



The [European Green Deal](#) aims to make Europe the first climate-neutral continent in the world. The EU's climate policy objective is to reduce greenhouse gas emissions by at least 55 per cent by 2030 compared with 1990 levels and to achieve climate neutrality by 2050 [[Regulation \(EU\) 2021/1119](#)].

The car industry is one of the sectors on which the European economy is built. According to figures published by the European Automobile Manufacturers' Association ([ACEA](#)) in February 2024, the automotive industry accounts for 7 per cent of EU GDP. This sector provides 13 million jobs and spends €73 billion a year on R&D. Member States generate €390 billion a year in revenue from the sale and use of vehicles. At the same time, according to [data](#) published by the European Commission, cars and vans are responsible for 16 and 3 per cent of total EU CO₂ emissions, respectively. Today, the barriers to the uptake of electric vehicles include, among others, insufficient capacity of the charging infrastructure, the low range and the high price of the vehicles.

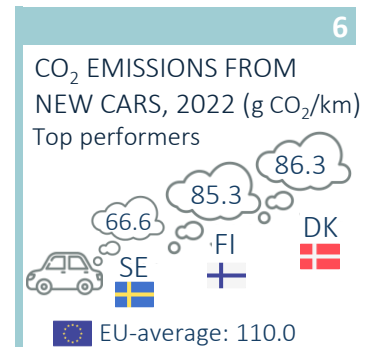
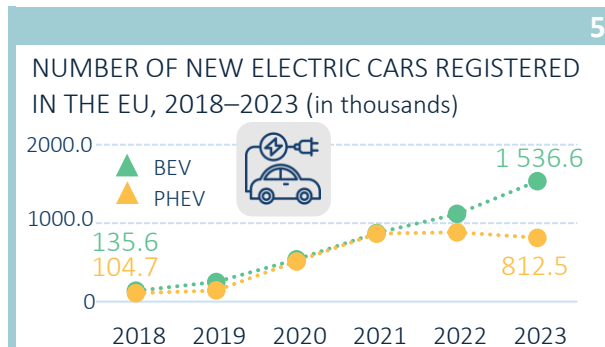
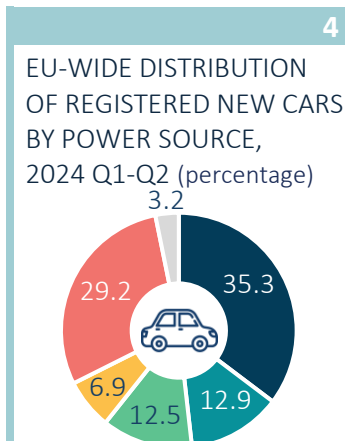
