PRESS RELEASE

European automotive suppliers urge legislator to opt for 'European way' in reducing CO2 emissions from cars and light-duty vehicles

- *More inclusive transition to low-carbon mobility reduces emissions at lower costs with far fewer disruptions to the workforce*

BRUSSELS, 8th November 2017 -- The second Mobility Package published today by the European Commission, carries welcome measures to promote green public procurement, battery cell development and production in Europe and investment in infrastructure for alternative fuels and charging points in the EU. However, the proposed post-2020 CO2-reduction targets for cars and light-duty vehicles focus too much on just one technology and are very aggressive. A more inclusive transition to low-carbon mobility would reduce emissions at lower costs and with far fewer disruptions to the manufacturing base.

Automotive suppliers are highly committed to achieving the Paris climate change mitigation targets. CLEPA considers a 20-25% reduction target feasible for 2030 and its members are investing heavily in the vast array of technologies that are needed to deliver the Paris objectives.

"Europe should be courageous and opt for the 'European way", said Roberto Vavassori, CLEPA President. "Europe's globally acknowledged strength lies in efficiently combining the most advanced internal combustion engine technologies with synthetic and regenerative fuels, electric motorisation, energy recuperation and a lean battery pack that minimises the use of present-state battery technology, avoiding downsides in terms of performance, resources and production", he explained. "The question isn't electric or combustion; modern vehicles have a *power unit* boasting a mix of solutions for smart, green and flexible mobility."

"CLEPA asks the legislator to maintain an open mind for all technology options and provide a policy framework that positively accelerates innovation in Europe", said Sigrid de Vries, CLEPA Secretary General. Such approach not only brings Europe's environmental targets within reach. It maintains a wide range of mobility choices, sustains employment in the EU, strengthens the sector's global competitiveness -- because all technology pathways are needed elsewhere in the world as well -- and provides the best guarantee for investment in Europe in new-generation batteries with a more positive cradle-to-grave impact on the environment, industrialised in European companies.

A 20-25% target for 2030, as supported by CLEPA, is no mean feat by any measure: due to the conversion to the new test cycle (WLTP) and the present market trend towards gasoline vehicles, the actual reduction would be as much as 32%. The post-2020 target will require the strong ramp-up of battery, fuel cell and hybrid electric vehicles in all variations, in addition to making continuous advances in combustion technology, alternative fuels, light-weight materials, 'eco-innovations' and other efficiency-pushing technologies.

Importantly, this process will not evolve in a linear way, but accelerate year by year. For this reason, the proposed binding mid-term target of 15% is out of reach. Up to two third of the way would have to be delivered in the first few years. Sales of electric vehicles is increasing but counts for not even 2% of the market today, and too many key factors are presently unknown (charging and alternative fuels infrastructure, battery cost and performance, consumer acceptance, etc.).

As regards the proposed, stricter low emission vehicle (LEV) definition, CLEPA believes that legislator should respect the need for legal predictability, and consider the substantial investments already made in hybrid solutions, technology that will remain much needed to meet the CO2 emission reduction objectives.

CLEPA members offer mobility solutions that build on their long-standing industrial strength to realise ambitious environmental and safety-related objectives, counting multinationals as well as thousands of SMEs in its membership. Up to 75% of the value of an average vehicle comes from its components and parts. Automotive suppliers invest more than half of all automotive R&D in the EU (over EUR 22 billion per year). They are a key asset for Europe's economy and wealth creation.

Note to Editors & contact details:

CLEPA is the European Association of Automotive Suppliers. 121 of the world's most prominent suppliers for car parts, systems and modules and 23 National trade associations and European sector associations are members of CLEPA, representing more than 3 thousand companies, employing more than 5 million people and covering all products and services within the automotive supply chain. Based in Brussels, Belgium, CLEPA is recognised as the natural discussion partner by the European Institutions, United Nations and fellow associations (ACEA, JAMA, MEMA, etc.).

Facts about the European automotive industry

- Some 12 million people are employed in the European automotive industry
- European automotive suppliers directly employ 5 million people
- European automotive suppliers invest more than €20bn in RDI per year. They are the biggest private investor into research and innovation
- Per year, 18 million vehicles are manufactured in Europe, contributing to the stability and growth of the European economy

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ESSENTIAL BACKGROUND

Global perspective

The EU has continually led the world with respect to automotive C02 reductions, enabled by European manufacturers and suppliers constantly innovating and providing technological solutions which are exported and adopted globally. It is important that, in order to sustain the EU technological leadership, Europe continues to have a neutral and challenging legislative framework.

Automotive suppliers are global players and do a large part of their business in other regions of the world as well, including China. The Chinese government is heavily promoting electric vehicle production and sales for lack of competence in other efficient technologies, and in order to sustain local battery production. Also in China, however, the combination of technology solutions will be essential to reduce emissions. In other than city areas, combustion-based technologies remain the obvious choice, and overall manufacturing activity in the country reflects this. Market shares for electric vehicles remain low and very sensitive to subsidies and other incentives. The Chinese vehicle market is also very different from the European, with a quarter of the market being for micro cars.

Technology neutrality

Crucially, new CO2 legislation should maintain technology neutrality as the core principle to promote innovation and competition for the best technologies to achieve the EU policy objectives. There is no 'one-fits-all' solution to achieve society's energy-efficiency and CO2-emissions reduction targets: cars, vans, e-bikes, buses and trucks serve different mobility purposes, and customers must have the choice to pick the power unit that fits their needs best.

The Paris targets can only be met with the advanced and intelligent use of hybrid technology in all shapes and forms, and renewables-based e-fuels have a role to play too. Combustion-based solutions will remain the dominant technology worldwide for decades to come and will, through further advancement, make significant contributions to decarbonisation in its own right. European industry aspires to remain world leader in this important area, as well as in alternative powertrain technology. Industry is already export champion, and the assumption that the sector should be 'helped' to compete in the global landscape is false.

Longer-term, a more integrated approach, taking CO2 emissions of electricity generation into account (well-to-wheel) as well as the efficiency benefits of connected and automated driving, should inspire further EU policy to address road transport emissions in the most efficient and transparent way

Employment impact

Unless managed well, one out of three jobs in the automotive industry could be at risk as they involve producing components for conventional powertrains. The EU and member

states must consider the potential impact their choices could have in relation to the push to decarbonisation.

Attracting the right skills and addressing skills gaps are key enabling factors in the transition to a low-carbon transport sector. At the same time, policy efforts must be made to avoid forced redundancies and the decline of automotive regions. This requires full social and economic impact assessments, as well as strategies to anticipate and manage change in a gradual, socially-acceptable way. The transition to a low-carbon transport sector will create new jobs (eg in information technology, or deploying charging infrastructure), but these jobs will in most of the cases be created at another time, in another place and for other skill profiles than the manufacturing jobs that will become obsolete.