Scene setter
You will meet the BMW Group.

According to BMW’s e-mobility strategy from 2019, BMW plans to sell 33% electric vehicles (BEV and PHEV) in 2025 and 50% in 2030. BMW plans to offer 13 battery electric vehicles by 2023. However, BMW also focuses largely on plug in hybrid vehicles in particular. A strategy that could potentially become threatened by very high CO2 emission performance standards. As such, BMW is not supportive of stricter targets, in particular not if those apply already in 2025 (see background).

BMW suggested only the topic for discussion

- Exchange of views on future CO2 legislation

However, it is likely that they will also touch on the revision of AFID as an enabling legislation for the uptake of electric vehicles.

Objective(s)

- Get feedback from BMW as to how higher CO2 fleet reductions expected under the revised regulation on CO2 emission standards can be met by BMW, in particular considering the high share of plug in hybrid vehicles.
- Present Commission’s plans with respect to the revision of the directive on the deployment of alternative fuels infrastructure (AFID) in view of the 2030 climate target plan.
- Enquire about BMW expectations with respect to the AFID revision.

Key Messages

Europe's climate ambition

- To deliver on the climate objectives the EU has committed to, the Commission is working on a comprehensive policy framework to ensure a swift and sufficient decrease in emissions from the transport sector and its road segment.

- Currently, we have around 2.1 million electric and plug in hybrid vehicles on the road. 225,000 publicly accessible recharging infrastructure are installed in the EU with approx. 20,000 being fast rechargers.
• We also see an accelerated uptake of electric vehicles. In 2019 the share of electric vehicles in total car sales was 3.3% but it has increased to more than 10% in 2020. We expect this trend to continue, with more electric vehicle models coming into the market.

• The Climate Target Plan outlines the amount of zero-emission vehicles we need to have on the road by 2030 to be compliant with the 55% CO2 emission reaction target by 2030. Depending on the scenario this could be up to 48 million electric cars and vans alone.

**CO2 emission performance standards**

• CO2 standards have proven to be a key driver to decarbonise the EU’s light-duty vehicle fleet as seen from the spectacular surge seen in 2020 in the uptake of battery electric and plug-in hybrid cars across Europe. To ensure that this trend continues and that a clear pathway is set out towards zero-emission light-duty mobility, the Commission will propose to revise the Regulation on CO2 standards for cars and vans as a key legislation as part of the Fit for 55% Package.

• The impact assessment accompanying the revision will carefully consider the issue of CO2 target levels in light of the 2030 and 2050 climate objectives, as well as the incentive mechanism for zero- and low-emission vehicles, which aims to stimulate the uptake of such vehicles by granting a bonus for manufacturers that do better than the benchmarks set.

• Another main element considered in the impact assessment is a possible mechanism to allow manufacturers to account the use of renewable and low-carbon fuels for the purpose of complying with their CO2 targets. The Commission is analysing the pros and cons of such a mechanisms.

**Recharging Infrastructure**

• The Deployment of infrastructure needs to keep pace. The number of rechargers has been increasing by around 20% in 2020 and hence at a much slower rate than the vehicle uptake. We must ensure that the roll out of infrastructure goes hand in hand with the vehicle uptake. In that respect, realising the Commission’s aim of having 1 million recharging points by 2025 and around 3 million by 2030 is crucial.
A number of EU funding and financing instruments are available to support this roll out, e.g. Connecting Europe Facility (CEF and CEF blending), European Structural and Investment Funds (ESIF) and InvestEU. We also expect Member States to make use of the recovery and resilience facility to massively support the roll out of infrastructure.

Revision of the Alternative Fuels Infrastructure Directive (AFID)

The Commission is also currently working on the proposal for a revised AFID to be adopted within the fit for 55 package.

With the revision of AFID, we will focus on the following core aspects:

- Ensure a minimum coverage of recharging and refuelling infrastructure across Europe, for light and heavy duty vehicles in line with the 2030 climate target plan ambition
- Ensure technical interoperability, by further standardising physical interfaces, e.g. for heavy duty vehicles, but also by addressing communication protocols
- Improve the user experience by ensuring that users can find rechargers, be informed about the prices before the charge and have easy payment solutions available
Defensive Points

**Do you consider to propose mandatory targets for electric recharging infrastructure?**

- Currently, AFID recommends an infrastructure - vehicle ratio of 1 – 10. However, this simple ratio seems to be outdated with the emergence of fast and ultrafast rechargers. A more granular approach towards determining minimum infrastructure requirements needs to be defined, taking into account these new developments.

