# Sustainable and competitive mobility in Europe hinges on a green industrial deal that works for both businesses and citizens – Editorial August 2024

**“A stronger Europe that implements what it agrees in a fair way, and that sticks to the targets of the European Green Deal with pragmatism, technology-neutrality and innovation.” This was the promise of candidate for President of the Commission, Ursula von der Leyen, in her speech before the election.**

She intends to stay the course on the climate goals for 2030 and 2050, adding a 90% greenhouse gas (GHG) reduction target in 2040, with a focus on implementation and investment to make it happen on the ground. Her plan includes a "Clean Industrial Deal", among other to bring the electricity cost down within the first 100 days of her term. In the finer print of the “Political Guidelines For The Next European Commission 2024−2029”, we find the “2035 climate-neutrality target for cars”, which requires a “technology-neutral approach in which e-fuels have a role to play through a targeted amendment of the regulation as part of the foreseen review".

The above initiatives are welcome and resonate well with CLEPA's ‘Priorities for Sustainable and Smart Mobility in the EU’, which stress the need for technology openness and industrial competitiveness. However, much depends on the concrete proposals for policies and regulations to implement this.

Automotive suppliers support climate-neutrality in transport. Achieving this goal will require a massive effort by industry, politics and consumers alike. However, electrification of the fleet is currently slowing down. This emphasises the need to improve the framework conditions for alternative fuel vehicles. This includes enhancing charging and refuelling infrastructure, ensuring the availability of affordable green electricity and fuels including hydrogen and renewable fuels, expanding grid capacity, and securing competitive access to raw materials and battery cells. The key criteria are well known and are being discussed with the European Commission in context of the transition pathway, the "Route 35", as well as in the upcoming progress reports on the implementation of the $CO_2$ regulation.

It will be key to consolidate and coordinate these various important fora to ensure that they indeed lead to a “technology-open” approach for reaching the 2035 target for vehicles. Electrification will need to be made a success, complemented by all other technologies that effectively reduce emissions along a pathway with realistic milestones and ambitions.

**New measures key for a green economy**

But the objectives of the Green Deal reach further and require a healthy industry which can ensure the massive investments in new technologies. The automotive supply industry provides such solutions for climate neutrality in mobility, investing roughly €20 billion a year in terms of capital expenditures (e.g. new plants, refurbishing existing facilities, production equipment) and reskilling until 2030. A third of the industry's annual €30 billion R&D budget is allocated to eMobility. The industry is investing, but such investments have to be financed out of the going business to a large extent. However, margins are eroding, and sustaining investments on this scale becomes increasingly challenging.

Policymakers can provide critical support by reducing the regulatory burden, such as simplifying reporting requirements and improving regulatory coherence. This includes implementing the methods that consider the combined emissions reduction potential of electricity and fuels in a well-to-wheel (WtW) or life-cycle analysis (LCA) approach. The LCA approach evaluates the total GHG emissions generated throughout the entire lifecycle of a vehicle, from raw material extraction and manufacturing to usage and end-of-life disposal.

Another key factor for driving the green transition is public funding. Currently, the EU funding landscape remains scattered and procedures to obtain funding are highly bureaucratic. In addition to this, regions with a strong automotive base are less likely to be eligible for funding, as the state aid framework prioritises aid for poorer regions. Thus, we need an EU funding instrument, call it EU competition fund or differently, to help de-risk the industrialisation of innovative automotive technologies match support in other regions. This will help fund the transformation of existing production sites as well as the re-skilling of the existing workforce, securing a just transition.

The speed with which global competition moves, coupled with shifting political landscapes, necessitates swift and decisive action for establishing and developing the foundation that our future industry will stand on. Rather than proclaiming further initiatives at the top level, it is important now to ensure the practical implementation of the enabling factors and practices that make the green economy work for all its stakeholders.

In the emerging priorities of the next European Commission, we see positive signals. It will now be the task for Ms von der Leyen and her team to drive ambition to action.

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