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Global Automakers Undermining 1.5°C Climate Pathway

Auto companies lobbying against Paris-aligned policy while falling behind on battery electric vehicles

The world's biggest automakers are undermining global climate goals by falling behind on electric vehicle targets while simultaneously lobbying to extend the life of the internal combustion engine, *new research* from climate think tank InfluenceMap shows.

All twelve companies analyzed for this research have publicly declared their support for the Paris Agreement. But only one - **Tesla** - is engaging with policy in line with the agreement's goals, and just two - **Tesla** and **Mercedes-Benz** - are forecast to transition to battery electric vehicles (BEV) quickly enough to meet the International Energy Agency's 1.5°C pathway.

By analyzing vehicle production forecasts, the report identifies a clear link between automakers' climate policy engagement and production strategies. **Toyota**, for example, has the most negative climate policy engagement of all twelve automakers analyzed. It also has the lowest level of forecast BEV production based on independent data from IHS Markit.

InfluenceMap Program Manager, Ben Youriev said: *"The IPCC's latest report is clear that a rapid scale-up of battery electric vehicles is critical to meeting global climate change goals. Yet this research highlights how major automakers remain among the biggest opponents of climate policy globally.*

"Almost all automakers are failing to keep pace with the transition to zero emissions. This research shows that those lagging the furthest behind are also the most negative when it comes to climate policy advocacy."

The findings are based on a detailed assessment of 12 companies' climate policy engagement globally, matched with an examination of future production data from IHS Markit through to 2029 (the extent of current forecasts) of all auto manufacturers. This is compared against the IEA's 1.5°C scenario for decarbonizing the transport sector.

This report and its findings are the independent analysis of InfluenceMap using data from the International Energy Agency (IEA), IHS Markit (S&P Global Mobility), and InfluenceMap's LobbyMap database. Any views or analysis in any of InfluenceMap's outputs do not represent the views or opinions of IHS Markit (or its parent company S&P Global Mobility) or the IEA.

The data is included in InfluenceMap's new interactive *Automotive Climate Tool*.

Transition to battery electric vehicles is not fast enough

The IEA's 1.5°C scenario maps out a pathway for achieving net-zero emissions by 2050. For the transport sector, the IEA says this will require a phase-out of internal combustion engines (ICE) in passenger cars and a rapid shift towards zero emission vehicles.

Zero emission vehicle (ZEV) technology includes battery electric vehicles (BEV) and hydrogen-powered fuel cell vehicles (FCEV). However, given FCEV production is forecast to only reach 0.1% of global light-duty vehicle production by 2029, the terms ZEV and BEV are used interchangeably in this report.

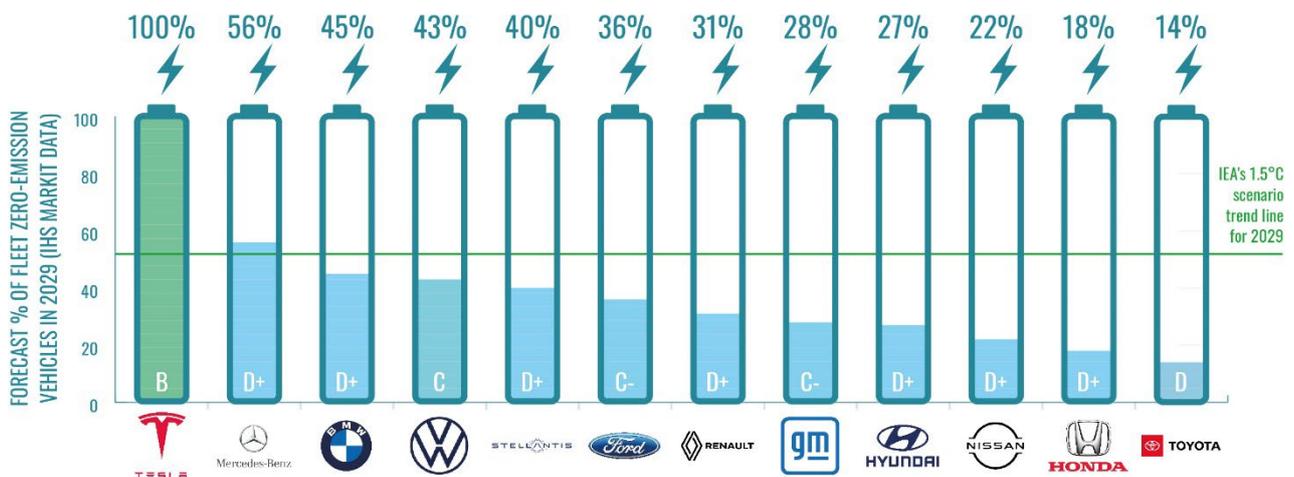
By 2030, the IEA's 1.5°C scenario requires 57.5% of global car sales to be zero emission vehicles. To match this figure with IHS Markit's 2029 forecasts, the IEA 1.5°C scenario trend would require reaching approximately 52% by that year.