- On the basis of such a more granular approach, many respondents to the OPC were in favour of mandatory targets in particular for electric rechargers to ensure that sufficient infrastructure will be available.

- Within the work on the impact assessment we are assessing the expected impact of mandatory fleet based targets as well as targets along the TEN-T network.

**On the conditionality principle: How could you ensure that the CO₂ targets are linked to the infrastructure available, which is an essential condition for the ramp-up of e-mobility?**

- The spectacular surge of electric vehicles in 2020 has proven that ambitious CO₂ targets are an effective way of ensuring the ramp-up of zero-emission vehicles. Such targets send a clear signal to vehicle manufacturers and their suppliers, but equally to those ready to invest in the necessary recharging and refuelling infrastructure.

- Additional well aligned targets as regards enabling measures, in particular on the infrastructure side, will strengthen this signal and facilitate reaching our objectives.

- However, introducing a conditionality between targets would bear the risk of blurring the picture and weakening the investment signal on both sides. It may provide the perfect excuse to those lagging behind or unwilling to act to postpone their efforts. It should be clear that we cannot afford to wait for others to act. Instead, all stakeholders should take up their role and move forward at the same time.

**What will be the impacts of the transition towards zero-emission mobility on employment in the automotive sector?**

- The transition towards climate neutrality will impact economic sectors differently. The transition will spur growth and jobs in many sectors. At the same time, it can be difficult for other sectors.

- For the automotive sector, the transition towards zero-emission mobility will require a transformation. The sector needs to shift to new production processes and new skills required. The value chain will change. Some existing jobs will have to be transformed and adapted. A number of existing jobs related to the internal combustion engine and associated parts risks being lost. The transformation of the sector therefore needs to be accompanied by adequately-paced reskilling and upskilling of the workforce.

- At the same time, the transition towards zero emission mobility will mean an increase of employment in research, development and production of zero
emission technologies, including battery electric and fuel cell vehicles, and the construction and maintenance of the necessary alternative fuels infrastructure.

- The Impact Assessment for the 2021 revision of the CO₂ emission standards will further look at the impacts of the transition towards zero-emission mobility on employment.

**Will the Commission propose to phase-out internal combustion engine cars?**

- Road transport has a vital role to play in the transition towards climate neutrality by 2050. GHG emissions from cars represent around 60% of the road transport emissions, and it is therefore essential to tackle their emissions.

- The Impact Assessment of the Climate Target Plan indicates that to reach the overall climate neutrality target in 2050, nearly all cars on the roads must be zero emissions by that time.

- Zero-emission vehicle technologies, such as electric vehicles, are available. Their production and sales are already taking off. These technologies with no tank to wheel emissions, combined with decarbonised power, more efficient and sustainable batteries, and the necessary recharging and refuelling infrastructure, will enable to decarbonise road transport, with strong overall benefits including clean air.

- A gradual replacement of conventional cars with zero-emission vehicles would be in line with the need to ensure that sectors with emissions that are more difficult to abate have access to sufficient quantities of renewable and low carbon fuels.

**Financial support: What EU financial instruments can be used to support clean and sustainable fuels and the relevant infrastructure?**

- The new Next Generation EU recovery fund and its various financial tools will play a key role in delivering on the European Green Deal and our vision set out in this Strategy.

- Funding under the new Recovery and Resilience Facility will support more environmentally friendly approaches or digitalisation in transport.

- Under InvestEU, private investments in transport infrastructure as well as fleet renewal can be supported.

- For research and innovation, our Horizon Europe programme offers further opportunities, for instance for research on sustainable and competitive hydrogen, electricity and low carbon fuels.

- Extended support from our Connecting Europe Facility (CEF) will remain available during the 2021-2027 period for the deployment of alternative fuels infrastructure, for example.

- The Cohesion and structural funds also support our Green Deal agenda by reinforcing sustainable regional development, where public transport alternative fuels infrastructure play a crucial role.
Does the Commission consider to address private infrastructure in the revision of AFID?

