



Regulatory Stability as the Engine of Industrial Sovereignty

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Europe is being told that the 2035 zero-emission deadline needs “flexibility”. It does not. What Europe needs is certainty.

For the more than 80 members of E-Mobility Europe, ranging from vehicle manufacturers and battery producers to charging operators, software firms and fleet owners, the 2035 target is not a distant climate slogan. It is the signal on which factories are planned, supply chains are built, charging networks are financed and workers are trained. **Weaken that signal, and Europe does not gain pragmatism. Rather, it loses direction.**

The choice facing policymakers is therefore not between climate ambition and industrial realism. It is between building the future of mobility in Europe or importing it from elsewhere. A firm 100% zero-emission target by 2035, combined with clean corporate fleet rules and strict “Made in EU” conditions for batteries, software and key components, can turn the electric transition into a European industrial strategy. This is how regulatory stability becomes industrial sovereignty: by giving firms the confidence to invest, workers the time to adapt, and citizens access to affordable electric vehicles through a stronger second-hand market. This Op-ed aims to articulate this mechanism.

Hence, while fossil-fuel lobbies and populist voices will call dilution common sense, **E-Mobility Europe will forever stand firm on its evidence-based positions. It will always vouch to drive change towards a transition that is fair for people, for firms and for Europe.**

I. The 2035 Deadline: A compass, not a milestone

The 2035 deadline lies as a **necessary compass** that provides the predictable pathway required for the billion-euros worth long-term investments across the battery, software, and charging supply chains. It is projected to deliver 300 billion-euros in added value and over 500,000 jobs (E-Mobility Europe 2025). Hence, maintaining the 100% target is essential in order to keep a level-playing field by protecting the industrial frontrunners who have committed billions to electrification since the standard was first set in 2019. In fact, the Porter hypothesis argues that well designed environmental regulation is key to improve economic performance as it induces innovation, further allowing firms to capture an early mover advantage that constitutes economies of scales (Dechezleprêtre & Kuse 2022 ; Wesseling et al 2015). Hence, backtracking on a target that has already been set creates unfair competition as it rewards those that lagged behind whilst penalising the pioneering firms needed for an effective transition. It amounts to destroying the regulatory stability needed for industrial sovereignty.

Research on path dependency has warned that flatter transition paths, such as a 90% target or an extended multiannual compliance windows, including for 2025–2029 and 2030–2034, encourages firms to invest in minor improvements to sunset technologies like internal combustion engines, rather than the radical innovations a healthily competitive Zero-Emissions Vehicle market needs (McConnel & Leard 2021 ; Wesseling et al. 2015). Effectively, the ambiguity currently carried by European institutions creates a technological neutrality trap that wastes resources on transitional



solutions and keeps Europe bounded to yesterday's energy dependencies. Greater worries lie in more extreme amendments that have been suggested, such as lowering the 2035 reduction target to 60%, revealing how far “flexibility” could drift when the 2035 compass is reopened. In fact, Cantner (2023, p.84-85) has warned that low positioning would reflect a broader “systemic failure” and a “lack of mastery” over the technologies that will shape future competitiveness. For this reason, E-Mobility Europe explicitly calls on negotiators to keep the role of the 2035 target as Europe's industrial compass at the centre of the trilogues.

Additionally, unclear market visibility is already stalling new EU investments, risking the surrender of industrial leadership to global rivals like China (Mohan et al. 2026 ; Yildiz 2025). True technological sovereignty requires mastering systems locally rather than becoming a dependent importer of foreign operating systems and battery cells. Since the stock of technological knowledge creates self-reinforcing dynamic scale effects, an unwavering regulatory signal is the most effective tool to de-risk investment in uncertain frontiers. A firm target provides vital protection to young technology during the critical ramp-up phase, ensuring the future of European mobility is forged in Europe. Without a clear destination, there can be no credible investment pathway.

II. The cost of dilution or the efficiency of corporate fleets?

In the perspective of E-Mobility Europe, the current negotiations reveal a dangerous upward trend in flexibility that threatens industrial clarity. In fact, while the Commission proposed allowing manufacturers to use credits for sustainable renewable fuels (3%) and low-carbon steel (7%) to meet 10% of their 2035 targets, the Council has pushed to raise these caps to 4% and 10% respectively. Still, scientific literature warns that such credits create a “lock-in” effect for sunset technologies. By lowering the marginal cost of continuing with internal combustion engine architectures, these credits divert Research and Development resources away from zero-emission innovations (McConnell & Leard date). This mechanism is driven by path dependency, which suggests that when regulatory frameworks facilitate compliance by improving existing systems, firms are incentivised to keep refining sunset technologies rather than taking on the costs and risks of developing genuinely zero-emission architecture. By permitting manufacturers to rely on these offsets, the policy effectively delays the accumulation of the technological knowledge stock necessary to achieve long-term industrial sovereignty and global competitiveness in the e-mobility sector. In that sense, legislating for technological neutrality through post-2035 loopholes for plug-in hybrids or synthetic fuels, as supported by the Council and conservative groups in Parliament, is an industrial distraction.

