

COUNCIL OF THE EUROPEAN UNION



Conclusions on clean and energy-efficient vehicles for a competitive automotive industry and decarbonised road transport

3016th COMPETITIVENESS Council meeting Brussels, 25 May 2010

The Council adopted the following conclusions:

"RECALLING the priorities of smart and sustainable growth contained in the Commission's Europe 2020 Communication¹, as well as one of its seven flagship initiatives – "Resource efficient Europe" which aims, among other things, to decouple economic growth from the use of resources and to modernise the European transport sector;

RECALLING that the European automotive industry, together with important associated sectors and service providers, is an important source of prosperity, trade surplus, and is a major employer and a constant driver of technological progress and innovation and that consequently it is of key importance to keep the industry's manufacturing base in Europe and to strengthen its competitiveness and technological leadership, in particular vis-à-vis competition from the EU's trading partners;

RECALLING that the European electrical engineering industry ² as an enabling sector for advanced technologies can provide ecologically sound and innovative solutions for the successful deployment of clean and energy efficient vehicles, in the context of recent technological advances;

RECALLING that some EU Member States have already launched national actions to promote clean automotive technologies;

² Communication from the Commission "For a competitive and sustainable electrical engineering industry in the European Union" (doc. 15461/09 of 30 October 2009).



Rue de la Loi 175 B - 1048 BRUSSELS Tel.: +32 (0)2 281 8239 / 6319 Fax: +32 (0)2 281 8026 press.office@consilium.europa.eu http://www.consilium.europa.eu/Newsroom

¹ Communication from the Commission: Europe 2020 - A strategy for smart, sustainable and inclusive growth (doc. 7110/10 of 5 March 2010).

RECALLING that the European automotive industry has been severely affected by the economic and financial crisis and that recovery measures engineered under the European Economic Recovery Plan³ are not only aiming at short-term recovery from the current crisis and preventing job losses, but also at strengthening the competitiveness of industry in the longer term by encouraging and financing investments in clean technologies;

RECALLING the need to decarbonise the transport sector and reduce its fossil dependency and the emissions of greenhouse gases, *inter alia* through the introduction of innovative and energy efficient technologies for vehicles;

RECALLING the Commission's Communication on "A sustainable future for transport: Towards an integrated, technology-led and user friendly system" of 17 June 2009 and its Action Plan on Urban Mobility of 30 September 2009;

RECALLING the objective of the European Union to raise the share of renewable energies in its gross final energy consumption to 20% and to 10% in transport by 2020;

RECALLING that it is expected that further efforts need to be made beyond 2020 aimed at meeting the global climate objectives by 2050;

RECALLING that the Competitiveness Council in its Conclusions on the "Need for a new industrial policy" of 2 March 2010⁴ invited the Commission to come forward with an action plan for clean and energy-efficient vehicles (including the growing role of fully electric cars and plug-in hybrids);

THE COUNCIL:

- 1. WELCOMES the Commission's Communication entitled "European strategy on clean and energy efficient vehicles" of 28 April 2010, which builds on the on-going measures and sets out an ambitious medium- to long-term policy through an Action Plan, which will strengthen Europe's leadership in clean automotive technologies, foster growth and job creation in the European automotive sector, including its suppliers and related industries, such as grid developers and safe and sustainable energy companies, and service providers, including SMEs; this will provide a clear orientation of the industry's restructuring, tranformation and evolution;
- 2. WELCOMES the scope of the Communication covering not only light-duty vehicles but also two- and three-wheelers and quadricycles, taking into account the increasing role of the latter in the urban mobility and ACKNOWLEDGES the need to cover heavy-duty vehicles and progress quickly also in other fields of transport, including sustainable public transport and its synergies with e-mobility, and ensure the coherence of all actions with the overarching aims of combating climate change and reducing Europe's dependence on fossil fuels;

³ Communication from the Commission to the European Council - A European Economic Recovery Plan (doc. 16097/08 of 27 November 2008).

⁴ Council Conclusions on the need for a new industrial policy (doc. 6391/10 of 2 March 2010).

