

The European Commission is beginning to shape its next legislative mandate, revealing a work program that signals a shift in approach. The focus appears to be on easing some of the regulatory milestones set in the previous term while prioritizing the competitiveness of European industry. In this context, the commission has already published the [Competitiveness Compass](#), a document outlining key pro-industry initiatives for this mandate. More details on this broader strategy can be found in our dedicated [client alert](#) on the topic.



In the transport sector, this recalibrated approach is expected to manifest through **targeted policy adjustments, funding mechanisms and legislative initiatives** aimed at supporting the **transition to cleaner mobility** while safeguarding the **competitiveness of European manufacturers**. The commission's strategy signals a recognition that **global competition – particularly from non-EU manufacturers** – poses a significant challenge, necessitating policies that **strengthen Europe's industrial base** rather than hindering its ability to compete.

In this context, **automotive and aviation** – two industries heavily impacted by regulatory developments and international market pressures – are likely to be at the center of key legislative and policy discussions in the coming months.

This client alert provides a **focused analysis** of the anticipated **regulatory priorities in the transport sector**, with particular emphasis on developments affecting the **automotive and aviation industries**. We examine the key initiatives, upcoming legislative proposals and strategic dialogues that will shape the regulatory landscape, offering insights into how industry players can navigate these evolving challenges and opportunities.



## Automotive – Strategic Dialogue and Regulatory Priorities

The **automotive sector** is expected to be a central focus of this mandate. In the mission letter addressed to Transport Commissioner **Apostolos Tzitzikostas**, the European Commission announced its commitment to accelerating the **electrification of road transport**. This includes measures to **expand charging infrastructure**, simplify charging fees and payment systems, and introduce a **legislative proposal for greening corporate fleets**. Additionally, the EU is set to develop an **Industrial Action Plan** for the automotive sector (set to be presented in March 2025), ensuring Europe remains competitive while reinforcing its production base across the entire value chain – from **critical raw materials** to **automation and data utilization**.

