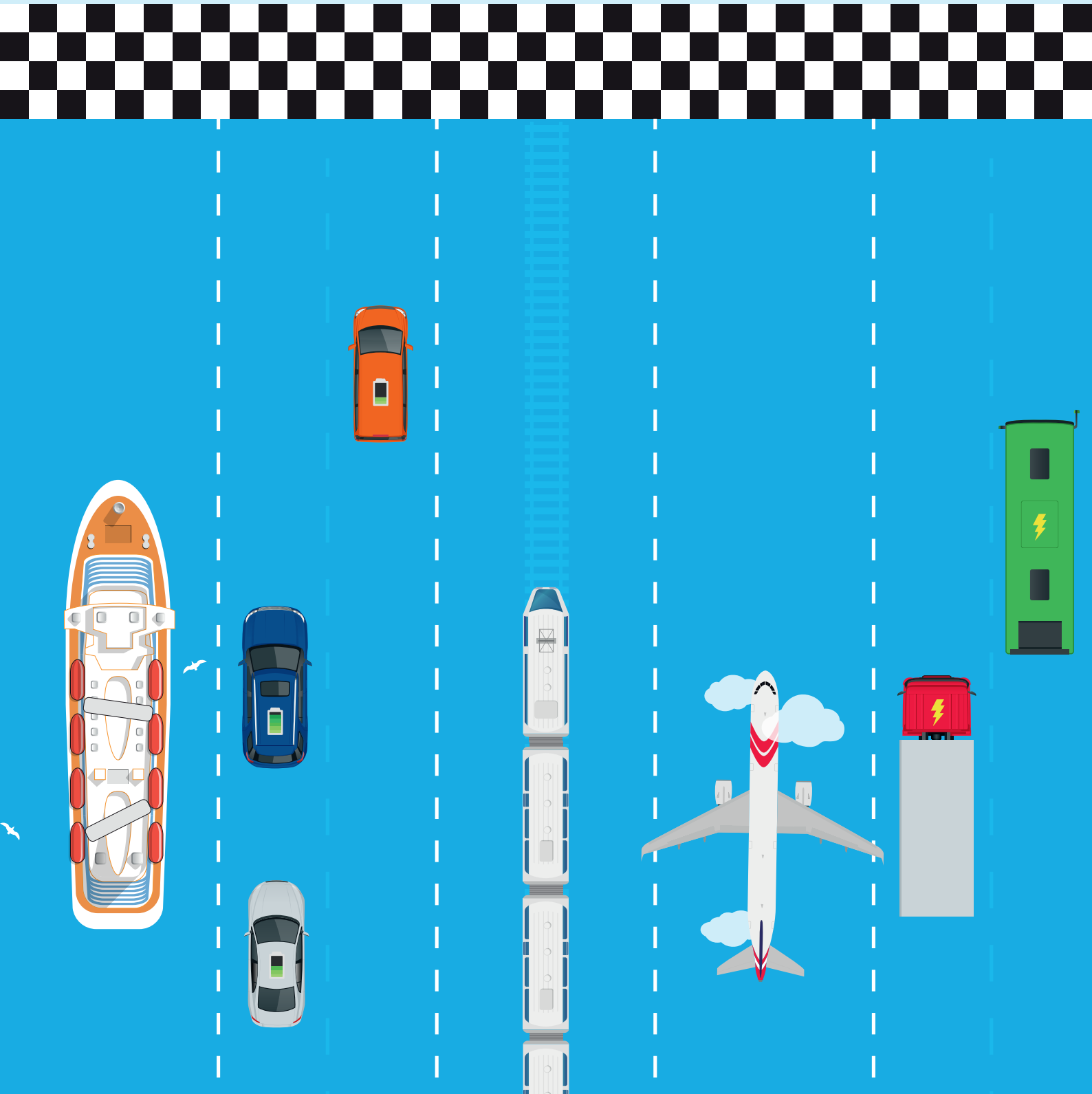


EU Elections 2024: Full speed or full stop?

10 proposals to put European transport on track towards a safe,
prosperous and climate neutral future

October 2023



Europe must lead the world in fighting climate change. This is both our historic responsibility and an economic imperative. The EU urgently needs to modernise its industry and economy if it wants to avoid falling behind rivals in the US and Asia. The Green Deal has been an inspiration for environmentalists across the continent, and the world. Much has been achieved.

But runaway climate change, high energy prices and cleantech rivalry cannot be ‘paused’ or wished away. Now more than ever the EU needs to deliver, deepen and accelerate its transition to a fossil free economy. For road transport that means breaking free from imported oil by turbocharging electrification so that electromobility becomes accessible to all. Planes and ships must become lead markets for green hydrogen. This note includes 10 simple ideas to accelerate Europe’s path towards a safe, prosperous and climate neutral economy.



