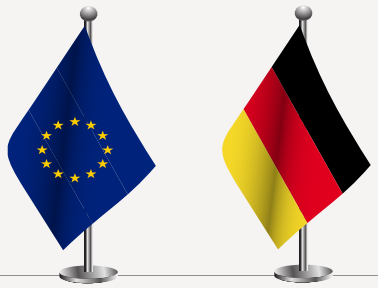
EUROBAT
ASSOCIATION OF EUROPEAN AUTOMOTIVE AND INDUSTRIAL BATTERY MANUFACTURERS



ZVEI: Die Elektroindustrie

POLICY RECOMMENDATIONS GERMAN EU PRESIDENCY 2020

MAY 2020

In December 2019, just a few months before the COVID-19 health crisis started, the European Commission presented its Green Deal strategy. Now that countries have started to ease their social and economic restrictions, the task for policy-makers will be to review the measures of the European Green Deal against the background of a quick industrial recovery.

The EU benefits from a strong existing battery manufacturing base with excellent research and development capabilities and there is a golden opportunity to build on this with new technologies and infrastructure. Despite the COVID-19 crisis, we hope that a range of important sectoral policy initiatives designed to achieve these ambitions will be launched or continued during the German EU Presidency in the second half of 2020.
Driven by the new strategic growth outlined in the Green Deal, demand for batteries is expected to grow rapidly in the coming years, making this market an increasingly strategic one at global level and batteries are going to be one of the key enablers of the green transition.

In this vein, Europe has to move quickly in the global race to consolidate technological and industrial leadership along the entire battery value chain, covering all battery chemistries.

Against the background of challenging public health and economic crises, and the need to transition to a more sustainable economy, EUROBAT and ZVEI make a number policy requests to the German EU Presidency. Their aim is to secure healthy economic growth and underline the contribution of the EU battery industry to the objectives of the EU Green Deal:

1

Launch the green economic recovery in Europe, and promote and stimulate new and existing battery production in Europe

2

Recognise and promote the role of all battery technologies in the decarbonisation of mobility and energy systems

3

Create a coherent and supportive regulatory framework for sustainable batteries

1. Launch the green economic recovery in Europe, and promote and stimulate new and existing battery production in Europe

For the time to come, the world will have to focus on mitigating the economic impact of the COVID-19 pandemic. This is an opportunity for Europe to launch its green recovery programme, combining economic recovery with the promotion of innovative and sustainable technologies.

The European battery industry needs a stable business environment in which to operate and the different battery technologies must be able to compete fairly in the marketplace. However, rules and standards for imported batteries should be the same as for those produced within the EU's internal market. Securing access to supply chains for raw materials is also imperative, while ensuring fair and sustainable access to primary raw materials in third countries. Furthermore, access to secondary raw materials through efficient recycling in a circular economy of batteries should be promoted.

Finally, although all battery technologies contain hazardous substances such as lead, cobalt, nickel and lithium, we believe that to achieve a toxic-free environment, a risk based approach that also takes account of socioeconomic factors is required, as banning specific battery chemistries through restrictive legislative measures would be disproportionate. This must also be reflected in the new chemicals strategy of the European Commission.

2. Recognise and promote the role of all battery technologies in the decarbonisation of mobility and energy systems

The European Battery Alliance was created in 2017 in the context of the electrification of transport, addressing the challenges of developing charging infrastructure and increasing the competitiveness of the European Li-ion battery industry. However, for the EU to deliver on its Green Deal ambitions, such as the supply of clean and affordable energy and zero-emissions transport, all battery chemistries will be critical and they can also contribute to the EU's Circular Economy Action Plan.

It is, therefore, essential to ensure a level playing field for all battery technologies to compete and allow market forces to determine the choice of technology. Future energy storage and mobility systems will depend on a wide range of battery technologies and this cannot be predetermined by top-down decision-making.

To increase Europe's competitiveness, significant resources need to be invested in research to support the enhancement of both mature (e.g. advanced Li-ion and lead) and disruptive (e.g. solid state) technologies, as well as advanced manufacturing processes, recycling and second-use.

3. Create a coherent and supportive regulatory framework for sustainable batteries

We wholeheartedly support the European Commission's goal of developing and manufacturing safe and sustainable batteries in Europe, and automotive and industrial batteries already have closed-loop manufacturing processes.

No regulatory overlaps:

Regulation is an important driver for competitiveness, which is why EUROBAT supports a clear and coherent legislative framework with no overlaps. Both the Batteries and ELV Directives are set to be revised, with the Commission's proposal for a new Batteries Regulation expected in October 2020 under the German Presidency of the EU. Batteries are removed from end-of life vehicles before treatment, which should be reflected in the legislation. All batteries should be regulated exclusively under the new Batteries Regulation, while the risks associated with exposure to chemicals from battery manufacturing should be managed under the existing framework of EU occupational safety and health (OSH) and environmental legislation.

Implementation of sustainability criteria:

We support the development of sustainability criteria for batteries that would establish conditions for the ethical sourcing of raw materials, as well as strict sustainability requirements, such as low carbon footprint and recyclability.

Clear definition of second-life batteries:

The re-use and 'second life' of batteries needs to be supported by precise definitions as the current Batteries Directive does not clearly define the legal framework for the second life of batteries. In cases of repurposing, when a battery is put back on the market for use in a different application, EPR (Extended Producer Responsibility) should apply to the person or entity that puts the battery on the market for a second time, instead of the original producer, which is currently the case.

Effective labelling for better recycling:

With a growing market share of Li-ion batteries in certain battery segments, an effective method for identifying and separating used batteries of different chemistries has become essential to guarantee the safety of transportation and recycling operations. The new Batteries Regulation should indeed include a reference to the relevant IEC on the labelling of batteries according to their electrochemical system.

Clarification of REACH-OSH interface:

Finally, the clarification of the REACH-OSH interface is essential to the goal of protecting workers while maintaining the competitiveness of the European battery industry by removing unnecessary overlaps.

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EUROBAT is the association for the European manufacturers automotive, industrial and energy storage batteries. EUROBAT has more than 50 members from across the continent and from the whole supply chain comprising more than 90% of the automotive and industrial battery industry in Europe. The members and staff work with all stakeholders, such as battery users, governmental organisations and media, to develop new battery solutions in areas of hybrid and electro-mobility as well as grid flexibility and renewable energy storage.

ZVEI: Die Elektroindustrie

The 'ZVEI - German Electrical and Electronic Manufacturers' Association' promotes the industry's joint economic, technological and environmental policy interests on a national, European and global level.
The sector has round about 888,000 employees in Germany plus 766,000 employees all over the world. In 2019 the turnover was Euro 191 billion.
The electrical and electronics industry is the most innovative industry sector in Germany. One-third of the industries sales are based on new products. Every third innovation in Germany´s manufacturing sector stems from solutions of this sector. More than 20 percent of all industrial R+D spending comes from this industry. Every year, the industry spends 19.1 billion euros on R&D, 6.9 billion euros on investments and two billion euros on training and further education.

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