

Revised Work Plan of the Automotive Regions Alliance of the European Committee of the Regions

1. Starting Point

After the successful launch of the Automotive Regions Alliance (ARA) by the European Committee of the Regions in June 2022, the network gained further political momentum after the successful first High Level Meeting of the Alliance on November 17th 2022 in Leipzig where 21 out of the 30 member regions and the Commissioner for Employment, Nicolas Schmit took part.

A first success of the Alliance activities was a direct reference to the *Automotive Regions Alliance of the Committee of the Regions* in the political agreement of EP/Council for the zero emission for passenger cars regulation¹:

(11a) In order to identify funding gaps in ensuring a just transition in the automotive supply chain, and with particular attention for SMEs and the regions that are most affected by the transition, the Commission should, by 31 December 2025 at the same time of the first progress report, and building on ongoing initiatives such as the transition pathway for the mobility ecosystem and the Automotive Regions Alliance of the Committee of the Regions, in cooperation with Member States, regions and local authorities and all relevant stakeholders, present a report with an analysis identifying such funding gaps. That report should be accompanied, where appropriate, by proposals for adequate financial measures to address the needs identified.

This reference in the legal text of the regulation is very significant for the Automotive Regions Alliance and for the European Committee of the Regions since it legally obliges the European Commission to report about possible territorial impacts of the decision and to make proposal for adequate financial measure to address the needs identified building on the Automotive Regions Alliance of the CoR and in close cooperation with regions and local authorities.

After Commissioner Nicolas Schmit indicated at the high-level meeting in Leipzig to associated the ARA to the newly established Commission Working Group on implementing the Zero Emission Regulation it came of little surprise that the Automotive Regions Alliance was invited to the inaugural meeting of the "Route 35 Platform"² that was launched by Commissioner Thierry Breton at the end of 2022.

At this meeting Commissioner Breton highlighted that the implementation of the Zero Emission Regulation and the **transformation of the automotive** industry would requires the involvement of an **entire ecosystem**, from trade unions to suppliers, from NGOs to local and regional authorities. He

¹ <https://data.consilium.europa.eu/doc/document/ST-14869-2022-INIT/en/pdf>

² [Launch of the Route 35 platform \(europa.eu\)](#)

underlined that the EU has adopted a very ambitious objective to **end the sales of passenger cars and light-duty vehicles with an internal combustion engine by 2035**. He also referred to the political agreement reached by the co-legislators on CO₂ emission for new cars and vans that includes a **review clause in 2026**.

Commissioner Breton sees this review clause as an opportunity to measure the progress and refine the roadmap if needed, without changing the travel destination and questioning the 2035-objective. For doing so he suggested to develop **Key Performance Indicators** in five areas to measure the progress:

- **KPI on charging infrastructure**

30 million electric cars are expected on European roads in 2030. This means the need for about 3.5 million publicly accessible recharging points. Today, we have less than 400 000 and their distribution is very uneven across Member States and regions. For heavy duty vehicles, the challenge is as big: 20 000 recharging points of 350 kilowatts are needed, along our transport core and comprehensive network as well as 800 hydrogen refuelling stations with a 2 tons-per day capacity of hydrogen provision.

He suggested to **monitor the number of public charging stations**, and clarify where the EU needs to be by 2026, to be on the right track for 2035. This also includes work to accelerate the deployment of charging infrastructure, maybe through permitting reforms. He also suggested to assess the coverage disparities from one Member State to another which would require a **granular analysis of electric vehicle market share by region**, to identify critical milestones and whether complementary measures should be deployed and when.

- **KPI on electricity generation capacity**

Electric cars on European roads will need 150 GW of electricity capacity by 2050, 10% of the overall capacity. In 2030 already, the grid will need to be able to integrate the charging needs of these vehicles, while promoting the vehicle-to-grid potential. So, how much additional electricity is needed to meet this ambition, while catering for other electrification needs, such as heat pumps to replace gas boilers or demand from electrolyzers?

And, maybe even more importantly, how will the **grid capacity and performance to cater for specific charging needs** be measured? Such as the fact that cars will need to recharge at night, when solar production is low or the use of car batteries as electricity storage through smart charging.

- **KPI on raw materials**

Demand for battery raw materials will rise significantly: for lithium, 15 times by 2030; 4 times for cobalt and natural graphite. We cannot replace one dependency, on fossil fuels, by another, on raw materials. With the **European Battery Alliance**, the EU has built up a battery value chain in Europe so that 90% of our needs with European batteries by 2030 can be satisfied. But we know what it implies for sourcing and processing those materials and maybe the Critical Raw Materials Act could include **targets for domestic production or processing of critical raw materials for the next decade**.

- **KPI on jobs**

Switching to electric cars means hundreds of thousands of jobs lost along the supply chain. While drive train technology, digitalisation and battery production will generate new jobs, but it is quite likely not the same jobs, not in the same place, and not from one day to the next.

