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CEO Climate Leadership for Automotive

Access to clean, safe and affordable automotive transportation is no longer the preserve of a privileged few. Whether it enables economic growth or simply allows people to connect with each other, mobility is key to our ability to function as a society, even though it has impacts on our environment.

Man-made greenhouse gas (GHG) emissions and their contribution to climate change are among the biggest global challenges that will shape the way we approach transportation needs in the future. Our challenge is to actively address the global GHG challenge, building a sustainable model for safe, clean and affordable mobility that can support the needs of a growing population. Any international climate agreement should encourage mainstreaming and delivery of low carbon transport.

We, the CEOs of the global automotive industry, are committed to the vision of decarbonizing automotive transport.

The automotive industry operates in a world that is adopting personal mobility at very different rates. Demand for transportation, and the personal freedom and societal benefits it enables, has traditionally quickly followed the attainment of basic living standards.

We are seeking safe, responsible and sustainable ways to meet the growing demands around the world. We will catalyze combined action and initiatives from the automotive industry sector, policymakers and stakeholders to deliver solutions and innovations in our products, services, operations and policies that maximize the benefits of mobility while mitigating the impact to the environment.

As an industry coalition, to achieve this vision, we commit to:

- Contribute to the goal of a decarbonized transportation sector.
- Continue prioritizing R&D efforts to increase the fuel efficiency of the internal combustion engine, and to further explore, develop and commercialize energy efficient drivetrains and use of low-carbon fuels. *These efforts will need to be complemented by a broader approach, including action by other sectors to decarbonize fuels, provide refuelling infrastructure for alternative fuels, and to consider the use phase of vehicles.*
- Advocate for policies that place a value on greenhouse gas reduction, such as incentives for advanced technology vehicles, better urban planning to reduce travel growth, incorporation of off-cycle technologies, and transportation fuels pricing.
- Harness the potential of new technologies, digitalization and the sharing economy to provide new and flexible opportunities for transport. *We will also contribute to joint public-private efforts to optimize the utilization of vehicles, including educating consumers to gain acceptance of the new technologies. This will reduce congestion/ increase traffic fluidity through replacing technologically outdated fleets with newer, cleaner lower carbon vehicles, which has already contributed to GHG reduction.*

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We see five challenges and opportunities for sustainable automotive transportation:

1. **Oil dependency:** Automotive transport is 94% dependent on petroleum-derived fuel and 64% of the world's annual petroleum consumption is used for transportation.[1]
2. **Strains of rapid urban motorization:** Urbanization, coupled with strong population growth in certain regions, will add almost 3 billion people to cities by 2050, by which point two-thirds of the world's population will be urban dwellers. Cities around the world are expected to face increasing demand for urban transport, with forecasts suggesting a 260% increase in demand on current levels by 2050. This necessitates action to address congestion and increasing vehicle travel worldwide, especially in urban areas.[2]
3. **Contribution to climate change:** Road transport accounts for around 17% of energy-related CO_2 emissions globally[3], but 12% of CO_2 emissions in OECD countries. Between 2015 and 2030, 80% of the increase of road transport CO_2 emissions is expected to come from non-OECD countries.[4]
4. **Adoption of new technologies:** Notwithstanding substantial investments already made in new technologies (and our commitment to continue accelerating those efforts), many technologies to reduce fuel consumption and increase the ability for safe, sustainable mass mobility – whether already available or in development – will need to achieve commercial viability and consistent government support.
5. **Accessibility and affordability:** To accrue benefits from sustainable solutions and new technologies, they need to become affordable for consumers in all regions.

We invite other key stakeholders, including national and regional regulators, leaders from the energy and infrastructure sectors, entrepreneurs, consumers, NGOs, academics and other experts, to join us in seeking comprehensive solutions to reduce GHG emissions. Our central premise is that companies' engagement and action on climate change becomes more powerful and impactful when implemented as a collective effort. Substantial emissions reductions from the automotive transportation sector, beyond those already achieved, require a global multi-stakeholder approach and strong private-public collaboration. We encourage:

- Governments to take a broader approach to regulating CO_2 from automotive transportation. Today's regulatory focus on tailpipe emissions neglects opportunities for CO_2 reduction across the system. Global standardization in testing procedures could enable research and development (R&D) budgets to drive CO_2 reduction innovation.
- The implementation of consistent, cost-effective, long-term policies and incentives to assist in bringing advanced technology vehicles to market. A more stable policy landscape will promote investments.
- Create environments that promote collaborative development of technology choices and acceleration of innovation cycles. Greater choice in technology will help promote beneficial competition with a renewed focus on consumer acceptance.

[1] *IEA http://www.iea.org/sankey/#?c=OECD Total&s=Balance
[2] *Urban Mobility Green Paper Chengdu 2014*, MCB; *The Future of Urban Mobility 2.0,* Arthur D Little, UITP, and Future lab (http://www.adlittle.com/downloads/tx_adlreports/2014_ADL_UITP_Future_of_Urban_Mobility_2_0_Full_study.pdf)
[3] Urban Mobility Green Paper Chengdu 2014, Michelin Challenge Bibendum
[4] IPCC Fifth Assessment Report

We extend an open offer to interested stakeholders to work with us to co-design tangible actions that are appropriate for their jurisdictions to achieve our collective goal of de-carbonizing the transportation sector.

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