The environmental community is, not surprisingly, calling on automakers to end their opposition. "It would be shameful if the European Union follows Donald Trump off the climate precipice by killing or wounding their 2035 ban," said Dan Becker, director of the Safe Climate Transport Campaign at the Center for Biological Diversity. "Meanwhile, China turned out 12 million EVs last year, and because the electrification of the industry is inevitable it's China that would be the big winner if the automakers succeed in their quest."

The European Union Reconsiders its 2035 Internal-Combustion Ban

Several industry stakeholders argue consumers aren't ready for such a drastic move, and that it would cost hundreds of thousands of jobs.

By Jim Motavalli
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The naysayers have a phrase for it, "technological neutrality," and they're wielding it like a sledgehammer to persuade the European Union to loosen the reins on its 2035 internal-combustion ban. With Mercedes-Benz, BMW and their Tier One suppliers in the lead, the big players of the European industry are saying that consumers there aren't ready for such a drastic move, which they say would cost hundreds of thousands of jobs.

The current take rate for battery EVs and plug-in hybrids (PHEVs) in Europe is between 15% and 16%. That compares to 11.46% for the US, as of last August. There's no pending federal ban on gas vehicles in the US, though some states have enacted legislation similar to that of Europe.

A scheduled review of the 2035 EU ruling is underway, and automakers want the result to be allowing plug-in hybrids (PHEVs) and internal-combustion cars running on biofuels and synthetic gasoline (e-fuel) made from hydrogen and captured carbon dioxide.

In an interview with Politico, BMW CEO Oliver Zipse called the 2035 ban "a big mistake," and added, "I think we're doing ourselves a disservice by choosing an almost arbitrary point in the future where we say all industries have to align themselves with it by then."

European Commission President Ursula von der Leyen has said she's open to some form of technological neutrality, though a revised proposal won't be available until December. Zipse said that PHEVs, battery EVs, hydrogen cars, diesel, and gasoline should all be allowed, and fit into a framework that calculates a vehicle's total carbon emissions, rather than insisting on nothing coming out of the tailpipe.

In a follow-up, BMW spokesman Phil Dilanni told *Autoweek*, "We were one of the few automakers who never declared the end of the internal-combustion engine. Rather, we've been following our own 'technology openness' strategy which allows our customers to choose the vehicle and drivetrain that best suits their needs." BMW builds gas vehicles, PHEVs, EVs and, beginning in 2028, its first series-production fuel-cell vehicle, the iX5 Hydrogen.

Mercedes-Benz is equally vociferous. In a joint letter with European Association of Automotive Suppliers President Matthias Zink, Mercedes-Benz Group AG CEO Ola Källenius said, “Europe’s transformation plan for the auto industry must move beyond idealism to acknowledge current industrial and geopolitical realities. Meeting CO2 targets for 2030 and 2035 is, in today’s world, simply no longer feasible.”

Källenius, who is also president of the European Automobile Manufacturers’ Association, said in an interview with the German newspaper *Handelsblatt* that the rules in place are “draconian” and will send European manufacturers “driving full speed into the wall.” He described the impending regulation as “rain, hail, storms, and snow all at once," and said that consumers will end up in panic mode trying to buy the last available IC cars, with the ensuing chaos destroying the industry as it exists today. He added, echoing BMW, “Of course, we have to decarbonize, but it has to be done in a technology-neutral way. We mustn't lose sight of our economy.”

In the current climate, Audi CEO Gernot Döllner is out of step with his peers, in that he supports the 2035 ban and asserts that EVs are simply better. “I don't know of any better technology than the electric car for making progress in reducing CO2 emissions in transport in the coming years,” he said.

Arnd Franz, CEO of major European auto supplier Mahle, actually put numbers to the anticipated job loss if the EU stays the course. At the company’s annual press conference in April, he predicted that four out of five auto industry jobs would be lost with a switch to battery-only cars, with 235,000 direct vehicle production jobs gone by 2040.

There's clearly also dissention within the EU itself. The center-right EPP Group has 188 members from all EU member states in the European Parliament, and its lead negotiator on decarbonizing cars, Jens Gieseke, is in step with the automakers. "We must ensure that driving remains affordable for everyone, not just those who can afford expensive electric cars," he said. "We should be driven by economic realism and remain technologically neutral. If we do not, driving will become too expensive for many Europeans, and we will lose countless jobs in the automotive industry to competitors like China."

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