Peter Burke

Minister for Enterprise, Tourism and Employment

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By email

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RE: PRACTICAL SOLUTIONS NEEDED ON UNION-ORIGIN ELECTRIC VEHICLE REQUIREMENTS IN THE INDUSTRIAL ACCELERATOR ACT

Dear Minister Burke,

The International Road Transport Union (IRU) and the association of European Metropolitan Transport Authorities (EMTA) would like to draw the Irish Presidency's attention, from a vehicle buyer's perspective, to several concerns regarding the Industrial Accelerator Act (IAA) proposal on Union-origin electric vehicles in public procurement and public support schemes.

IRU is the world road transport organisation, the voice of more than 3.5 million companies operating trucking, bus, coach, taxi and other mobility and logistics services in over 100 countries. EMTA is the association of Europe's metropolitan transport authorities, that manage, integrate and finance public transport networks which serve more than 27 billion journeys each year in 35 city-regions that are home to 110 million Europeans.

EMTA and IRU have consistently highlighted difficulties with the European supply of electric buses. We therefore support the strengthening of Europe's industrial base including the selection of electric vehicles and essential components as a strategic sector. However, we are concerned that, in its current form, the proposal creates investment uncertainty, inconsistent administrative rules and forces an unsustainable and costly pre-mature exit of functioning assets from non-Union-origin suppliers that authorities and operators resorted to due to the sluggish European supply of electric buses.

Against this background, we highlight below three issues and propose concrete solutions to address them to reduce uncertainty in the transition period while Europe's industrial capacity is ramped up. We kindly ask the Irish Presidency to support our proposals in the Council discussions.

1. The 2035 clause risks stranding existing vehicles

Under the IAA proposal, non-Union-origin vehicles may continue to be used in public service contracts concluded before the Regulation enters into force, but only until the end of 2035. This means that a vehicle purchased and registered before the IAA could continue operating under an existing contract, but could not be used for a subsequent public service contract after 2035.

This could force authorities and operators to withdraw fully functional electric buses prematurely, causing financial losses, service disruption and reduced operational flexibility and sustainability. Denmark, one of Europe's leading countries in zero-emission bus deployment, estimates that more than 1,000 existing electric buses could be affected.

Solution: Non-Union-origin vehicles purchased and registered before the Regulation enters into force should be allowed to operate in public service contracts for their full operational lifetime, including beyond 2035.

2. Derogations should be clearer and consistent

The proposal allows exemptions from Union-origin requirements under certain conditions for public procurement and for public support schemes. IRU and EMTA welcome these derogations, but they are currently inconsistent and unclear.

The derogations for public procurement and public support schemes use different conditions and thresholds. As a result, the same vehicle or bid could qualify for a derogation under one instrument but not the other.

Solution: The derogations for electric vehicles should be harmonised across public procurement and public support schemes to provide a consistent and predictable framework and reduce administrative burden.

3. Operators and authorities need protection against manufacturers' delivery failures

Delays and the failure to deliver electric buses, in full or in part, are very frequent with European suppliers. When this happens, transport authorities may incur high cost and severe issues in their networks and transport operators may face penalties even though the delay is outside their control. At the same time, contractual limitations on manufacturers' liability often prevent operators and authorities from recovering these costs. Union-origin requirements for public procurement should thus come with measures that protect authorities and operators against severe delivery failures, as these are currently far too common with European suppliers.

Solution: If the IAA requires operators to purchase Union-origin vehicles, there should also be appropriate protection when suppliers fail to deliver those vehicles as agreed. This could happen, for example, through back-to-back protection in vehicle supply contracts where buy European requirements apply, allowing penalties imposed on operators or costs incurred by authorities for delivery delays or non-delivery to be passed on to the responsible manufacturer or supplier.

We would be grateful for the Irish Presidency's consideration of these concerns and proposed solutions as the Council develops its position on the IAA.

We remain at your disposal should you wish to discuss any of these points in further detail.

Raluca Marian	Thomas Geier
Director EU Advocacy/ General Delegate	Secretary General
IRU	EMTA