Policy recommendations



1

A climate investment plan mobilising 1 trillion euros in public and private investment by 2030

The EU has targets and regulations but it does not have a credible climate investment plan to help people and businesses transition to clean vehicles, homes and power. The Climate Investment Plan would also underpin the EU's net zero industry strategy, supporting sustainable and responsible supply chains, made in Europe clean tech manufacturing, and the scaling of key technologies such as batteries and green hydrogen fuels like ammonia for ships, e-kerosene for planes, and green steel and aluminium used in automotive.



A major climate investment plan worth €1 trillion by 2030 should be proposed within the 1st hundred days of the new Commission taking office, creating a successor of the NextGeneration EU funds. Its goal is to ramp up clean energy demand - for example through a larger social climate fund - and supply of key net zero technologies. The investment plan should give a huge boost to the EU innovation fund, making it a €300BN fund (similar to the IRA), and be accompanied by an end to national state aid to companies (TCTF). Subsidies are no alternative to regulations, so key laws like the CO2 standards must be confirmed, or made more ambitious. Where no adequate regulations exist, for example for green steel in automotive, these should be proposed as part of the fit for 55 review in 2026-2027.



2

A levy on the oil industry's profits used to boost investment in a fair energy transition

The West's biggest oil majors pocketed a staggering \$200 billion in profits in 2022 off the back of high oil prices. That's just western oil majors though. Saudi Arabia – the leader of the OPEC oil cartel – alone made 160 billion in 2022 and is currently pushing oil prices towards \$100/barrel. We are witnessing one of the biggest transfers of wealth from Europe to other countries in history, driving inflation and making Europe poorer. Western oil companies invested just 5% of their 2022 profits on 'low carbon' energy. It is time for our leaders to tax oil industry profits and use the proceeds to support Europe's energy sovereignty.



The EU's temporary windfall profit tax regime should be turned into a permanent fossil fuel profit tax designed to cream off profits resulting from price volatility and acting as a check on OPEC price manipulations. In addition, the EU 2040 strategy should define a clear oil and gas phase out trajectory, which should become the basis for new regulatory requirements on oil companies to invest in the transition to net zero.



3

EU action to ensure 100% electric company car fleets by 2030

Six out of ten new cars sold in Europe are corporate vehicles. The market is so large because many nations provide generous company car tax breaks. Given their short ownership period and high mileage, corporate car fleets have huge potential to rapidly accelerate electrification and transport CO2 emission savings. And yet, companies are doing worse than citizens on electric car uptake. Company car electrification is the biggest untapped opportunity to cut oil use and emissions fast.



The EU should introduce binding targets for large corporate car and van fleets to go fully electric by 2028 at the latest. Member states should either introduce binding requirements on companies or adjust taxes to phase out diesel and petrol company cars by 2030. EU legislation needs to follow suit.

*The West's biggest oil majors pocketed a staggering **\$200 billion** in profits in 2022*



4

18 million compact and affordable electric cars ‘Made in Europe’ by 2030

We need a strategy for affordable, compact EVs. European carmakers’ strategy to promote SUVs and increase prices means there is a real risk low cost EVs will be delayed, and when they come, they might be imported from China. These are the vehicles Europeans want, they consume less critical minerals, have lower energy or environment footprints, and are also the ones we need to compete in emerging markets.



The EU’s Social Climate Fund should require countries to support social leasing of electric vehicles. Tax incentives should promote rightsized, resource efficient vehicles. The EU should introduce a new EV environmental standard that ends the race towards ever larger, heavier cars and encourages car makers to produce the compact, energy efficient, electric vehicles we need.



5

An EU grids act to supercharge renewables, electrification and bidirectional charging

Europe needs to achieve rapid and complete electrification whilst integrating staggering amounts of wind and solar. This is the biggest transformation of the power grid in history. How electric cars, trucks and heat pumps are integrated into the grid will determine whether and at what cost this transition can be completed. Smart and bidirectional charging can radically lower the cost of grid upgrades, saving taxpayers billions. The batteries of our electric car fleet by 2030 will already have enough capacity to power 32 million homes for a week; in 2040 it would be more than 150 million homes.



Create a European Grid Act to boost stronger and more flexible electricity grids enabling countries to smoothly accommodate 100s of millions of electric vehicles. This means more flexibility and ability to control and reduce demand, as well as strengthening and upgrading grids to enable faster build-up of renewables and electrification of buildings and transport. Simultaneously, the act should remove barriers for electric cars as home storage devices, and mandating bidirectional capability on all new electric cars.