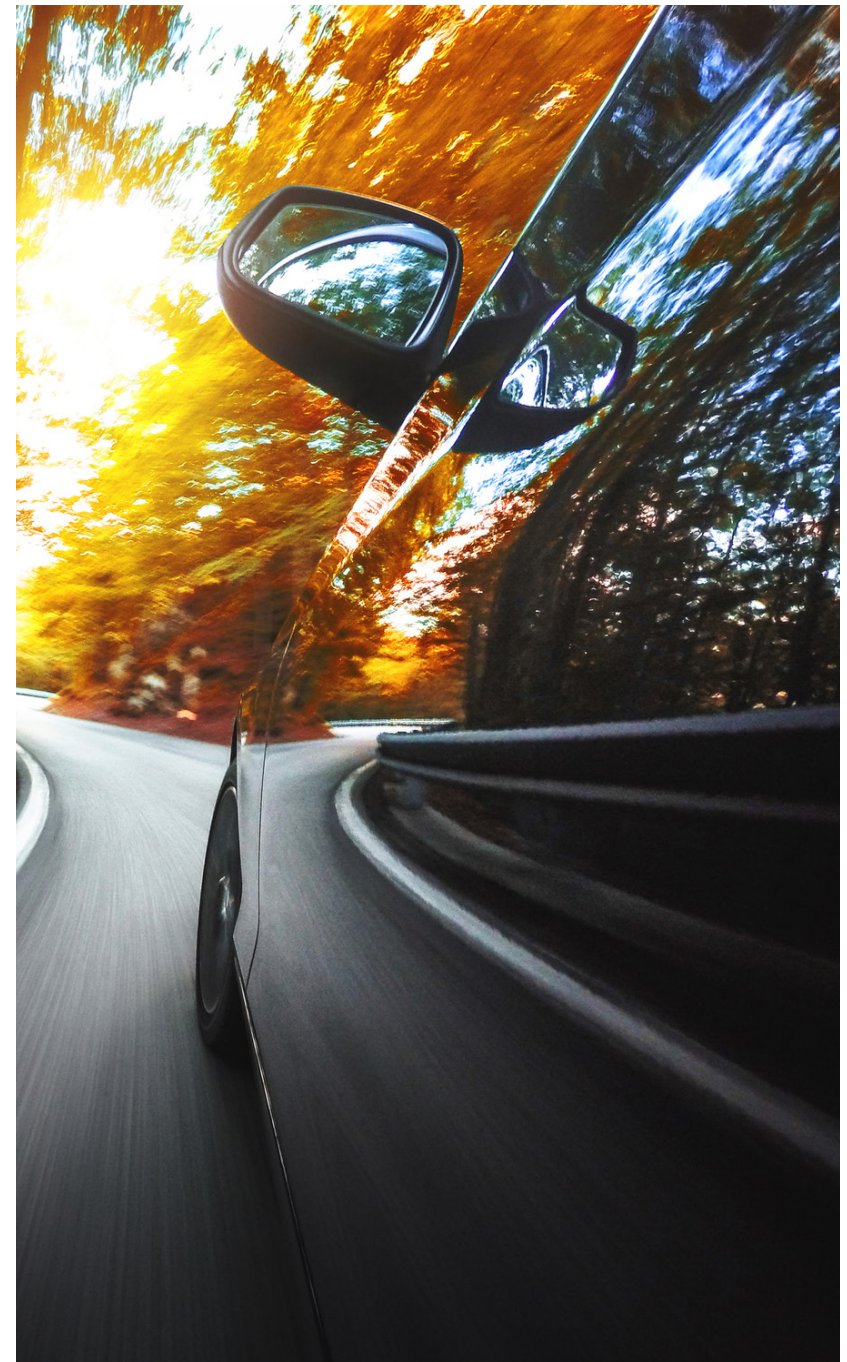
On **January 30, 2025**, the commission launched a **strategic dialogue** with the European automotive industry, social partners and other stakeholders, following the announcement by Commission President **Ursula von der Leyen** before the European Parliament in November 2024. This initiative is a direct response to growing concerns about the EU's declining competitiveness in the global automotive market, particularly in light of **third-country competition** and the challenges posed by increasingly **stringent decarbonization targets**.

The **strategic dialogue** will directly feed into the forthcoming **EU Industrial Action Plan for Automotive**, which is expected to feature a mix of **supply- and demand-side measures**, including the much-anticipated proposal on **corporate fleet greening**. Commissioner Tzitzikostas is set to present this **Automotive Industry Action Plan on March 5, 2025**, integrating key findings from the strategic dialogue.

The first **high-level meeting** of the strategic dialogue gathered **22 key industry organizations**, including major automotive manufacturers, suppliers, trade unions and consumer representatives. Moving forward, the dialogue will continue through a series of **workshops and consultations**, engaging additional stakeholders across the **automotive value chain**.

The discussions will center on key **regulatory and strategic priorities**, including:

- **Innovation and future technologies** – Addressing Europe's lag in **batteries, software and autonomous driving** through enhanced R&D collaboration, talent acquisition and financial risk-sharing.
- **Clean transition and decarbonization** – Accelerating the deployment of **charging infrastructure**, revising regulatory frameworks and implementing demand-side incentives to stimulate the adoption of **clean mobility solutions**.
- **Competitiveness and resilience** – Tackling **high input costs**, supply chain vulnerabilities and **workforce upskilling** to secure long-term sustainability.
- **Trade and global competition** – Strengthening EU **trade policies**, countering **unfair market practices** at a time when the EU faces increased imports from China and potential market access issues in the US, and addressing risks posed by foreign investments in critical supply chains.
- **Regulatory streamlining** – Reducing **regulatory burdens** and fostering common technical standards to support industry growth.







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A final **report** summarizing these discussions and policy recommendations is expected to be published in **Q1 2025**, informing future legislative action.

