
Transport transformation as a core industrial and social policy challenge for the next German government

Press Release

Agora Verkehrswende presents its assessment of the outgoing coalition government and outlines future priorities for federal policy / Progress in road traffic law and HGV toll / Greatest need for action on investment, industrial transformation and affordable mobility

5 December 2024. A new German government will face financial, industrial and socio-political challenges when it comes to climate protection in the transport sector. The Agora Verkehrswende think tank draws attention to this point on the basis of a detailed assessment of the outgoing "traffic light coalition" consisting of the Social Democrats (SPD), the Greens and the Free Democrats (FDP) and its transport related policies.

The government's work is considered inadequate in terms of climate criteria given that the transport sector has increasingly deviated from the path to climate neutrality over the past three years. The uncertainty with regard to the long-term financing and planning of transport infrastructures that are fit for the future as well as the backlog as a lead market for electromobility and the associated industrial transformation are proving to be a particularly difficult burden. Faced with the foreseeable rise in petrol and diesel prices, it is important to smooth the transition to clean mobility across the board, in particular among lower- and middle-income groups and in rural areas that lack adequate public transport alternatives to private motorised transport.

Christian Hochfeld, Director of Agora Verkehrswende: "A governing coalition seeking to make Germany more successful economically and fairer socially should give high priority to the transport transformation. Competitiveness, jobs, quality of life and social involvement can be best secured with a climate-friendly transport policy. The task ahead is ambitious. The issue is not just about technologies, but also about the willingness of society as a whole to embrace change. A new federal government is in a position to set new priorities. Climate protection should be viewed as a cross-party project for the future. A transport transformation as a joint venture: this is the only way it can succeed. Otherwise, it won't work. After three years of government work by the traffic light coalition, this has become a key realisation."

Wiebke Zimmer, Deputy Director of Agora Verkehrswende: "The traffic light coalition barely presented any clear common lines for the transport transformation in the coalition agreement. The turning point triggered by the Russian war of aggression against Ukraine then forced the issue further into the background. Transport was put on the back burner in climate policy; climate protection was put on the back burner in transport policy. Advances in road traffic law and the further development of the HGV toll remained fragmented. There was a lack of common will to tackle key issues such as investment, industrial transformation and the expansion of public transport. Consequently, Germany is not on track when it comes to climate, industrial or social policy in the transport sector."

Agora Verkehrswende highlights five focal points for transport-related political projects in the upcoming federal legislative period:

- **Financial reform and investment offensive boost prosperity and social justice** Germany has the potential to achieve climate neutrality in the transport sector by 2045 - without sacrificing mobility and without facing additional costs in comparison to what would have to be spent by 2045 without a course towards climate neutrality. To build up the necessary infrastructure and public transport capacities, the federal government develops a reliable strategy in line with the constitution and a financial architecture that ensures public investment can be secured quickly, in the long term and to a sufficient extent. Households and companies need framework conditions orientated towards climate protection that guarantee planning security for private investment - particularly in more climate-friendly vehicles and their energy supply. It is of crucial importance to reform taxes, levies and subsidies in relation to cars based on CO₂ emissions - from vehicle and company car taxation to a CO₂ price with climate reimbursement and a polluter - pays car toll.
- **Industrial transformation secures competitiveness and employment:** In order for Germany to succeed as a business location over the long term, industry must make decisive progress in the transformation towards climate neutrality. The opportunities offered to the automotive industry are maximised by a rapid acceleration of electromobility. This requires orientation and predictability as well as a strong domestic market for electric vehicles. As a result, a stronger link between industrial and climate policy is necessary at both European and national level over the coming years. The foundation for this will continue to be ambitious CO₂ fleet limits, which must be underpinned politically - with tools for ramping up electromobility in commercial fleets, economic incentives aimed at making smaller electric cars in particular more affordable and a continued swift expansion of the charging infrastructure.
- **Integration of electromobility into the power grids cuts costs, accelerates the expansion of renewable power generation and encourages the ramp-up of electric cars** The ability to charge bidirectionally - from the grid to the battery and from the battery to the grid - harbours substantial potential for cutting costs for both the energy transition and the transport transformation. Effectively managing charging demand helps to cover energy requirements more efficiently while simultaneously increasing the degree of utilisation of the electricity grid. Such cost savings in the electricity grid can in turn be used to lower the charging costs of electromobility for users and in doing so support the switch to electric cars. To tap into this potential, the federal government develops a clear target vision and lays out the corresponding framework conditions.
- **Climate-neutral fuels make the end of the fossil fuel era complete** E-fuels, generated using renewable electricity and CO₂ extracted from the atmosphere, are vital for fulfilling various regulatory requirements within the framework of European climate policy. However, e-fuels remain less energy efficient and are expected to be limited and expensive over the coming decades. This is why they require targeted production and utilisation, particularly in the fields of air and sea transport. The industrial market ramp-up for the production of such fuels has encountered considerable delays to date. A long-term political concept is needed across all modes of transport and sectors that guarantees planning security beyond 2030 and develops further incentives and mechanisms so that the first production facilities in particular can be realised.
- **Affordable mobility for all ensures equal social involvement in urban and rural areas** The prices of petrol and diesel are set to rise further as the economic costs associated with burning fossil fuels increase. A significant price increase can be expected in 2027 when European emissions trading is extended to the buildings and transport sectors. All the more reason why an overall strategy is needed on how people with low to medium incomes in particular, who have so far been dependent on their own vehicle with a combustion engine, can switch to climate-neutral alternatives - whether it's affordable electric vehicles or

an attractive combination of bus and train, flexible sharing or shuttle services and biking. Given the lack of personnel and the costs associated with personnel, the expansion of public transport services in the medium term will rely in particular on automated vehicles. The objective should be a mobility guarantee ensuring a minimum public transport service across the board as a provision of general interest and making social involvement easier in doing so. A new campaign for electromobility in both public and private transport in rural areas can also contribute to making life there more attractive.

The English version of the assessment entitled "From progress in fragments to a joint venture as a whole" can be downloaded free of charge [here](#).