German Association of the Automotive Industry

Recommendation

10-point plan

for climate-neutral mobility

The German automotive industry is committed to fulfilling the Paris climate targets and is resolutely driving the transformation to CO_2-neutral drive systems. From 2026 to 2030 alone, our industry will invest 320 billion euros in research and development for this purpose. Additionally, around 220 billion euros will be invested in property, plant and equipment, particularly in the factories. The production capacities for a massive ramp-up of electromobility have been created. In 2025, 40 percent of the cars produced in Germany were already electric cars.

At the same time, current demand for electric vehicles in Germany and Europe is falling short of expectations. Increasing the attractiveness of electric vehicles for consumers and thereby speeding up the ramp-up will require a significant strengthening of framework conditions. At the same time, the challenges for companies are manifold. In addition to overall weak demand in Europe, extremely intense competition on the Chinese market and global challenges are causing additional burdens.

With regard to the CO_2 fleet regulations for passenger cars/vans (LDV) and heavy-duty commercial vehicles (HDV), the ambitious targets of the regulations are not backed up by sufficient political measures to support the transformation and therefore cannot currently be achieved.

It is therefore essential to address the necessary adjustments to the framework conditions. These include the Europe-wide expansion of charging and H_2 tank infrastructure, favourable charging electricity prices and the expansion of the electricity grid. In addition to infrastructure considerations, the focus should also be on the resilient supply of raw materials and preliminary products such as semiconductors and battery cells.

In view of the challenges, it is equally important to implement further flexibilisation and strengthening technology openness in the regulations in order to improve the acceptance of electromobility among consumers and ensure the competitiveness of the domestic industry. This includes strengthening the role of plug- in hybrids (PHEVs) and focussing more on the potential of renewable fuels. Overall, decarbonization pathways need to be created that reflect slower-than-expected market uptake, insufficient supporting infrastructure and the need to preserve industrial competitiveness.

The **10-point plan for climate-neutral mobility** summarises the key measures from the perspective of the German automotive industry:

1. **The automotive industry is committed to fulfilling the Paris climate targets.** The CO_2 fleet regulations are not backed by sufficient political measures and therefore cannot be met. We prioritize incentives and attractive local investment conditions instead of new burdens for industry and consumers. A **rapid improvement in the framework conditions** will be crucial so that consumers can and want to switch to climate-neutral drive systems as quickly as possible.

2. The demand for electromobility as the main contributor has so far fallen short of expectations. The **reviews of fleet regulations** for passenger cars/light commercial vehicles (LDV) and heavy-duty commercial vehicles (HDV) should therefore be **expediated to 2025** (for trailers, as soon as the evaluation of the monitoring data is available) and progress should be regularly reviewed politically.

3. For the **tightening of targets in 2030 and 2035**, relief in the form of a **banking/borrowing** should be applied. For 2030, this means adjusting the period to 2028-2032 for passenger cars. Further additions are required for light commercial vehicles (vans) in view of the special challenges in this segment. In particular, this includes an adjusted **banking/borrowing** from 2025-2029 and 2030-2034.
   In the fleet regulation for HDVs, the level of possible penalties should also be reduced to a level comparable to that for LDVs.

4. The **charging and H_2 refuelling infrastructure** (LDV/HDV) with the necessary increase in the AFIR ambition level, in conjunction with an accelerated network expansion, is a particular focus of the framework conditions. The expansion must be carried out in advance and in line with the targets of the CO_2 legislation and the corresponding vehicle ramp-up.

5. **A robust supply of raw materials and primary products** is also of central importance. The EU Commission must urgently improve the European and foreign trade framework conditions, analyse possible risks and, in particular, rapidly expand the network of agreements and partnerships.

6. **Strengthening technological openness** by giving greater consideration to the **role of PHEVs** beyond 2035 and suspending the planned adjustment of the utility factor in 2026. PHEVs with a large electric range should be defined as a new vehicle category. Up to a certain volume of the fleet, these vehicles would be eligible for registration as ZEVs after 2035, regardless of the fuel.
   Other necessary measures relate to an **adjustment of the threshold values of the ZLEV benchmark** (LDV and HDV) for 2025-2029 and their reintroduction for 2030-2034 as well as to a change in the LDV target calculation formula in order to eliminate the existing disadvantage of vehicles with a higher weight („negative slope“) in the fleet regulation.

7. **Greater focus on renewable fuels** by taking their average CO_2 reduction effect into account in LDV fleet regulation, as emissions from combustion engines are currently considered 100 per cent fossil regardless of the fuel used. This could also be a possible mechanism for HDV.

   According to recital 11, the EU Commission must also immediately develop a framework that can be implemented technically as well as on the market so that **carbon neutral fuelled** vehicles are also immediately classified as zero-gram vehicles.
   The focus must also be placed even more strongly on the vehicle population in order to achieve the climate targets in transport with the help of renewable fuels. In addition to a **higher GHG quota in RED III**, a post-2030 target pathway must also be created at EU level.

8. In the fleet regulation for LDVs, **the reduction target** must be **adjusted to -90 %** as of 2035 and the necessary framework conditions must be ensured. The remaining CO_2 emissions will be compensated for by more ambitious targets for the proportion of renewable fuels in the RED. In addition, and creditable towards the CO_2 reduction target, the regulation should include further CO_2 mitigation measures along the value chain as well as the consideration of renewable fuels.

9. **Electromobility must offer a clear cost advantage in the overall balance.** A reduction in the price of charging electricity through more competition and technology, as well as a reduction in taxes and levies, is of central importance. This applies to the same extent for renewable fuels such as H_2.
   Incentive systems without market-distorting price thresholds make a successful contribution to the ramp-up of climate-neutral powertrains. A long-term perspective for CO_2-related tolls plays a decisive role, especially for commercial vehicles.

10. **Trust in electromobility must be fundamentally strengthened.** This includes active positive communication on electromobility. Industry and politics must cooperate and implement joint concepts. It is also necessary to examine which measures can give consumers a practical advantage by using zero-emission vehicles in road traffic. To this end, European experience must be analysed and transferred in an adapted form where this appears possible and sensible.

Conclusion:

The EU Commission must create the necessary conditions for achieving the European climate targets in transport and at the same time establish flexibilisation and technology openness as central pillars for maintaining competitiveness.

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The German Association of the Automotive Industry (VDA) consolidates more than 650 manufacturers and suppliers under one roof. The members develop and produce cars and trucks, software, trailers, superstructures, buses, parts and accessories as well as new mobility offers.

We represent the interests of the automotive industry and stand for modern, future-oriented multimodal mobil-ity on the way to climate neutrality. The VDA represents the interests of its members in politics, the media, and social groups. We work for electric mobility, climate-neutral drives, the implementation of climate targets, securing raw materials, digitization and networking as well as German engineering.

We are committed to a competitive business and innovation location. Our industry ensures prosperity in Germany: More than 726,000 people are directly em-ployed in the German automotive industry.

The VDA is the organizer of the largest international mobility platform IAA MOBILITY and of IAA TRANSPOR-TATION, the world's most important platform for the future of the commercial vehicle industry.

If you notice any errors, omissions or ambiguities in these recommendations, please contact VDA without delay so that these errors can be rectified.

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