Two thematic workshops as part of the strategic dialogue already took place on 12 and 13 February. The first, led by commissioner for climate, net zero and clean growth, Wopke Hoekstra, focused on the clean transition and decarbonization. The second, led by Roxana Minzatu, commissioner for social rights and skills, quality jobs and preparedness, addressed the social aspects of the crisis, such as retaining jobs in Europe.

More information on this matter can be found in a dedicated [blog article](#).

For industry operators, **this is a critical moment**. Beyond the **strategic dialogue's outcomes**, key developments should be closely monitored, including:

1. **The presentation of the Automotive Industry Action Plan**, which will serve as a **strategic roadmap** for EU automotive policy.
2. **Ecodesign requirements for vehicle tires** – Vehicle tires have been identified as an early priority for **ecodesign requirements** under the recently adopted **Ecodesign for Sustainable Products Regulation (ESPR)**. A **delegated act** on tires is expected in **2027**, with a focus on **enhancing recyclability** and **increasing recycled content**.
3. Further details will emerge with the publication of the **General Working Plan**, which will outline the products covered under the ESPR. This plan is expected to be released in **March 2025**.
4. **The legislative proposal on greening corporate fleets**, which remains somewhat undefined but will shape industry obligations regarding sustainability.

Notably, on the latter point, while early discussions suggested that this **greening corporate fleets proposal** could include a **binding electric vehicle (EV) mandate**, our intelligence suggests that the commission is **not planning a legislative proposal in 2025** requiring **EV quotas** or similar sustainability obligations. Instead, the commission is expected to issue a **communication** in the coming weeks outlining:

- An **assessment of national incentives** for corporate EV adoption (e.g., tax benefits)
- A review of **best practices** from select Member States (with Belgium highlighted as a model)
- The launch of an **impact assessment** to evaluate market dynamics, potentially leading to a legal proposal in **2026**

EU legislative initiatives in relation to the automotive sector may be understood in a context that also includes **executive action**. For example, the European Commission has concluded an **antisubsidy investigation** into EU EV imports from China, resulting in **countervailing duties**. Furthermore, US **President Trump's** repeated singling out of the automotive sector as an area in which the EU is penalizing American companies suggests that the EU's automotive agenda is likely to require coordination with the EU's overall approach to **transatlantic relations**.

## Aviation – Key Policy Considerations

Unlike in the automotive sector, the **aviation industry** does not yet have a dedicated **EU initiative** addressing its competitiveness challenges. However, some **upcoming regulatory and funding mechanisms** could significantly impact the sector. The **Clean Industrial Deal**, expected to be published later this year, may include measures relevant to aviation, while **state aid rules** could also play a role – particularly concerning **decarbonization incentives**.

A significant initiative to watch is the **Sustainable Transport Investment Plan**, scheduled for **Q3 2025**. This plan aims to **de-risk investments** supporting the production and distribution of **renewable and low-carbon transport fuels**, including **aviation fuels**. However, its specific impact on the aviation industry remains uncertain.

Several **key regulatory developments** are also on the horizon:

- **Emissions Trading System (ETS) allowances for sustainable aviation fuel (SAF) use** – The aviation industry is pushing for **increased free ETS allowances** for airlines using **SAFs** and for the **introduction of a book-and-claim system** to enhance SAF tradability.
- **ReFuelEU flexibility mechanism report** – The long-awaited **review of flexibility mechanisms** under **ReFuelEU Aviation** will provide insights into SAF market support structures, potentially aligning with the **book-and-claim approach**.
- **Global aviation climate efforts** – Under the auspices of the **International Civil Aviation Organization (ICAO)**, the EU will work on initiatives designed to establish **uniform international standards** for emissions reduction while fostering global alignment on **sustainable fuel adoption and technological innovation** in the aviation sector.
- **Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) rules and implementation** – The EU is also focused on **strengthening the CORSIA** to ensure it delivers **meaningful and enforceable emissions reductions** for international flights. As ICAO reviews the next phase of **CORSIA's implementation**, the EU will likely push for **stricter oversight, increased ambition, and greater alignment** with its own climate policies, including the **EU ETS**.
- **Trade and customs revisions** – The EU may soon amend **customs rules**, potentially impacting **aviation cargo operations**, including small parcel shipments.

