Dear Commissioner,

The automotive industry is in the middle of the most comprehensive transformation of its history. We support the Paris climate protection goals and commit ourselves to climate neutral mobility until 2050 at the latest. The resultant change towards new technologies like electromobility and digitization has profound implications for growth, prosperity, and employment in Europe.

The European Union is taking a leading role in shaping this change with the European Green Deal. It includes a number of measures that are intended to put the European Union on a solid foundation. In line with the EU-wide climate target for 2030, the European Commission will present a comprehensive package of legislation to adapt the regulatory framework of the European energy and climate policy accordingly. The VDA has published the attached position paper on this "Fit for 55" package.

Key aspects of our position paper are:

- Our objective is to achieve climate-neutral mobility - in line with the Paris climate targets - by 2050 at the latest. Pulling the climate protection goals forward requires massive additional efforts.
- The Commission intends to present proposals for the development of CO2 standards after 2030 as part of the "Fit for 55"-package. In doing so, it should take a holistic approach looking equally at all aspects of the regulation.
- The current fleet targets are already very ambitious. Further tightening of targets should be linked to binding build-up targets for the refueling and charging infrastructure in the member states. This can be ensured, for example, within the framework of AFID.
- In order to achieve the climate targets in the transport sector, more ambitious targets for the share of renewable fuels are needed at the

VDA Position Paper regarding "Fit for 55" and ifo study regarding the effects of electromobility on employment in Germany

Date: 28.05.2021

Europäisches Parlament
Ms. Adina-Ioana Valean
Commissioner
European Commission Rue de la Loi 200
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European level, for instance through a quota for renewable energies of 30 percent as a minimum target for the year 2030.

- The current ZLEV crediting system sets target-oriented incentives and should be maintained. In particular, there should be no lowering of the ZLEV threshold that would exclude individual technologies (e.g. PHEVs).
- The discussion about a phasing out date for the internal combustion engine is not targeted. What is decisive are the framework conditions for a successful ramp-up of e-mobility.
- We welcome the fact that the Commission is considering an extension of emissions trading to fuels and transport. We propose a quantity-based and cross-sectoral CO2 pricing system. A relevant CO2 price sets clear investment signals and functions as an instrument to accelerate defossilisation of value chains.

In addition, we have presented the attached ifo study "Effects of the Increased Production of Electric Vehicles on Employment in Germany" on 6 May to the public. The results of the study may also be of interest to your work.

The most important statements are:

- In the German automotive industry alone 472,000 employees, more than 50 percent of the total employees, are directly or indirectly dependent on the production of conventional powertrains.
- By 2025, at least 178,000 jobs in the German industry will be affected by the change toward electromobility, and by 2030 the figure will be as high as at least 215,000 jobs - and this is on the basis of current climate protection legislation.
- Age fluctuation can only partially make up for the gap in job supply. About 75,000 employees will retire by 2025. By 2030, age-related turnover will affect about 147,000 workers.
- Between 2015 and 2019, the production value of the product groups directly affected by the transformation has already fallen by more than 22 billion, a minus of 13 percent.
- Productivity in the German automotive industry has declined in the period of 2015 to 2019 due to the establishment of parallel manufacturing, purchasing and organizational processes.

From our point of view, the following challenges arise:

- We as the automotive industry are driving the transformation confidently.
- The challenges are enormous; it is a joint design task for the companies, the social partners, and public authorities.
- The degree of adjustment is very high, especially until 2025. This shows that companies need planning security. The development of employment in particular depends decisively on the time path of the transformation.
- Regardless of the transformation, it should be the goal of every government to stay ahead in the international competition between locations, so that production, employment, and prosperity are created in Europe and not elsewhere.
The study underlines the challenges that the automotive industry is facing today and in the years ahead, and that we will only be able to meet these challenges together.

We would be glad to discuss the aforementioned position paper and the study with you and your team.

Your sincerely,