- 3. EMPHASIZES, in the light of scientific and market evidence, that:
 - a. the environmental performance of conventional vehicles is constantly being improved by means of technological advances that include the use of alternative fuels to burn in combustion engines to partially substitute petrol or diesel fuel, including liquid biofuels and gaseous fuels (such as LPG, CNG and biogas) and offering a potential to reduce the environmental impact of road transport, if used in a sustainable manner; flex-fuel vehicles can also contribute to the expected reduction;
 - b. electric vehicles (including full electric and plug-in hybrids) will soon be ready for market introduction by some manufacturers and are meeting increasing consumer acceptance, as the safety, standardisation, electricity consumption, environmental aspects and affordability are optimized;
 - c. hydrogen vehicles remain a valid ultra-low-carbon mobility option in the mediumterm perspective, as affordability of the car and of the fuel is achieved; also NOTES that hydrogen vehicles and electric vehicles are mutually complementary;
- 4. Because the internal combustion engines currently constitute the main mobility option for European citizens and the source of the European automotive industry's competitive advantage, EMPHASIZES the need to make further progress on improving the environmental performance and the fuel efficiency of these vehicles, including increased use of second generation bio-fuels and gaseous fuels;
- 5. SHARES the Commission's analysis that while conventional vehicles powered by internal combustion engines will remain dominant in the short and medium term perspective, electric and, in the mid-term perspective, hydrogen vehicles are a highly promising ultra-low-carbon power-train technology, as they have the potential to:
 - a. address the challenges of climate change and fossil fuel dependency;
 - b. cut local air pollution and noise from transport and therefore contribute to improving the air quality, in particular in cities and urban zones;
 - c. enable synergies with smart grids and therefore promote renewable sources of energy and offer a possibility of energy storage;
 - d. offer an opportunity to revitalise the industrial fabric in Europe by fostering innovation, growth and jobs;
 - e. offer, in particular if combined with electricity generated from safe and sustainable sources of energy, including renewables, a superior well-to-wheel energy efficiency and can therefore contribute significantly to the objective of transport decarbonisation;
- 6. CONSIDERS that in order to speed up the market uptake of clean and energy efficient vehicles, including full electric vehicles and hybrids, and to enable the citizens to benefit from the improvement of air quality, public authorities are encouraged to provide the appropriate support framework, in compliance with existing State aid rules and the principle of subsidiarity. A supportive policy framework could contribute to creating business confidence, which is necessary for investment and production decisions and ensuring uptake of more safe and sustainable sources of energy, including renewables. In that respect, a well-timed and well-tailored public policy could send the European automotive industry an important signal, improving competitiveness in the increasingly important and attractive global market for clean cars;

7. EMPHASIZES that the European Union should take leadership in supporting the roll-out and consumer acceptance of alternative power-trains and energy efficient vehicles while bearing in mind actions taken by the Member States, regions and municipalities – in line with the principle of subsidiarity.

With regard to the action plan presented in the Communication:

- 8. HIGHLIGHTS the importance of the actions set out in the action plan for further reduction of CO_2 emissions from vehicles following the adoption of Communication COM (2007) 19⁵ and of Regulation (EC) No 443/2009⁶ on CO₂ emission standards for passenger cars; the measures implementing the Regulation should be completed by the end of 2010, especially regarding the procedure for approving innovative technologies (eco-innovations);
- 9. STRESSES the need to focus on research excellence in order to ensure that alternative power-trains receive targeted research financing, including innovative energy storage and conversion technologies, such as batteries, fuel cells and the necessary respective infrastructure;
- 10. STRESSES MOREOVER the need to support breakthrough improvements in internal combustion engines, further step-change improvements to the performance of conventional vehicles and exploring the opportunities offered by mild hybridisation of conventional vehicles, aerodynamics improvement and weight reduction;
- 11. STRESSES that the research portfolio of different technologies should not be narrowed. In this context, CALLS ON the Commission to provide European added-value and contribute to the coordination of efforts in the field of R&D by using effective forms of organisation via Joint Programming Initiatives, Public-Private Partnerships or Joint Technology Initiatives. Also HIGHLIGHTS the need to simplify and streamline the administrative rules for obtaining EU research grants, as well as the framework of classical multilateral cooperation or existing instruments, such as collaborative projects, ERA-Net/ERA-Net Plus or measures under Article 185 (ex 169) of the TFEU and can thus be co-financed under the Framework Programmes;
- 12. HIGLIGHTS the successful implementation of the Green Car Initiative via EIB financing and European research grants that helped the industry to maintain their R&D activities during the crisis in order to be well positioned for the economic recovery. STRESSES that further technical developments will make alternative power-trains more attractive for wider market uptake;

⁵ Communication from the Commission to the Council and the European Parliament: Results of the review of the Community Strategy to reduce CO₂ emissions from passenger cars and light-commercial vehicles (doc. 6204/07 of 12 February 2007).

⁶ Regulation (EC) No 443/2009 of the European Parliament and of the Council of 23 April 2009 setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO₂ emissions from light-duty vehicles (OJ L 140, 5.6.2009, p. 1-15).