6

EU action to eliminate climate heating aviation contrails by 2030

Contrails are condensation trails left by planes and are responsible for two-thirds of aviation’s climate impact in 2018. By creating a cloud cover they hinder the release of heat at night. Unlike CO2, the warming impact of contrails is temporary and action would reduce warming instantly. Cuts of up to 50% – lowering aviation’s climate impact by a quarter – can be achieved at minimal cost by making kerosene cleaner (reducing aromatic and sulphur). Contrails can be altogether eliminated by slightly rerouting a very small number of planes to avoid the cold and humid parts of the atmosphere where particle emissions lead to cloud formation.



Introduce a European clean kerosene standard to reduce jet fuel’s aromatic content for all jet fuel sold in Europe. Introduce a monitoring and reporting system for all flights departing from the EU, including international flights, and start developing regulatory options to promote contrail avoiding flight paths.

*The batteries of our electric car fleet by 2030 will already have enough capacity to power **32 million** homes for a week*





7

An industrial strategy to make Europe a world leader in e-fuels (and wind) for shipping and aviation

Europe's maritime fleet emits about 14% of Europe's transport emissions. Aviation emits another 14%. Both sectors' emissions are set to grow significantly in the next decades. Planes and ships can only be sustainably decarbonised by shifting to 100% green fuels. Since biofuels are either not sustainable (food), or not scalable (waste-based), the heavy lift must come from hydrogen based e-fuels such as e-kerosene for aviation and e-ammonia/ e-methanol, wind technologies and efficiency measures for shipping. The EU has taken mini-steps towards greater uptake by mandating e-kerosene for aviation, and incentivising hydrogen for shipping in the FuelEU and ReFuelEU regulations. It needs to make those mandates stronger, and complement them by an industrial strategy that helps scale clean shipping and aviation



Align the FuelEU Maritime and Refuel Aviation regulation's decarbonisation trajectories with the EU's net zero goals, setting a target of 100% green fuels by 2050 at the latest. Use part of the revenues from shipping and aviation carbon pricing to help the initial scaling of e-fuel production. To ensure maximum e-fuel availability for aviation and shipping, regulators should continue to reject the use of e-fuels in road transport. Allow only the most efficient A-rated ships to EU ports.



8

Action to tackle elite pollution from business air travel, private jets, premium SUVs and superyachts

The highest-polluting SUVs, luxury pick-up trucks, emit up 9 times more CO2 than the average new car. Just 1% of people cause 50% of global aviation emissions. Private jets are up to 14 times more polluting than commercial planes. Long haul, mostly business travel, to places like New York or Singapore, accounts for over half of EU aviation emissions but is exempt from carbon pricing. One single yacht emits on average as much CO2 as 366 cars a year. It is time to force super polluters to become part of the solution.



Address the most unsustainable inequality of luxury emissions of private jets, business travel, yachts and SUVs. Ban the circulation or docking of non zero emission private jets and superyachts starting in 2030, and introduce weight and size limitations for cars to end the race to ever larger, heavier vehicles. Extend the EU ETS to all EU flights, including flights going outside Europe.



9

Get Europe back on track by fighting railway monopolies, increase truck charges and end road investments

Rail is one of the cleanest ways to travel. However, cross border train travel remains a hassle with rail companies obstructing international ticket sales and restricting passenger rights. Lack of competition results in high prices and poor service. Infrastructure spending should be focused on digitalisation and modernisation of the existing network and rolling stock with new tracks making most sense for (sub)urban rail and missing conventional rail links between countries. The EU should also do more to support European night trains that are a staggering 28 times cleaner than air travel.



The European Union needs to force railway operators to make it possible for third parties to sell their tickets, guarantee international travellers passenger rights, and use the Commission's competition powers to clamp down on monopolistic behaviour. Lower Track Access Charges and direct financial support could help create a basic European night train network. The new EU budget should fully exclude funding for new roads and airports, including in cohesion or enlargement countries.

*The highest-polluting SUVs, luxury pick-up trucks, emit up **9 times** more CO2 than the average new car*





10

A 2040 climate target of 90% to phase out oil and gas

The new EU Commission (2024-2028) must provide industry and citizens clarity on the post-2030 emission reduction trajectory towards net zero. The EU's 2040 ambition must inform the reviews of key climate regulations such as the ones on cars and planes. It is also essential to define a clear phase out trajectory for the oil and gas sector that combined account for 63% of EU CO2 emissions.



Adopt a 2040 net climate target of at least 90% (compared to 1990 level) that fully includes international shipping and aviation in its scope. This would require at least -70% emission cuts from the transport sector. The 2040 strategy should define a clear trajectory and end date to phase out the use of oil, and pave the way for additional regulations to force the oil industry to finance the energy transition.

The oil and gas sector combined account for **63%** of EU CO2 emissions



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A railway strategy that gets Europe back on track by fighting railway monopoly practices and ending road investments

9



A 2040 climate target of 90% to phase out oil and gas

10



A climate investment plan mobilising 1 trillion euros in public and private investment by 2030

1