Attention has to be paid to re-skilling and initiatives such as the Automotive Skills Alliance. Commissioner Breton suggested to use the momentum of 2023 as the European Year of Skills to intensify the work and to **track possible skills** shortages, or even the **number of workers re-skilled or upskilled every year** and what is needed on this by 2026?

He also suggested to do better at sharing knowledge, information and best practices among directly affected regions, and supporting a just transition of the automotive sector. He proposed to identify any possible funding gap for this just transition. He referred to the MFF mid-term review of the Multiannual Financial Framework and suggested to reflect on these just transition aspects in that context.

- **KPI on affordability**

Today's reality is that a significant share of Europe's population cannot afford to buy a new electric car. The significant cost reductions anticipated a few years back are now challenged by high raw materials costs to produce batteries, high electricity prices for charging, or by the lack of semi-conductors. Breton suggested to **track cost developments** and identify areas where urgent additional efforts are needed.

And meanwhile, a new trend is emerging. The imports of affordable electric vehicles from China. In 2016, we imported 74,000 cars from China. In 2020, 200,000. In 2021, 500,000. Half of those are electric vehicles. As such, the most recent announcement by some European OEMs that they will build electric vehicles in China for export back to Europe is particularly worrying. Commissioner Breton suggested to work together to **monitor whether Europe produces the affordable vehicles that European consumers require.**

Implications of the proposals of Commissioner Breton for the Automotive Regions Alliance

The KPIs proposed by Commissioner Breton for the work of the Route 35 platform are of key importance for the **Automotive Regions Alliance and the CoR** as a whole out of the following reasons:

- **each of the five KPI areas** suggested by Commissioner Breton have a strong regional **dimension** (charging infrastructure, energy grid, engagement in raw materials incl. the Battery Alliance, jobs/skills and affordability).
- to a large extend **regionalised data is missing** to provide the necessary feedback for these KPIs so investment is needed to provide the necessary information in the further work of the Route 35 platform and

All three aspects need to be addressed by the Automotive Regions Alliance in the coming months to play an active role in the Route 35 platform and to ensure a meaningful engagement (as foreseen in the political compromise of Council and EP).

Therefore, the following actions are suggested:

- To ensure that the progress indicators cover sufficiently the (very) different territorial realities particularly in the automotive regions, it is essential that the automotive regions come forward with a **system of regionalised indicators in the five KPI areas**.
- It could be envisaged to **prepare a CoR study** on this with a proposal of **suitable regional KPIs** that can be gathered at the sufficient regional level and that are meaningful for measuring the regional progress. These indicators could also be discussed in the different ARA working groups (i.e. on skills or infrastructure deployment). The study could be the starting point for a more detailed study by the European Commission and it could be split in different work packages so that suitable results are available in due course for a Route 35 platform meeting in 2023. It could also provide possible input in the MFF mid-term review in 2023, especially in the context of the CoR opinion by rapporteur Thomas Habermann on the "*Mid-term review of the Multiannual Financial Framework: the regional and local viewpoint*" which should be adopted in May 2023.
- In a similar area, for coal regions in transition, the European Commission's Joint Research Centre (JRC) prepared a study in 2018³ which was also used to scale and target the Just Transition Fund for these regions. Such a report could then be used in view of the preparation of the next MFF in 2024 and for preparing the EC's progress report for 2026. The ARA technical secretariat has started a first discussion with the EC (DG GROW and the JRC) on this topic.

Besides these thematic aspects it will be important to maintain a strong political momentum of the collaboration of the Automotive Regions Alliance under the political lead of the chair (and co-chair) region(s) and the CoR with the European Commission and the key stakeholders.

It is therefore important to envisage a **number of discussions and events in 2023**:

- A **high-profile event on the territorial employment challenges of the automotive transition** to be held in Lombardy before the summer 2023 (tbc). The meeting could focus on the employment KPI and the re-skilling challenge for the automotive regions.

It could be imagined to invite some of the Route 35 platform members to join the discussion. The result of the meeting could provide direct input to the discussion on the jobs KPI and its territorial dimension.

- A **political exchange with Commissioner Breton at one of the CoR Plenaries** in 2023 to discuss the wider industrial challenges of the green transition and the implication of competitiveness and international trade.

³ [JRC Publications Repository - EU coal regions: opportunities and challenges ahead \(europa.eu\)](https://publications.jrc.ec.europa.eu/publication/?id=58620)

This discussion could also be used to provide a more generic discussion on the place-based aspects of the future EU industrial policy. At this meeting the results of the CoR study could be presented and further input to the thematic focus of the Route 35 Platform could be made.

- The **high-level annual meeting of the Automotive Regions Alliance in September/October 2023** in Navarra/Spain in conjunction with a meeting of the Route 35 Platform and the presence of Commissioners, Breton, Schmit and Ferreira focussing on the current state and future challenges of automotive regions. A strong involvement of the EP (ITRE and REGI) as well as the Spanish Council Presidency should be envisaged.