However, the combined global production of battery electric vehicles by all automakers is forecast to only reach 32% by 2029 (and only 0.1% for FCEVs). This means that to reach the IEA's 2030 target, the auto sector needs to increase zero emission vehicle production by 80% in the final 12 months.

Just two automakers - **Tesla** (100%) and **Mercedes-Benz Group** (56%) - are forecast to exceed the 2029 trend line required to achieve the net zero goal.

Based on IHS Markit data, the three automakers with the lowest level of zero emissions vehicle (battery electric or hydrogen) production plans by 2029 are all headquartered in Japan: **Toyota** (14%), **Honda** (18%), and **Nissan** (22%).

AUTOMAKERS' 2029 ZERO-EMISSION VEHICLE PROJECTIONS AND CLIMATE POLICY ENGAGEMENT SCORES



AUTOMAKER & CLIMATE POLICY ENGAGEMENT SCORE, FROM A (FULLY SUPPORTIVE) TO F (FULLY OPPOSED)

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However, there are strong regional differences within individual automakers. For example, 49% of **Toyota's** EU-produced fleet will be battery electric vehicles by 2029 whereas it's just 4% in the United States. No hydrogen-powered FCEVs are forecast to be produced by Toyota in either region in 2029.

The two United States-headquartered automakers, **Ford** (36%) and **General Motors** (28%) are both forecast to remain behind the IEA's 1.5°C scenario requirements in their worldwide

production for battery electric vehicles. However, Ford's EU-based production is forecast to be 65% by 2029.

The report also finds that growing SUV production threatens automotive sector decarbonization. Increased vehicle size is a major driver of global transport emissions, with the 12 automakers analyzed set to produce a higher proportion of SUVs globally in 2029 compared with 2020. This risks canceling out much of the emissions reductions gained from higher battery electric vehicle production.

Most automakers are negatively engaged in climate policy

When it comes to climate policy lobbying, 8 of the 12 automakers analyzed score a 'D+' or below in InfluenceMap's A-to-F system of measuring against engagement against Paris Agreement benchmarks. While these automakers have communicated high-level support for climate action, they have also strategically opposed specific policies designed to regulate and/or phase out ICE vehicles.

When cross-referenced with electric vehicle production data, it shows a clear link between negative policy engagement and low levels of BEV production forecasts.

Toyota is the lowest scoring automaker globally, despite its more recent improvements on policy engagement transparency. The company's score of 'D' reflects its negative approach towards policies designed to decarbonize the transport sector - strategically advocating against ambitious road transport climate policy globally, while pushing for a longer-term role for ICE-powered hybrid vehicles over battery electric vehicles.

This position puts Toyota at odds with the *IPCC's latest report*, which noted that "electric vehicles powered by low emissions electricity offer the largest decarbonization potential for land-based transport, on a life cycle basis".

Tesla (B) is the only automaker considered to be broadly supportive of Paris-aligned climate policy, representing the clear leader of the sector. The remaining three companies - **Volkswagen (C)**, **Ford (C-)** and **General Motors (C-)** - display mixed climate policy engagement.

Industry associations representing automakers across major regions (US, EU, Germany, Japan and the UK) have highly negative climate policy engagement and are strategically employed by automakers to spearhead negative global advocacy efforts against climate legislation.

Big regional differences reflect policy settings

There is a strong correlation between government policy to phase out ICE passenger vehicles and local production of battery electric cars.