- AFID is about publicly accessible recharging infrastructure
- Private infrastructure is addressed in the Energy Performance of Buildings directive (EPBD). The latest revision adopted in 2018 requires Member States to ensure that new office and apartment buildings and those undergoing a major renovation need to provide for a minimum of recharging points or pre-cabling for such points.
- A revision of the EPBD is envisaged for 2021 and will aim at a strengthening those requirements.
- In addition, the Commission is pushing for a renovation wave that should equally ensure that parking places in renovated building are being equipped with recharging points.

What will be the role of renewable and low-carbon fuels in the future transport fuels mix and in the context of the revision of CO2 standards for cars and vans?

- The Sustainable and Smart Mobility Strategy outlines the vision of the Commission for the decarbonisation of the mobility sector aligned with the 2030 climate objective in the context of reaching climate neutrality by 2050.
- To reach our climate objectives and to increase renewable energy use in transport, all policy levers must be pulled: replacing existing fleets with low- and zero-emission vehicles (such as electric ones) and boosting renewable and low-carbon fuels, as well as shifting to more sustainable transport modes and internalizing external costs – as part of a holistic and integrated approach.
- As all transport modes are indispensable for our transport system, they must all become more sustainable. We need to ensure that sectors with emissions more difficult to abate such as aviation and waterborne transport have access to sufficient quantities of renewable and low-carbon fuels. These modes must have priority access to additional renewable and low-carbon liquid and gaseous fuels, since there is a lack of suitable alternative powertrains in the short term, and far less options than road transport to achieve the necessary emission cuts.

What is your view on a possible link between CO2 standards for vehicles and fuels?

- This link is one topic that is being analysed in the impact assessment and considered for the revision of the CO2 emission standards.
- The core objective of our policy regarding transport fuels is to reduce their greenhouse gas intensity and we need to do so by the most effective means.
- Decarbonised fuels (e-fuels, hydrogen, advanced biofuels) need to be developed at scale. We need to create lead markets for such fuels, in particular in sectors such as aviation where other decarbonisation technologies are not available. Specific policy instruments will focus on this issue, in particular the Renewable Energy Directive and initiatives for fuels used in aviation and maritime.
Therefore, following the calls from stakeholders, we will carefully assess if and how to account for the contribution of advanced biofuels and e-fuels when assessing compliance of vehicle manufacturers with their CO2 targets. The Impact Assessment will analyse this issue and assess the associated costs and benefits.

**Why does the Commission consider both stronger CO2 standards for vehicles and inclusion of road transport into emissions trading? Isn't that double regulation?**

- The future policy mix required to achieve the 2030 ambition level will need both economic incentives and specific targeted regulatory measures in all the sectors concerned. The most important instrument for tackling emissions in the road transport sector are the CO2 standards for new vehicles, but this instrument could usefully be complemented by pricing incentives.

- The inclusion of road transport into emissions trading would increase the certainty in delivering the cost-effective emission reductions expected from this sector, irrespective of transport activity demand, since the cap sets a limit on the emissions. Such certainty is not possible through other types of measures.

- The introduction of carbon pricing in the road transport sector would also shorten the payback time on investments in more efficient vehicles and thus increase the incentive to switch to zero-emissions vehicles.

- Carbon pricing would also raise revenue, which may be used for investment linked to the higher climate ambition.

- However, there are also non-price related market barriers and the price elasticity of road transport is limited. Therefore, a carbon price incentive cannot replace other policies such as regulatory standards and infrastructure support.
Background

BMW's electro-mobility strategy

The BMW Group focuses increasingly on electric mobility. BMW’s eDrive technology, can be flexibly integrated into different vehicle architectures. In this way, the BMW aims to implement a “Power of Choice” approach that meets different customer demands around the world. In 2020, the BMW X3 became the first model to offer a choice between petrol and diesel engines, a plug-in hybrid system and, in the BMW iX3, a pure electric drive train. The BMW Group has more than 600,000 vehicles with electrified drive trains on roads around the world. Recent models with electrified drive trains include the pure electric MINI Cooper SE, the BMW iX3, 17 plug-in hybrid models, the BMW iX and BMW i4.

On 12 May 2021 (Annual General Meeting, Munich), the company announced the following key milestones of decarbonising BMW vehicles portfolio:

- The company will offer five fully-electric models by the end of 2021.
- Until 2025, BMW Group will increase its sales of fully-electric models by an average of well over 50 percent per year.
- Fully electric models to account for at least 50 percent of global deliveries by 2030. MINI brand to become fully electric by the early 2030s.
- Over the next ten years, BMW Group to release about ten million fully-electric vehicles onto the roads.