Yu et al. (2023) note that well-to-wheel greenhouse gas emissions of a propulsion system are dictated by both system efficiency and energy source carbon intensity. From this technical standpoint, E-Mobility Europe argues that these transitional technologies produce tailpipe emissions that are fundamentally incompatible with climate neutrality and, in the case of e-fuels, represent a waste of precious renewable energy due to significant conversion efficiency losses. This wasted energy is a finite resource that is more urgently needed in sectors like aviation, shipping, and heavy industry, where direct electrification is not yet a viable option. Furthermore, including these fuels in the CO₂ standards creates a permanent compliance loophole as it is technically impossible for regulators to prove a vehicle runs on 100% carbon-neutral fuel throughout its entire useful life cycle.



In that sense, E-Mobility Europe vouches that the solution for a just transition lies elsewhere: in corporate fleets, the primary conveyor belt for affordability as they account for 60% of new car and 90% of new van registrations. As noted by Danielis et al. (2025), new electric vehicles have higher upfront costs whilst corporate entities are more sensitive to long-term operational savings and better equipped to handle the initial capital premium than private households. By mandating corporate uptake, the EU can effectively boost a massive and liquid second-hand market, as corporate vehicles have a high turnover rate with rental cars often resold within one year and leased vehicles within three to five years. In order to maximise industrial impact, it is essential for the EU to include Heavy-Duty Vehicles (HDVs) in the corporate mandates. Currently, negotiations have been excluding them, opting for a future review. However, HDVs contribute to 25% of road transport CO2 emissions and, unlike passenger cars, they are registered almost exclusively by legal entities. Thus, including HDVs would provide the guaranteed demand required to de-risk manufacturers' investments in electric truck production, ensuring that even the heaviest segments of the transport sector move towards industrial sovereignty.

III. The Sovereignty Shields: “Made in the EU” and true enablers

True industrial sovereignty is defined as an economy's ability to provide, further develop, and standardise critical technologies without one-sided structural dependencies (Cantner 2023). In the e-mobility sector, this implies mastering the physical architecture (the battery cells and powertrains), as well as the digital mobility architecture (operating systems and data interoperability protocols). Key technologies like semi-conductors and embedded software are “crucial inputs” that are not easily substitutable. That means that a restriction in their availability or a lack of skills over their design has negative spillover effects across the entire industrial ecosystem (Cantner 2023).

In that sense, E-Mobility Europe strongly supports a strong Made in the EU conditionality for financial incentives that target battery cells, powertrains and software. We believe it is a vital response to the “catch-up” position Europe is holding against geopolitical competitors like China, which secured its dominance through heavy policy support for domestic battery manufacturing and mining (Allan & Nahm 2024). While the Council suggests softening mandates for financial support to a 75% threshold, leaving room for national discretion, we align with the Parliament's ambitious progressive increase to 70% Union-origin content by 2033. This ensures that the heart of the vehicle is forged in Europe. Hence, it would prevent the Union from merely becoming a dependent importer of foreign operating systems and energy cells. It represents a geopolitical necessity to counter the dominance of heavily subsidised rivals and ensure Europe does not solely import the operating systems of the future.

Simultaneously, it is import to reaffirm that the true enablers of this transition are not loopholes, but the rapid deployment of reliable charging infrastructure and grid flexibility. Mohan et al. (2026) confirm that the lack of adequate charging stations remains the primary impediment to mass adoption. Hence, rather than lowering targets, the EU must hold Member States accountable for the structural readiness of their networks in order to ensure that compliance remains possible for large undertakings. The practical answer to consumer and fleet concerns is enhanced grid flexibility and the rollout of Vehicle-to-Grid (V2G) technologies. V2G integration allows electric vehicles to serve as distributed energy resources, returning power to the grid during peak demand to provide



frequency stability and voltage support (Mohan et al. 2026). Evidence shows that coordinated “managed charging” can lead to a 15-25% reduction in peak demand, yielding significant power system cost savings (Ikhajangbe et al. 2026, p.18). Such transformation turns EVs from a potential grid strain into a vital asset for energy security. In that sense, we call on Member States to prioritise grid connection requests for e-mobility and accelerate permitting for infrastructure operators. The current bottleneck is often administrative. It is essential to allow a streamlined, standardised digital permitting system with binding deadlines for public authorities to resolve the long and complex approval processes that currently extend project timeliness by years. By accelerating permitting for infrastructure operators and implementing Pan-European capacity maps, Member States can proactively plan a digital, smart grid capable of integrating the rising tide of electric transport. Industrial sovereignty is not achieved through a retreat to old technologies, but by building the robust infrastructure that allows the technologies of the future to thrive.

Conclusion

All in all, Europe must now choose between the risk of flexibility creep and the regulatory stability required for global leadership. E-Mobility Europe stands clean and firm on its positions that the 2035 zero-emission target is our unyielding compass, essential to secure the investments required for the transition to happen.

We call on negotiators to reject the Council’s push for increased fuel and steel credits, which risk locking Europe into yesterday’s technologies under the language of pragmatism. The priority must instead be to anchor the future of transport in Europe through strict “Made in the EU” criteria. Additionally, by turning corporate fleets into a conveyor belt for affordability, the Union can ensure that electric vehicles reach the second-hand market quickly. The transition must work not only for industry, but for every household.

Whatever happens in the votes ahead, E-Mobility Europe will continue to stand for those who believe Europe should not hesitate at the edge of change. We will keep defending the firms, workers and citizens who know that protecting Europe means building its future. That future must be zero-emission, competitive and made in Europe.

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