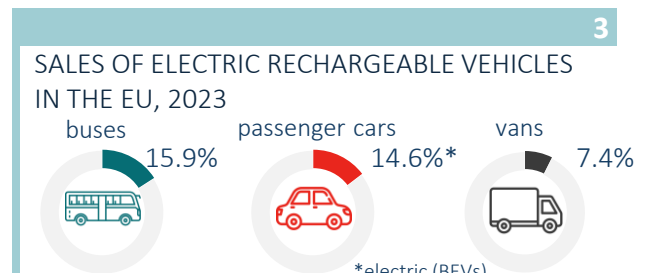
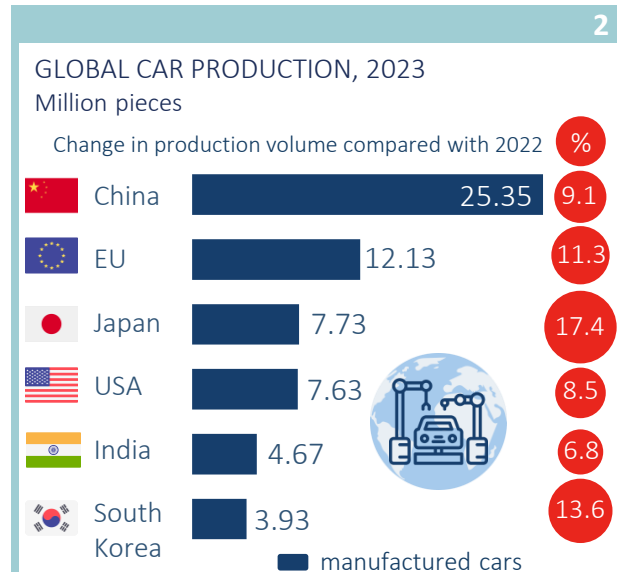
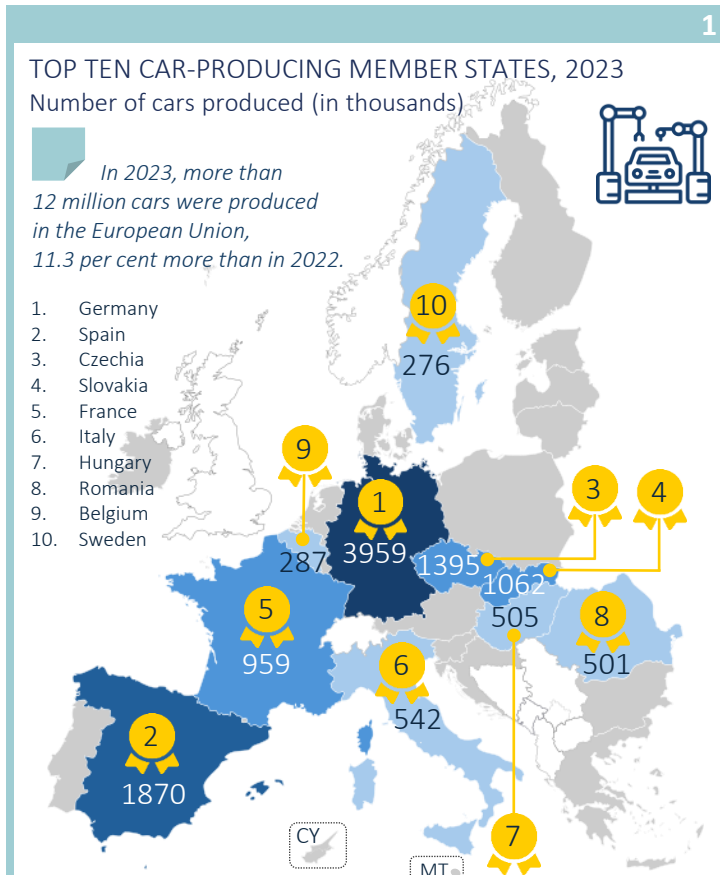
The [EU's industrial strategy](#) strongly supports the green and digital transition of the automotive industry. The "Fit for 55" package sets out the goal to reduce CO₂ emissions by 55 per cent for new passenger cars and by 50 per cent for new light commercial vehicles by 2030 compared to 2021, and to make all newly manufactured cars zero emission vehicles by 2035 [[Regulation \(EU\) 2023/851](#)].

The electric transition is crucial, but it also represents a challenge for the actors of the European automotive industry due to the increasing competition in electric car production. The previous competitive advantages of the European Union – such as advanced R&D hubs and low-cost skilled labour – have eroded, and the sector's competitiveness vis-à-vis US and Chinese manufacturers has declined. According to a [report](#) by the International Energy Agency (IEA), the European manufacturers' share of European electric car sales fell from 80 per cent in 2015 to 60 per cent in 2023, while the sales of Chinese manufacturers rose from 5 per cent to 15 per cent.

