restrictions of Chemicals (REACH)

Context

The Registration, Evaluation, Authorisation and Restrictions of Chemicals (REACH) regulation**[8]** aims to improve the protection of human health and the environment from the risks posed by chemicals. It applies to all chemical substances, impacting most companies in the EU, and places the burden of proof on these companies. To comply with the regulation, companies must identify and manage the risks associated with the substances they manufacture and market in the EU.

The Commission is expected to revise the regulation. An Impact Assessment was completed in 2021 but a proposal is not likely before 2025 but there is no date for the adoption of a legislative proposal.

A revision of the REACH regulation could introduce new elements, including new registration requirements for certain polymers of concern, electronic formats for Safety Data Sheets (SDSs), updated SDSs and Exposure Scenarios (including as result of new Mixture Assessment Factors), group-based restrictions, and tighter enforcement measures.

Our priorities

- **Combine the authorisation and restriction processes to streamline regulatory compliance.**
- **Base the Essential Use Concept on the necessity of the substance in the product or process rather than on individual products.** It must also not hinder innovation or lead to regrettable substitutions from a broader sustainability perspective.
- **Maintain manageable workload and appropriate times for substitution and and derogations** for automotive industry, particularly in light of upcoming group-level restrictions that may be adopted quickly.
- **Include clear identification of substances in group restrictions**, by using the respective Chemical Abstract Service (CAS) numbers and maintaining manageable number of substances.
- **Favour a risk-based approach rather than hazard-based approach**, due to of exposure scenarios.
- **Address conflicting targets between chemical restrictions and circular economy**, notably the accumulation of legacy substances in recycled materials in automotive products (e.g. upcoming ELVR requirements)
- **Ensure that derogations take type-approval dates into account** to prevent that products already on the market are impacted by later restrictions upon e.g. remanufacturing.

[8] (EC) 1907/2006

Renewable Energy Directive (RED)

Context

The EU Renewable Energy Directive (RED III)**[9]** sets binding targets for EU member states to increase the share of renewable energy in their final energy consumption. The latest revision in 2023, aims for a target of 42.5% to 45% for renewable energy by 2030. It emphasises sustainability criteria for bioenergy, promotes energy efficiency, and establishes a framework for cooperation mechanisms among member states. The European Commission is tasked to review the directive by 1 July 2028.

Our priorities

- **Assess the impact of the methodology defining when electricity used for producing renewable fuels** of non-biological origin can be fully renewable. This includes examining the effects of additionality, temporal and geographical correlation on production costs, greenhouse gas emissions savings, and the energy system. A detailed report should be submitted to the European Parliament and the Council.

- **Ensure coherence with other ongoing legislative processes**, including Count Emission EU which also considers emission factors from RED.

- **Support the uptake of renewable fuels and promote technology openness.**

- **Incentivise the uptake of renewable fuels to facilitate the decarbonisation of the transport sector,** through the Renewable Energy Directive (RED III).

[9] 2021/0218(COD)

Safety Related Traffic Information (SRTI)

Context

The revision of the Safety Related Traffic Information (SRTI) regulation from 2013 is of critical importance to automotive suppliers investing in innovative technologies to deliver safety-related content to drivers and automated vehicles across the EU. It is paramount that the process to define the delegated regulation is transparent and involves proper industry consultation at an early stage in an ITS equivalent of the Motor Vehicle Working Group MVWG. The revision of SRTI must strive to build an eco-system of 'co-opetition' where road safety can be improved via collaboration and commercial innovation can still flourish.

Our priorities

- **Enhance competitiveness by supporting existing and future business models of European SRTI service providers**

Standard Essential Patents Regulation

Context

On 27 April 2023 European Commission presented a draft proposal for a regulation on Standard Essential Patents (SEP)**[10]**. CLEPA assesses this proposal positively as it addresses key issues suppliers face when licensing SEPs.

On 28 February 2024, the European Parliament voted overwhelmingly in favour of the European Commission's SEP proposal, with 454 in favour and only 83 against. Now, it is crucial that Member States agree on their position, start negotiations and agree on the final regulation swiftly.

SEPs are important for the automotive suppliers, as an increasing number of innovations rely on patented standardised technologies, for example to ensure the interoperability of devices. Innovation and competitiveness of the European industry risk being jeopardised in the absence of more transparent, predictable and fair EU licensing of standardised technologies, such as WiFi or 5G.

Automotive suppliers often struggle to obtain licenses or face unpredictable or excessively high royalty fees, limiting investment. The absence of a regulation has resulted in resource-draining legal disputes in the connectivity space and even led some automotive suppliers to exit markets.

Our priorities

- **Implement a governance system ensuring that SEPs are licensed on truly "fair, reasonable and non-discriminatory terms"** (FRAND-principle). Specific patented technologies can become anchored in a standard, excluding other solutions from the market and creating a monopoly. Such monopoly is a necessary consequence of standardisation but needs to be corrected to maintain a level playing field.

- **Provide transparent and predictable procedures**, allowing patent users and holders to engage in fair negotiations.

- **Include current and future wireless communications standards** such as WiFi, 5G multimode, 6G, etc.

[10] 2023/0133(COD)

Weights and Dimensions Directive

Context

The review of the Weights and Dimensions Directive**[11]** aims to facilitate the uptake of zero-emission vehicles by regulating the maximum allowed of weight and dimensions of heavy-duty vehicles. Increasing these allowances is paramount to facilitate the uptake of zero-emission of heavy-duty vehicles, thereby efficiently contributing to decarbonisation efforts.

Achieving this objective is only possible with the provision of appropriate incentives to the sector, encouraging further investment in zero-emission technologies that require larger weights and dimensions allowances. These technologies include not only those related to the trucks, such as pure electric vehicles with heavier batteries, but also zero-emission trailer technologies. An appropriate review of this regulation is vital to maintaining the sector's role in European and international transport while progressively adopting more zero-emission technologies.

Our priorities

- **Increase the axle load for two and three-axle trailers** (sub-sections 2.1.1 and 2.1.2) in a vehicle combination with zero-emission vehicle that are allowed 4 additional tonnes.

- **Implement an additional weight allowance of 4 tonnes for zero-emission vehicle combinations,** to be shared between the truck and the trailer/e-trailer.

- **Allow for the deployment of zero-emission trailer technologies with ICE trucks** through the introduction of an exception for additional weight allowances

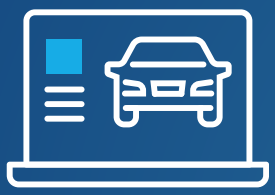
- **Allow member states to authorise higher weight values for intermodal transport operations** by extending the deadline for exceptional allowances to 2039, to further optimise the use of zero-emission technologies.

- **Establish appropriate definitions for trailers, e-trailers and e-trailer technology** to avoid potential legal obstacles.

[11] 2023/0265(COD)

CLEPA
European Association of Automotive Suppliers

European automotive suppliers at a glance



75% of the value of a vehicle comes from its parts, components, and systems

€30 billion are invested yearly in research and development

39,000 new patents are registered each year

1.7 million direct jobs are generated across the EU

Follow our activities: www.clepa.eu | @CLEPA_eu

www.clepa.eu

#DrivingAmbition2Action

CLEPA - European Association of Automotive Suppliers
Cours Saint-Michel 30g | 1040 - Brussels
info@clepa.be

Status: July 2024
Image licenses: CANVA