

EU Parliament faces landmark direction: Do cars with clean combustion engines still have a chance in Europe after 2035?

Panelists at eFuel Alliance event agree: One-sided focus on e-mobility poses major risks for Europe's economy, consumers, and climate – EU policymakers need to create opportunities for a technology-mix

Berlin/Brussels/Strasbourg, June 3, 2022 - Ahead of the European Parliament's decision on EU CO₂ fleet limits, associations, petroleum producers and automotive suppliers have warned against a one-sided focus on e-mobility in Europe to curb CO₂ emissions from road transport. On behalf of the eFuel Alliance, its managing director **Ralf Diemer** summarised: "The European Parliament has an extremely important decision to make next week, when it votes on CO₂ limits for passenger cars and light commercial vehicles. The EU Commission's proposal aims to reduce CO₂ emissions from new cars by 100% from 2035. Looking solely at the tailpipe, without considering the upstream chain, this is de facto a ban on vehicles with an internal combustion engine, because ICE vehicles always have a local CO₂ value, regardless of whether they are powered by eFuels or fossil fuels. Conversely, following this logic, an e-car always qualifies as a zero-emission vehicle, even if it is powered by fossil-generated electricity. This approach falls short of delivering a comprehensive climate policy – we need a more holistic view of transport emissions. Only in this way we will achieve climate neutrality."

Jens Gieseke, Member of the European Parliament, who sits on the Transport Committee for the Group of the European People's Party, called on MEPs: "By including sustainable renewable fuels in the regulation, we can create new opportunities and promote innovation. After all, alongside e-mobility, there are other alternatives to the classic internal combustion engine when it is powered by CO₂-neutral fuel. We should unlock this potential." The shadow rapporteur in the Environment Committee continued: "The task of politics is not to ban technologies, but to enable them. In the end, we will need all available technologies if we really want to achieve our goal of becoming climate neutral by 2050 at the latest."

"We must not put all our eggs in one basket," said **Sigrid de Vries**, Secretary General of the Confederation of European Automotive Suppliers (CLEPA), at an online discussion hosted by the eFuel Alliance. "500,000 jobs are at risk in the European automotive supply industry if technology openness is abandoned from 2035." Certainly, focusing solely on electromobility would also create some new jobs, but not in the same regions, in the same companies and they will not require the same qualifications. That's why the decision on the future of mobility also has a social effect, she pointed out: "Parliament's decision must therefore not be 'either or'. The decision must be 'and and' – to allow multiple solutions for a clean climate, along with ambitious electrification," stressed Ms. de Vries.

"47 million existing vehicles in Germany can only play their part in climate protection by using sustainable fuels," stressed **Karsten Schulze**, Technical President of the ADAC. "Within the European Union, there are 330 million cars, and as many as 1.4 billion worldwide – with synthetic fuels, they could all drive in a carbon-neutral way." E-mobility, he said, is something many consumers simply cannot afford, and a lack of charging infrastructure makes the transition even more difficult. "The gap between what was planned and what has been achieved so far threatens to become even wider in the future," Schulze concluded. "We will not be able to electrify the whole world. Even we in Germany are struggling." A ban on cars with a combustion engine would also mean devaluing people's property. "But this discussion is not necessary, because there is an alternative in the form of synthetic fuels."

Referring to the war in Ukraine and rising raw material prices, **John Cooper**, Director General of FuelsEurope, the voice of the European refining industry, said: "So far, we have always found solutions. But in moving to new

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forms of mobility, we should not trade one form of resource dependency (from many oil supply countries) for new dependencies (to the very few countries with batteries raw materials). We need every technology option available. It's economically risky to focus on just one technology when it requires such huge scale-up." A fair analysis of the full system change costs of an exclusive electro-mobility strategy has not been done, he said, but it is much higher than just the electricity cost promoted by supporters of an e-mobility monopoly. "When you talk about costs, you have to say firstly that mining for raw materials also has harmful environmental impacts and secondly that you have to include the costs of mining and metals processing in the calculation. The policy discussion, and the car regulations, have largely ignored these elements". At the same time, Cooper pointed to the huge potential for use of European-sourced biomass in enabling sustainable mobility, and that renewable and e-fuels require no other system change costs, just the fuel production investments.

Prof. Dr. Hubertus Bardt from the Institut der deutschen Wirtschaft IW provided some calculations in the online discussion: "Russia is one of the world's largest oil producers, practically on a par with Saudi Arabia. The more Russia is cut off from the world market after the start of the Ukraine war, the more strongly prices will react." It is unclear, however, whether and how other oil producers such as Saudi Arabia or Iran will respond in the long term, he said. Gas prices are expected to return to the old price level, but even if LNG is used on a large scale, Europe will lose competitiveness.

In recent days, 106 associations and companies from the mobility, technology and energy sectors had already addressed MEPs in a **joint letter**. "Where clean electromobility is the solution that meets consumer demands, it will prevail. Where it is not (yet) feasible, there should be a 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," the letter states.

A 100% reduction in CO₂ would de facto mean not only a complete ban on internal combustion engines, but also on plug-in hybrid vehicles. A target of less than 100% or the recognition of CO₂ emission reductions through the contribution of sustainable renewable fuels would avoid such a ban.

A voluntary crediting system for sustainable renewable fuels could be a practical solution that could be included in the regulation on CO₂ standards for cars and vans. This would use existing structures for crediting fuels in the marketplace and avoid double counting. The crediting system would be a first step toward a more holistic life-cycle approach. It would provide a safety net for cases where direct electrification is not yet feasible, the signatories stress.

Attention editors: According to current plenary agenda, the debate in the EU Parliament is scheduled to begin at around 2:30 p.m. on Tuesday, June 7. The vote is scheduled for Wednesday afternoon.

For more information: www.efuel-alliance.eu

>>> **The eFuel Alliance e.V.** <<<

The eFuel Alliance is an interest group working for the political and social acceptance of eFuels and for their approval. We represent more than 170 companies, associations and consumer organizations along the eFuel production value chain.

We stand for fair competition and a level playing field for all relevant emission reduction solutions. We are clearly committed to greater climate protection and want to see the significant contribution of eFuels to

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sustainability and climate protection more widely recognized. Our goal is to enable the industrial production and widespread use of CO₂-neutral fuels from renewable energy sources.

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