One critical industry concern is that **EU policy may be overly focused on SAFs**, neglecting other **innovative solutions** that could contribute to aviation decarbonization. The **ETS review scheduled for July 2026** will assess whether to expand emissions trading for flights **departing from Europe** – a decision that could have major regulatory implications.

Another point of concern is the exposure of aviation to turbulence in **trade**. In 2018, US tariffs already played a role in Airbus and Bombardier opening an assembly line for the CSeries/A220 aircraft in Alabama. As the aviation sector (including that of the EU) continues to rely on **global supply chains**, it is exposed to risks arising from the currently deteriorating and unpredictable international trade environment.





## First Omnibus Package

The aviation and automotive sectors will also take interest in a key initiative already announced by the European Commission – the First Omnibus Package on Sustainability, scheduled for Q1 2025. This initiative aims to streamline corporate sustainability reporting, particularly for small and medium-sized enterprises (SMEs), by reducing compliance costs and regulatory complexity. It includes the simplification of key legal frameworks such as the Corporate Sustainability Due Diligence Directive (CS3D), the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy Regulation and the Carbon Border Adjustment Mechanism (CBAM). While these regulations are not directly linked to the aviation and automotive industries, they are expected to have a significant impact on these sectors due to their implications for corporations based in the EU and/or, under certain conditions, third-country companies with financial interests or presence in the EU market.

## How We Can Help

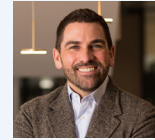
As the EU's **transport policy agenda takes shape**, businesses in the **automotive and aviation sectors** must prepare for regulatory shifts that will **impact operations, investment strategies and compliance obligations**.

We are well-positioned to assist clients in **navigating these developments**, engaging with policymakers and identifying **strategic opportunities** arising from new EU initiatives. Once the **Automotive Industry Action Plan** is published, we will gain further clarity on the regulatory landscape.

Similarly, aviation stakeholders should closely monitor the **Clean Industrial Deal, ETS reforms, Sustainable Transport Investment Plan and trade developments** to anticipate potential impacts on their sector.

We will continue to provide **timely insights and strategic guidance**, ensuring our clients remain at the forefront of these **critical regulatory changes**. Please do not hesitate to reach out for further discussions on how these developments may affect your business.

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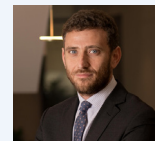
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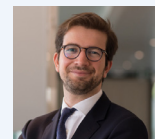
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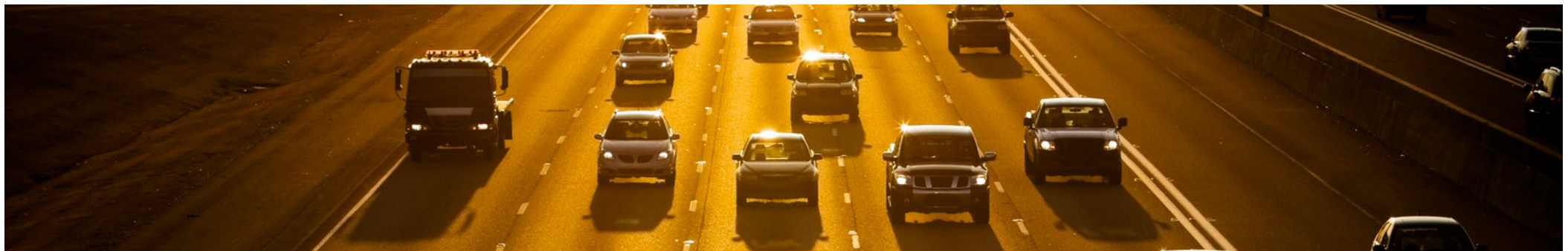
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