- 13. CALLS ON the Commission to consult Member States and stakeholders and to rapidly come up with guidelines on potential financial incentives for consumers to buy green vehicles in order to stimulate the market uptake of clean and energy-efficient vehicles, without giving preference to any particular technology as well as exploring the potential of public procurement and of grouped purchases for large vehicle fleets within the existing legal framework for public procurement. Non-financial incentives, at national or regional level, could also be explored by the relevant actors;
- 14. RECOGNIZES the need for the implementation of the Raw Materials Initiative⁷ in order to ensure access to, recycling and recovery of indispensable materials, including rare earth elements and notably lithium reflecting their importance for the production of alternative power-train components, *inter alia*, batteries;
- 15. CALLS ON local, regional and national authorities and all relevant stakeholders to take all necessary measures so that a skilled and qualified workforce is available for alternative power-train and energy-efficient technologies considering targeted training and monitoring the demand for new skills;

Considering the importance of completing the European framework on electric mobility:

- 16. WELCOMES the adoption on 10 March 2010 by the United Nations Economic Commission for Europe (UNECE) of a Regulation that introduces approval requirements for electric safety of vehicles equipped with an electric power-train. STRESSES that the Regulation, once implemented in the European Union, will ensure the electric safety of electric vehicles sold in the European market;
- 17. EMPHASIZES that standardisation of interfaces in view of the interoperability between electric vehicles and the charging infrastructure is of key importance in order to ensure that electric vehicles can be recharged, domestically or at public station points without difficulty within the territory of the EU and with the use of any electric vehicle charger. This is a prerequisite for consumer acceptance and, subsequently, the mass market uptake of electric vehicles. URGES European standardisation bodies, via the standardisation process, to develop, as a matter of priority by mid-2011, a harmonised solution for the interoperability between electric vehicles and the charging infrastructure and to address safety risks and electromagnetic compatibility. STRESSES that standardisation should also consider smart charging with respect to the electric vehicle charger. The European standardisation bodies should take into account existing technical solutions and ongoing work at international standardisation bodies, international promotion of EU standards should continue;
- 18. ENCOURAGES Member States to adopt and implement this harmonised solution as soon as possible, and the industry to agree on its application via a Memorandum of Understanding or another equivalent method;

⁷ Communication from the Commission to the European Parliament and the Council - The raw materials initiative - Meeting our critical needs for growth and jobs in Europe (doc. 16053/08 of 20 November 2008).

- 19. ENCOURAGES all stakeholders to work on the roll-out of charging infrastructure for electric vehicles according to national and regional market perspectives that will be easily accessible, interoperable with vehicles coming across the national and regional borders; In this respect, ACKNOWLEDGES that the infrastructure for slow-charging is partly available, but needs to be further developed in areas accessible to the public and to allow fast-charging, drawing lessons from the pilot projects carried out in this field and fostering their interconnection. WELCOMES the intention of the Commission to launch an EU-wide electromobility demonstration project in 2011, which could integrate national pilot projects across borders;
- 20. NOTES WITH INTEREST the European Commission's intention to put forward a legislative proposal on smart grids; URGES all stakeholders to use electricity generated from safe and sustainable sources of energy, including renewables, for charging electric vehicles by smart meters and building of smart grids, while recognizing differences in energy sectors of Member States;
- 21. In this context, STRESSES the importance to closely collaborate with regional and local authorities and to accompany market introduction with measures like awareness building, mobility information tools and services, and incentives for adopting a more sustainable mobility behaviour privileging efficient choice of mobility modes;

The Council calls on the Commission to come forward with proposals for the implementation of actions set out in the Communication and therefore:

- 22. STRESSES the need for the Commission to engage in a thorough consultation process in order to propose legislative acts (accompanied by impact assessments) and guidelines and CALLS for the prompt re-launch of the CARS 21 process, with a revised mandate and extended stakeholder involvement, in order to allow stakeholders to contribute to strategic regulatory policies for the European automotive sector competitiveness in the 21st century;
- 23. CALLS ON the Commission to draw lessons from national strategies and regional pilot projects launched by European cities and regions and to incorporate, where appropriate, these in its work on guidelines for financial incentives and infrastructures;
- 24. CALLS ON the Commission to report annually on the implementation of the strategy to the Council, notwithstanding the mandatory review to be performed in 2014;
- 25. CONFIRMS that in order to achieve the ambitious, but also realistic and necessary objectives of the Communication, the Council is ready to assume responsibility for the timely and efficient implementation of the legislative measures required."