

Joint Letter to European Policymakers

**CO<sub>2</sub> standards for cars and vans: Automakers, Auto Parts Industry and Fuel Manufacturers call for Trilogue negotiations to fully implement the outcome of Council General Approach to enable, after 2035, ICE vehicles registered to run exclusively on CO<sub>2</sub> neutral fuels<sup>1</sup>.**

We, automotive companies, fuels manufacturing companies and industry associations are planning our industrial future to be fully consistent with the 2050 climate neutrality goal for Europe. But our concerns are growing that the limited pathway provided by the Commission's proposal for a regulation on "strengthening the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition", with its current test and certification protocol, creates unnecessary risks; industrial, economic, social and in terms of delayed GHG reductions. We all fully support that electrification will be the major technology for light road transport decarbonisation. However, recent geopolitical developments have underlined the uncertainties related to the pathway to full electrification of new cars by 2035.

Since the publication of the Commission's proposal for CO<sub>2</sub> standards in cars and vans in July 2021, the geopolitical landscape has changed dramatically, with implications for energy and raw material dependencies. This is likely to have an impact on the speed and economic efficiency of the electrification of the new light duty vehicles fleet. In particular:

- Increased prices of raw materials for batteries and supply constraints will jeopardise the availability of affordable cars for many citizens and therefore delay the fleet turnover. These risks extending the demand for fossil fuels and slowing down the pace of GHG emission reductions.
- Access to the necessary battery raw materials is a challenge with concerns over narrowing dependency on non-EU sources.
- In response to the energy crisis, that is reshaping the energy policy in Europe, the average GHG intensity of EU electricity is potentially increasing as coal use is expected to grow. There is no guarantee that we will have sufficient renewable electricity to satisfy the increasing demand from electrified transport, with the risk that marginal electricity consumption may even come from coal. The current vehicle standards, based solely on the tailpipe emissions, does nothing to prevent this, to the detriment of the overall GHG emissions reduction.
- The deployment of recharging infrastructure throughout Europe is increasing but a sufficiently dense charging network across the EU is not yet guaranteed. This creates uncertainty which keeps many drivers from switching to electromobility.

The Commission's impact assessment publication in September 2020<sup>2</sup> only briefly addressed some of these issues, although recent developments have made them critical.

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<sup>1</sup> The term "CO<sub>2</sub> neutral-fuels" is included in Recital 9a of the Council General Approach on the subject regulation. In this letter such term is used to indicate non-fossil, sustainable renewable and synthetic fuels.

<sup>2</sup> "Impact Assessment accompanying the document Stepping up Europe's 2030 climate ambition" SWD (2020) 176 final.

The current situation requires a difficult rethink of long-held assumptions how we can best reach climate-neutrality in 2050 while ensuring a just transition of the EU industry. In this light, all solutions that are able to deliver a reduction in GHG emissions should be considered.

The fuels industry has set out that production of sustainable, advanced and synthetic fossil free fuels can be ramped up<sup>3</sup>. A needed enabler for this to occur is the clear recognition in regulation and society that ICE, HEV and PHEV vehicles *exclusively using sustainable renewable and synthetic fuels* can be very low in GHG footprint or even fully climate neutral. Significant volumes can be made from waste and residue feedstocks and from renewable energy sourced in EU and imported. Highly credible academic studies demonstrate that this combination can equal that of the EVs in terms of decarbonisation of road transport.

An important but often neglected consideration is the resilience of the EU transport value chain: additional routes to meet the GHG targets mean lowering the associated risk brought by an exclusive electric approach. The use of sustainable renewable and synthetic fuels is an ideal complement to the electrification strategy.

The fuels industry has also set out that the strategy for renewable liquid fuels for aviation and maritime sectors *will benefit* from parallel supply to some sectors of road transport, as investment cases will be stronger, allowing a faster ramp up of investments, supply chain development, and associated job creation.

Since the transition towards a fully electric mobility will be progressive, sustainable biofuels, renewable fuels and e-fuels are a reliable solution to reduce emissions of the transport sector in the short, medium and long term, ensuring at the same time the use of the existing fleet (so-called legacy fleet) and infrastructure. **Electrification and CO<sub>2</sub> neutral fuels should be seen as complementary solutions.**

Finally, the EU transport value chain is already developing a methodology to certify the exclusive use of CO<sub>2</sub> neutral fuels in individually identified vehicles. In this way, a robust certification standard can support the implementation of Council General Approach Recital 9a to fully enable a complementary route of CO<sub>2</sub> neutral fuels to give maximum probability of reaching GHG reduction and unlock industrial investments. **In the revised regulation, Recital 9a should be complemented by the introduction of a new article establishing the relevant legally binding provision.**

The Trilogue is taking place in a very different world from a year ago. We are not arguing for reduction in real GHG reduction ambition. We are not arguing for an extension of the use of fossil fuels in new vehicles from 2035. We are making the case for an important additional technology route to meet Europe's industrial and social objectives as meeting climate goals.

We call on Trilogue participants to:

- incorporate Recital 9a into the Articles of the agreement,
- introduce a new Article to establish the content of Recital 9a as a legally binding provision,
- set a deadline as early as possible, but at the latest one year after the entry into force of the regulation, for the Commission to present a proposal on how to register vehicles running exclusively on CO<sub>2</sub>-neutral fuels.

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<sup>3</sup> [Home - Clean Fuels for All](#)