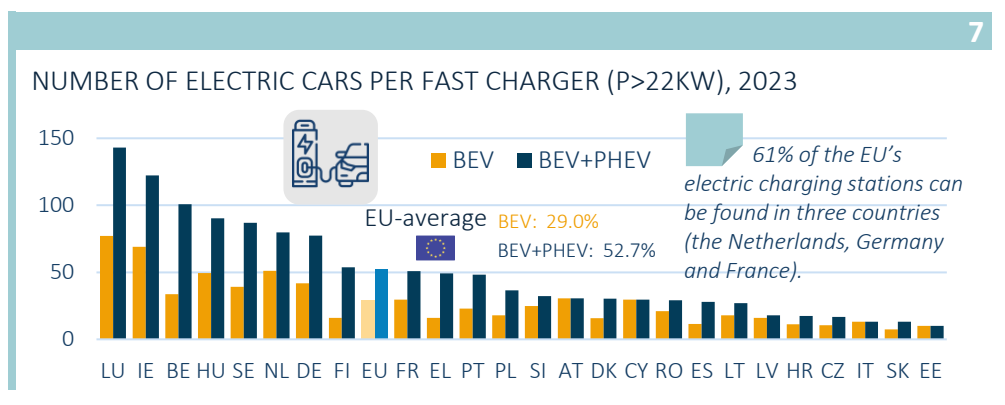
The [2024 European Semester: Spring package](#) published by the European Commission in June 2024 gives priority to increasing the autonomy, resilience and competitiveness of the EU's net-zero industry.

Enhancing the production and deployment of net-zero emission products is one of the starting points of the [Green Deal Industrial Plan](#). The Plan is linked to the Regulation establishing a framework for ensuring a secure and sustainable supply of critical raw materials, adopted on 11 April 2024 [[Regulation \(EU\) 2024/1252](#)], and the Regulation on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem, adopted on 13 June 2024 [[Regulation \(EU\) 2024/1735](#)]. The latter provides a predictable framework for investment in net-zero technologies. These include battery and energy storage technologies as well as wind propulsion and electric propulsion technologies for transport. The so-called AFIR Regulation [[Regulation \(EU\) 2023/1804](#)] on the deployment of alternative fuels infrastructure, adopted on 13 September 2023 and applicable from 13 April 2024, sets mandatory national targets for Member States for recharging pools providing publicly available alternative fuels (mainly electricity and hydrogen).

The [programme of the Hungarian EU presidency](#) gives prominence to improving the competitiveness of Europe and prioritises the adoption of a New European Competitiveness Deal. In order to sustain the development of the automotive industry, the programme seeks to support the market for electric vehicle production, taking into account climate targets and the impact of production on economic growth and the expansion of the internal market for electric cars. At the informal meeting of the Competitiveness Council held on 8–9 July 2024, the Hungarian Government presented [a package of eleven proposals](#) which, in order to improve the charging infrastructure, calls for an increase in the number and capacity of recharging pools and encourages their creation. It also recommends a relaxation of State aid rules to boost the competitiveness of the European automotive industry. The package includes proposals to subsidise the purchase of battery electric vehicles by European citizens, to stimulate the secondary user market for electric vehicles, to introduce a European fleet renewal scheme, to promote technology-neutral procedures for the replacement of batteries or their parts, to introduce mandatory recycling of batteries of second-hand vehicles and to make transport more sustainable by prioritising rail transport. ◆



In the first half of 2024, the number of new cars registered in the EU amounted to 5.7 million, which represents an increase of 4.5 per cent compared with the same period in 2023.



SOURCES

- 1 | 2 ACEA: [Economic and Market Report March 2024](#) | 3 | 4 ACEA: New car registrations, [18 January 2024](#); New commercial vehicle registrations [26 January 2024](#) | 4 ACEA: New car registrations, [18 July 2024](#) | 5 European Alternative Fuels Observatory, [Vehicles and fleets](#) | 6 ACEA: Average new car CO₂ emission by country, [3 October 2023](#) | 7 ACEA: The importance of fast chargers in supporting electric vehicle adoption, [5 July 2024](#)