BMW position on the revision of CO₂ standards for cars and vans

- BMW is supportive of the objective to promote the uptake of zero-emission vehicles.
- They are overall not supportive of stronger targets, especially for 2025. As for 2030 and after, the ambition level of targets should be dependent on securing the necessary recharging/refuelling infrastructure. They are of the view that CO₂ standards should only after 2040 become so strict that all new vehicles are zero-emission. Targets should only be strengthened every 5 years.
- They support maintaining the incentive system for zero- and low-emission vehicles both pre- and post-2030, with only zero-emission vehicles eligible post-2030.
- According to their reply to the open public consultation, they do not support the introduction of a mechanism to account renewable and low-carbon fuels in the compliance mechanism of manufacturers, and prefer to keep the legal instruments regulating vehicle emissions and fuel decarbonisation separate.
- BMW highlights significant employment impacts of higher CO₂ emission standards.
- BMW supports the extension of emissions trading to road transport.

Objectives of the revision of CO₂ standards for cars and vans

- Our objectives for the revision of the CO₂ standards for cars and vans are threefold:
to ensure that the sector contributes to achieving our climate objectives,
- to ensure that consumers benefit through energy savings and better air quality, as well as
- to make sure that EU industry also benefits, as innovation in zero-emission mobility will be key for maintaining our leadership in automotive technology and employment of highly-skilled workers.

(The CO₂ standards legislation for heavy-duty vehicles will also be reviewed in 2022.)

**Directive on the deployment of alternative fuels infrastructure (AFID)**

- The revision of AFID is scheduled for mid 2021 to ensure that sufficient and fully interoperable infrastructure is deployed throughout the EU.
- The infrastructure roll out for electric vehicles so far goes hand in hand with the uptake of vehicles (currently 225,000 charging points are installed serving 2.1 million electric vehicles (1.15 million battery electric and 950,000 plug in hybrids).
- A rapid uptake of electric vehicles is expected in the coming years, in particular driven by the CO₂ emission performance standards standards which are likely to be further strengthened). A lack of Infrastructure may therefore become a bottleneck for the uptake of electric vehicles in the future.
- Furthermore, and despite that minimum interoperability requirements are defined in AFID, users face problems when charging abroad, most notably with regards to payment systems.

**The Automotive industry in the EU**

- The mobility and automotive ecosystem accounts for around 5% of total EU value added, they greatly contribute to the EU economy. The automotive segment alone comprises 1.4 million companies, and it provides work for approximately 14.6 million Europeans, representing 6.7% of total employment in the EU.

**The impacts of the COVID-crisis on the EU automotive sector**

- In the first six months of 2020, EU-wide production losses (cars and vans) due to COVID-19 amounted to more than 3.6 million vehicles, around 20% of total production in 2019. Around 1.1 million Europeans working in automobile manufacturing have been directly affected by temporary factory shut-downs. National lockdown measures and subsequent plummeting fuel demands also caused issues along the automotive value chains, including fuel supply chains.
- Despite a significant drop in new vehicle registrations due to the COVID-19 crisis, the market share of electric vehicles surged spectacularly throughout the year 2020 in many countries. While in 2019 3.5% of the total new car sales were EVs, this increased to 10.5% in 2020. In terms of absolute numbers, new EV registrations almost tripled compared to 2019. In the first quarter of 2021, the share of electrically chargeable vehicles has gone up to 13.9% (with 5.7% EVs and 8.2% PHEVs).
Compliance with 2020 CO\(_2\) targets for cars

- Based on the latest officially reported figures, which concern the calendar year 2019, CO\(_2\) emissions of new cars in Europe were still far above the 95 g CO\(_2\)/km target for the average emissions of the fleet in 2020. Manufacturers still had to make widespread efforts to reach this target. However, based on figures reported by various sources, including a number of manufacturers, average emissions would have dropped very significantly in 2020.

- As regards compliance of individual manufacturers with their 2020 targets, no firm conclusions can be drawn at this stage as the provisional official Member States data are expected to be delivered by end February. However, several manufacturers have made public announcements about this, with Daimler stating that they would have met the target, while Volkswagen indicated that they would have missed the target by less than 1 g/km.

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