

AVERE - Doubling Down on Stability: Upholding CO2 Standards and Securing Europe's E-Mobility Future

As we approach a critical juncture in the transition to a zero-emission transport future, it is crucial the European Commission reaffirms the importance of the CO2 Standards Regulation and its intermediate targets for 2025 and 2030, and its 2035 climate-neutral goal.

These targets are not only central to keeping a level playing field for the automotive industry's adaptation but also provide predictability and certainty for investments across Europe's wider e-mobility ecosystem, from the battery supply chain to charging infrastructure.

This paper emphasises the need for EU policymakers to maintain investment certainty and a level playing field through a consistent approach to the 2025-2035 CO2 standards.

1. The 2025 Targets: A crucial first step towards climate-neutrality

The 2025 CO2 emissions targets are a critical milestone in the automotive ecosystem's transition towards zero-emission vehicles by 2035. These targets were set in 2019, and are the result of extensive consultations with the industry and a thorough political process, offering a clear and predictable pathway for the industry's transformation.

Keeping the 2025 target in place is essential to ensuring that the entire industry continues investing into e-mobility at the pace needed, fast-tracking the availability of more affordable European models for consumers.

Additionally, maintaining stable CO2 standards is crucial to ensuring a level playing field amongst automakers. Any weakening of the CO2 standards would be a major setback, discouraging electric vehicle frontrunners and new players from investing in Europe, and thereby undermining those that have made the necessary investments since the standards were set in 2019.

Third-party analysis¹ shows that the European industry does have the potential to meet these targets next year, with new affordable models entering the market and other flexibility options to meet them (such as pooling with other OEMs).

Moreover, the achievement of these targets has had broader implications for the entire e-mobility ecosystem, especially in terms of stimulating the growth of Europe's charging infrastructure, software, battery, raw materials and grid sectors. The regulatory targets have not only helped drive EV production but also provide necessary certainty for long-term investments – especially in research and development – into the wider ecosystem surrounding the electric vehicles.

¹ Transport & Environment, The drive to 2025: Carmakers' progress towards their EU CO2 target in H1 2024 (17 September 2024): <https://www.transportenvironment.org/articles/the-drive-to-2025-why-eus-2025-car-co2-target-is-reachable-and-feasible>

2. Intermediate Targets: Bringing EVs to Consumers and Reducing Costs

The intermediate 2025 and 2030 targets are also crucial for scaling up the production of electric vehicles, thereby making them more affordable and accessible to a wider range of consumers. By setting progressive CO2 reduction targets, these steps ensure that the market continues to grow in a sustainable and balanced way, avoiding abrupt disruptions while fostering continuous innovation.

Scaling up production in this way will lead to significant cost reductions over time. As production volumes increase and economies of scale are achieved, prices for EVs are expected to fall, making them more competitive with traditional internal combustion engine (ICE) vehicles. This, in turn, will further accelerate consumer adoption of EVs, driving the shift towards greener mobility.

3 The 2035 Targets: A timely review for a crucial milestone

The EU's longer-term 2035 CO2 standards also need to remain the necessary compass for investment across the e-mobility ecosystem. It provides a clear path towards climate-neutrality in the road transport sector, supporting the wider EU climate goals. It indicates to the automotive ecosystem, to investors and policy-makers alike the direction of travel.

We do not support proposals to bring forward the review of these standards from 2026 to 2025. An earlier than expected review of the standards in 2025 would send the wrong political and market signals.

The European Commission instead should take the time necessary to carry out a thorough impact assessment on its targeted review according to today's 2026 timeline. This will also allow it to take stock of technological and market developments next year, where sales of electric vehicles are set to increase across the EU thanks to the expansion of OEM portfolios in various segments, with an increasing number of more affordable electric vehicles on the roads. By seeking to meet the 2025 target, OEMs will reinforce the uptake of EVs, creating a positive market development for EVs.

Beyond 2025 and 2035: Competitiveness and Regulatory Stability for the Future

Where Europe needs urgent action is not its 2025/2035 targets, but a comprehensive industrial and deployment strategy for production and penetration of electric vehicles. Here we agree with Mario Draghi's conclusions that a "joint plan spanning across sectors... including clean tech and automotive" is needed for the EU to make e-mobility both a growth and decarbonisation success.

With 2025 and 2035 stability in place, we ask EU policymakers to deliver a real and urgent plan for accelerating electric vehicle take-up and competitiveness. This includes stable and

coordinated national incentive mechanisms, a consistent regulatory framework, effective new finance for the battery supply chain², new corporate fleet legislation³, and actions to strengthen the EU grids for enabling charging roll-out and flexibility⁴.

Conclusion

The 2025 and 2030 CO2 emission reduction targets are indispensable for Europe to pave the way towards a more sustainable and competitive automotive industry, and to make sure EVs are made accessible to all and their production is scaled up.

At the same time, to maintain Europe's competitiveness, a stable regulatory framework, an enabling industrial strategy, and well-structured incentives must be prioritised to ensure Europe secures its leadership in the global transition to sustainable mobility, while driving economic growth and fostering innovation.

²<https://www.ave-re.org/blogpages/policy-details/2024/09/13/ave-re-s-call-for-a-battery-materials-bank-and-a-european-critical-raw-materials-fund>

³<https://www.ave-re.org/blogpages/policy-details/2024/02/29/Position-Paper-AVEREs-Call-for-Greening-Corporate-Fleets>

⁴<https://www.ave-re.org/blogpages/policy-details/2023/12/15/Position-Paper-Paving-the-way-for-electro-mobility-grid-integration>