

Volkswagen is peeling off from some of its carmaking peers when it comes to handling the EU's Fit for 55 package of climate change-busting legislation — and that's shaking the powerful auto industry lobby.

While VW, along with Volvo, Stellantis and Renault, are going in hard on electric cars as an alternative to petrol and diesel, others, including the large automotive component industry, are keen to eke out a future for the internal combustion engine (ICE) by backing synthetic fuels and hydrogen as alternatives.

That difference in approach is exposing cracks within the Brussels-based European Automobile Manufacturers' Association (ACEA) over how to present a unified front ahead of the publication of Fit for 55 on July 14 — which POLITICO [has reported](#) could include a de facto ban on the ICE by 2035.

"Volkswagen [is] pissing everyone off," said one auto lobbyist with knowledge of ACEA's regular technical meetings of car company officials who decide association policy.

ACEA was set up in 1991 to be the voice of the auto industry in the EU capital and unites 15 carmakers, including giants such as Volkswagen, Toyota, Renault and Stellantis, along with smaller players like Jaguar Land Rover and Ferrari.

According to two lobbyists with knowledge of the internal meetings, VW representatives have moved to stymie talks within ACEA on setting a unified position on everything from emission standards legislation to a detailed mobility strategy.

"They try to diffuse the issues and paralyze the association," one said.

An ACEA spokesperson disagreed with that assessment, pointing to the association's [joint position](#) on the EU's review of CO2 standards for cars and vans up to 2030, and said the CEOs presented their unified stance to the Commission's climate czar Frans Timmermans in March.

"ACEA has a long-standing industry-wide consensus on the pathway to carbon neutrality by 2050," the spokesperson said.

Still, complaints persist that VW has pushed for more.

That's partly because the German carmaker is out in front of most of its competitors when it comes to going electric — a [decision it took in 2018](#). Its rivals' struggles and calls for delay clash with VW's own priorities.

"Within ACEA, Volkswagen wanted to have a more progressive stance on CO2 [emission cuts], so there was a disagreement," said a second lobbyist familiar with the meetings. "Volkswagen is the biggest [car] company in Europe, they are arrogant ... It's not like a small carmaker that people don't listen to."

VW's CEO Herbert Diess has been openly hostile about hydrogen and e-fuels as alternatives to electrification on social media, and there have been [reported](#) disagreements within Germany's own national auto association, the VDA, over how to firm up a position.

While Volkswagen has been clear it sees a longer future for traditional engines outside of Europe, at home it's preparing to phase out such technology by 2035. Next Tuesday, Diess will showcase the group's decarbonization plans running to 2030 in the latest of its strategy events. Its Audi subsidiary already says it plans to only produce electric cars for the European market by 2026.

VW's big rival in the electric vehicle space, Tesla, is not a member of either ACEA or the VDA due in large part to its sole focus on EVs.

Volkswagen told POLITICO that there are always internal industry debates during periods of transformation and that it has no plans to withdraw from ACEA.

Others agree that differences are natural within such a diverse industry grouping

grappling with change.

"You can never force everyone to agree on everything, that's not the role of the organization," said Lars Stenqvist, the CTO of truckmaker Volvo, when asked about discord within ACEA. "Everyone must have their own opinions and believe in their direction going forward."

But industry lobbies facing structural change have faltered before.

In 2016, the Association of European Airlines, which represented big carriers, folded due to internal discord between legacy airlines against state-backed insurgent Middle Eastern rivals.

For some of ACEA's members, that's just one precedent of a lobby collapsing due to internal tensions.

"It reminds me of the final stages of the cigarette association, where the fight was about advertising," said the first executive, pointing to the sudden departure of giant Phillip Morris in 2007 that spelled the end of Germany's Association of the Cigarette Industry. By paralyzing ACEA, Volkswagen "weakens the entire industry because they are the biggest," the executive said.