

AUTOMOTIVE DIALOGUE (AD)

CONVENOR'S REPORT AND INPUTS FOR 2021 CTI ANNUAL REPORT TO MINISTERS

(a) Key outcomes and achievements in 2021

The Auto Dialogue held two plenary meetings in 2021, both focused on the transition to electric vehicles (EVs).

- AD33 on 18 May '*Transitioning to Electric- Policy Best Practice to Accelerate EV Adoption*' (see key policy recommendations below). The event attracted 17 economies and 146 participants from energy, transport and auto sectors.
- AD34 on 28 Sept: '*Preparing for the Transition: EV Infrastructure & Technology Supply*'- this event brought together public and private sector delegates from the transport, energy and auto industries to discuss how economies can prepare for the transition to electric and develop charging infrastructure rollout strategies. The event was attended by 17 economies and 152 delegates.
- Development of the Advanced Vehicles Technologies Technical Engagement Program. The program will pursue technical coordination to support harmonized standards and regulatory approaches in the region for new auto technologies including a focus on connected and autonomous vehicle (CAV), EVs, and hydrogen fuel cell vehicles technologies. The project will look to support selected volunteer developing economies in conducting a self-assessment to determine needs and possible engagement in capacity building.
- The AD has also drafted and endorsed a new Terms of Reference for 2022-2025.

(b) Work Undertaken by the fora in response to COVID-19 (in particular in fulfilling the [2021 Ministers Responsible for Trade Statement & two annexes](#) & the [2020 Declaration on Facilitating the Movement of Essential Goods](#))

- N/A

(c) Key Issues Under Discussion by the Fora (if any);

The key theme of the AD in 2021 has been the transition to cleaner vehicles and the potential issues, challenges and opportunities which both the auto and energy sectors and policy makers will need to address collectively.

This year the AD has brought together industry and policymakers, to explore the policy challenges and opportunities, economies will encounter when developing establish robust electrical infrastructure and charge points to meet the needs of a new generation of electric vehicles

To prepare for the transition to EVs, economies should urgently develop policy frameworks that:

- **Can be implemented** quickly and create long-term market signals to provide certainty to industry/investors
- **Bridge the price gap-** demand side measures; tax credits, subsidies, climate/green finance, feebates are needed to meet the price gap

- **Develop innovative EV ecosystems** to foster ‘digitalized, decentralized, decarbonized’ projects that can be scaled up;
- **Encourage the supply of clean vehicles:** e.g. emissions/CO2 regulations on imported vehicles
- **Demand side: Tackle consumers’ perceptions-** make charging infrastructure visible & accessible, battery concerns
- **Partner with the electricity sector/charging providers-** charging takes place at home, at destinations and on journeys
- **Focus on electrifying fleets,** including trucks, school buses, which tend to impact areas with disproportionate air quality impacts.
- **Take a holistic approach to mobility-** e.g. E-mobility, active transport, car sharing
- **Are led by cities, regions and central governments-** all have a role to play
- **Support the manufacturing** of EV components and parts e.g. EV chassis and charging hardware
- **Ensure a ‘Just Transition’** with equitable access to e-mobility
- **Promote the free and open trade** of EVs, parts & components (barriers and technical barriers)

Industry can support the transition to EVs by:

- **Increasing the supply and variety of vehicles-** large vehicles still lack electric models that are fit for purpose
- **Ensuring emissions are minimized** during EV production and across the EV supply-chain
- **Collaborating on the circular economy to optimize** the value of batteries and recycle key components
- **Leveraging the data** available to optimize resources, understand transport patterns and behaviors
- **Develop Public-Private Partnerships** to promote both the EV uptake incentives and the building out of the charging infrastructure
- **Develop Consortiums and partnerships** with Academic institutions, Government and Private Sector
- **Collaborate with APEC** partners to harmonize standards

(d) Items to submit to Senior Officials or Ministers

The AD has developed a list of key policy recommendations for governments to utilize on tackling the key barriers and using direct and indirect incentives to facilitate the wider adoption of electric vehicles (EVs).

All APEC economies will benefit from the transition to cleaner vehicles. To support EV uptake and reduce harmful Greenhouse Gas emissions from the transport sector, APEC governments should develop policy frameworks which focus on tackling the key barriers to EV uptake.

Policy makers are recommended to;

- **Develop awareness** campaigns to educate consumers of EV’s benefits.
- **Invest/Incentivize** charging infrastructure rollout to tackle consumers’ range anxiety.
- **Craft subsidy schemes** to reduce capital cost- e.g. tax credits, subsidies, feebates, combine with disincentivizes for ICE vehicles.
- **Provide non-monetary incentives-** e.g. priority parking and special vehicle lane access.
- **Implement battery schemes** to replace, repurpose and recycle EV batteries.

Governments can also;

- **Convert existing (internal combustion engine) vehicle fleets to EVs** to demonstrate leadership, support used car market, infrastructure rollout.
- **Use tax programs to incentivize manufacturing** of components, production of minerals and other opportunities along the EV supply chain (e.g. batteries, buses, e-motorbikes, charging hardware).
- **Support distributed, renewable energy projects**, load and demand-side management to meet increasing electricity demand incl. power market reforms, allow EVs to provide demand response.
- **Structure future fuel taxes to support EVs** and ensure road costs are recovered- e.g. congestion charges, road usage. Collaborate with APEC partners to harmonize standards.