The Evolution and Future of Mobility: Historical Overview and Current Challenges in Transitioning to New Mobility Solutions

October 17, 2024, Bucharest

Ladies and Gentlemen,

dear participants of this Symposium,

dear Dan Vardie,

it is a particular pleasure for me to be at this symposium and even to say a few words.

I promise you that I will not really touch on the historical overview and will rather focus on current issues of the transition to modern, sustainable mobility.

As a former Daimler board member for Commercial Vehicles worldwide, as VDA-President or as OICA-President, I have had the privilege of giving so many speeches that you can be sure that I do it only out of concern for this industry which I have been able to serve for almost 40 years.

I would like to thank Dan Vardie and APIA for the invitation, and I am happy to take the opportunity to speak here as a private person on current issues.

But you can already be sure that my statements do not really differ from OICA-, ACEA-, or VDA-positions, perhaps just that I can be a bit more blunt.

This accordance is very important to me, after having been VDA-President for almost eleven years.

However, I cannot hide the fact that the reason for many sleepless nights is that the CO_2 regulation and the political objectives behind it are not in line with the interests of consumers and, to a large extent, of the industry.

As you know, this has serious consequences for the automotive industry, which is already struggling with competition from China, the softening economy and a declining demand for battery electric vehicles, whether for manufacturers or suppliers.

One thing is obvious: the transformation has stalled. The risk that OEMs might miss their 2025 CO_2 targets is increasing.

To be clear: The entire European automotive industry continues to attach great importance to sustainability and is sticking to the Paris climate goals.

I also believe that in the long term E-mobility will be the dominant technology for the large markets. But the fact is: The BEV-market share is currently down by almost one third in the EU (Aug. 2024).

We have gotten stuck on the way there and have not been able to resolve some key issues that have become existential:

It is a fact: The Powertrain Transition Challenge remains severe. (Chart1)

The framework conditions for the „Fit for 55“-regulation have not been adapted and, above all, too little attention has been paid to the prerequisites for successful implementation, particularly the charging infrastructure. And in Germany, sudden and unexpected government incentive cuts were not really helpful!

The goals are indeed very ambitious, as we can see today, and not enough attention is being paid to the wishes of the consumer.

They expect technological openness.

The consumer has no problem with the co-existence of alternative powertrains, especially if these also have extremely low CO_2 emissions.

And the times of uncertainty about where the journey is going are so massive, even for manufacturers and suppliers, that it is time to create clarity.

And that is why it is more than understandable that the associations see an urgency for the Re-Regulation, not in 2026 for cars and in 2027 for commercial vehicles, but in 2025.

Competitive energy prices, acceptable product prices for all social groups, the structural impact on the manufacturer-supplier value-chain, which has never been as endangered as today, the strategic availability of corresponding raw materials, the recycling of batteries or the resulting shifts in global competition, which definitely cannot be resolved with EU-customs penalties, have all fallen by the wayside.

Misguided subsidies have unsettled companies and customers more than they have helped.

It is no exaggeration to say that the European automotive industry depends on the upcoming political decisions in the EU regarding

- the timing of the CO_2-regime
- technological openness
- alternative fuels (RED III), or the
- timeline for the transformation.

Both of the following aspects must be ensured:

On the one hand, to consistently achieve the sustainability goals, and on the other hand to mitigate the structural disadvantages that we are currently experiencing, such as factory closures and huge job losses, not to forget to give consumer sovereignty more weight again.

Therefore, the question of whether the current regulation is realistic or not must be openly discussed.

(Chart2)

The high fines that are already foreseeable for 2025 are a threat to existence.

Is the transformation too fast?

Did we overlook the enormous amount of CO_2 savings potential in the vehicles in use?

Have we forgotten that the auto industry wants to be and must continue to be a key industry for Europe with more than 13 mio jobs?

I still find it difficult to understand why politicians have not yet made the path to decarbonize with technology-openness.