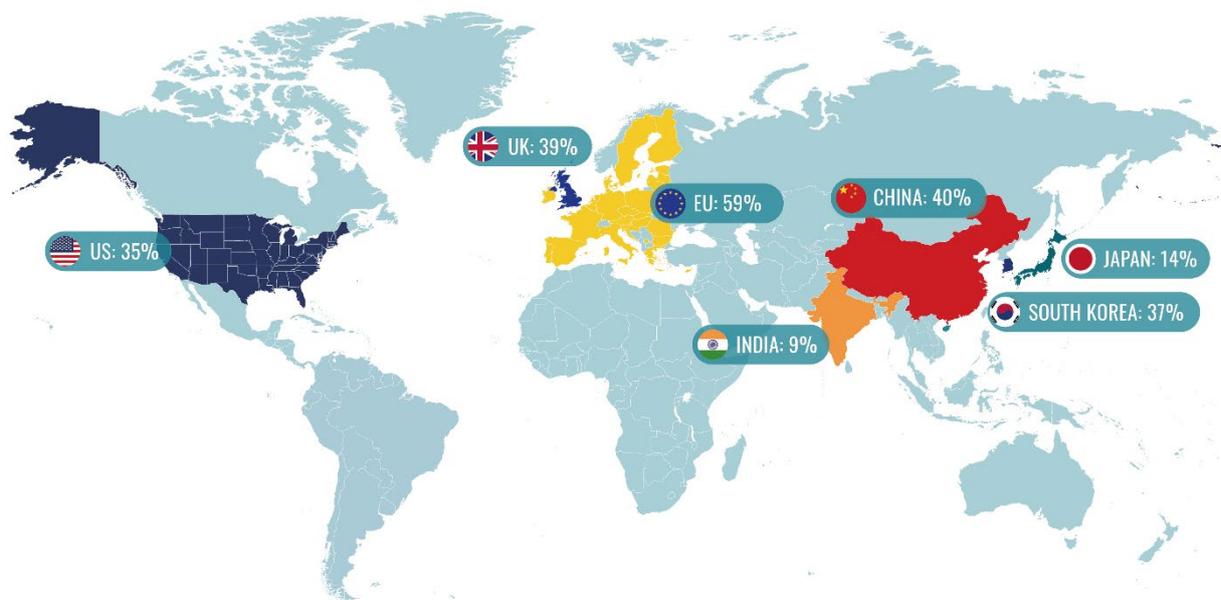
In the **European Union**, which has some of the most ambitious policies to decarbonize the transport sector, IHS Markit data shows that 59% of local production is forecast to be battery electric vehicles by 2029. Yet some major European automakers such as **BMW** still appear to lead advocacy efforts against a proposed EU zero-emissions 2035 CO₂ target.

The **United States** results are almost a complete reverse of the European Union scenario. Only two automakers - **Tesla** (100%) and **Volkswagen** (57%) - are forecast to produce enough battery electric vehicles in the US to meet the IEA goal. While there is a limited shift away from internal combustion engine vehicles to electric, 65% of US-produced light-duty vehicles will still be powered by combustion engines by 2029.

Japan's domestically produced fleet will continue to be dominated by ICE-powered vehicles through to 2029 (76%), with only 14% of all produced vehicles in 2029 set to be battery electric. This reflects the dominance of ICE-powered hybrid vehicles in the Japanese automakers' business strategies, which increases the risk of **Honda, Nissan** and **Toyota** falling further behind global competitors on battery electric vehicles.

The research also shows major automakers are planning to offload ICE vehicle production to **Africa, India** and **South America**. In stark contrast to Europe, the sector is forecast to produce only 3% battery electric vehicles in South America by 2029, 8% in Africa, and 9% in India out of all vehicles produced. Even automakers with significant European BEV ambitions, such as Volkswagen, are set to produce very few BEVs in these key emerging markets.

FORECASTED BATTERY ELECTRIC VEHICLE PRODUCTION FOR ALL LIGHT-DUTY VEHICLES BY REGION IN 2029



THE PERCENTAGE REPRESENTS THE PROPORTION OF BATTERY ELECTRIC VEHICLES FORECAST TO BE PRODUCED BY ALL AUTOMAKERS IN EACH LOCATION IN 2029 (IHS MARKIT DATA, MARCH 2022)

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[Click here for InfluenceMap's interactive Automotive Climate Tool](#)

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About InfluenceMap

InfluenceMap is a London-based think tank providing data driven analysis to investors, corporations and the media on issues related to energy and climate change. Our metrics for measuring corporate influence over climate policy are used by investors, including the global Climate Action 100+ investor engagement process.