Prescribing technology has never been a promising path.

Not for cars, and certainly not for heavy commercial vehicles, which are subject to completely different conditions over long distances and with higher payloads.

(Chart 3)

I was impressed by the IAA Transportation 2024 in Hannover, where you could see the technological answers, all of which described the path to zero emissions, albeit using alternative routes.

An E-truck is not an E-truck: One has central drives, the other one has E-axles, one E-motor or three E -machines with a wide variety of battery concepts and cell chemistries, depending on the use cases. Or hydrogen internal combustion trucks or H2 fuel cell trucks. And also hybrid trucks will be on offer.

The IAA has shown: the industry has answers to the challenges!

But where are the prerequisites for widespread use in reality?

The charging infrastructure?

Is green hydrogen available?

And finally, we must not lose sight of the fact that the truck users decide on the Total Cost of Ownership. E-trucks are extremely expensive to produce compared to ICE-trucks.

The passenger car sector has already shown us, where higher prices or continuous margin pressure leads to, and for commercial vehicles the power train accounts for 60-65% of the total manufacturing costs.

Here too, Re-Regulation is urgently needed.

For commercial vehicles or passenger cars, the question is not whether comparable innovations are available, but rather what is politically desired.

Regulations should keep the incentive for innovation open, provide a timeline that is realistic, and rely on an infrastructure that is built up in parallel.

We need eight times more charging points per year by 2030 to meet the CO_2 targets. That is 22,000 per week in Europe, as ACEA has calculated. And Ms de Vries recently correctly stated that there will be no mass-market adaptation of BEVs without a widespread availability of public charging infrastructure. And let’s not forget: Only every 8th charger is a fast charger.

And finally my favorite topic: (Chart 4)

Why don't we focus more on the high potential for CO_2 reduction of vehicles in operation instead of focusing just on new registrations?

We have 289 million vehicles on the road in the EU with a high potential for reducing

emissions, that could put industry and consumers out of the firing line, which has put them behind in terms of CO_2-savings compared to other areas.

As an old commercial vehicle fan, I have long wondered why Germany waited until April of this year to release hydro-treated vegetable oil, HVO 100, which could achieve up to 90% CO_2 reduction.

And biodiesel is available.

The power output is similar,

The smoke emissions are even lower.

The switch is easy. The fuel stations are prepared for it.

And the additional costs are bearable.

This is just one example which shows that there is further potential for CO_2 reductions for cars and trucks in use. We just have to do it!

Ladies and gentlemen,

we are in a crucial phase in realigning the automotive industry and adapting it to the needs of sustainability.

The dubious EU-decision on customs penalties against China shows that more consultation with the key bodies in the EU is needed to set the right regulatory course.

Realism is what is needed now.

China is often cited as an example where everything comes down to battery-electric.

In fact, the proportion of hybrids and range extenders is rising rapidly. At present it is 25% BEV and 22% xHEV (last year 16%) and still 53% combustion engines.

More emphasis must be placed on public charging points in Europe, which are necessary to achieve the CO_2 reduction by 2030 required by the EU.

More emphasis must be placed on implementing the Alternative Fuels Infrastructure Regulation (AFIR).

Nor should we pretend that nothing has happened in the past. Average CO2 emissions from new vehicles in the EU have fallen by 53.4% since 2005.

And finally, we should not forget that the Government itself benefits from the automotive industry, because the major EU markets have generated a fiscal income of €384 bn Euros.

I can only repeat once again: I support ACEA's and VDA's appeal to implement the regulation as quickly as possible and I also support the VDA's ten points for climate-neutral mobility, which clearly state that the goals must be actively supported with measures and that the CO_2-regulation is currently not sufficiently supported by political measures to meet them.

You see, ladies and gentlemen, between the leaders of today's associations and an automotive veteran like me, there is almost no room for error. And if there are differences, I just apologize.

Thank you.

Bernd Gottschalk