COMMITTEE FOR EUROPEAN CONSTRUCTION EQUIPMENT

CEMA
European Agricultural Machinery Association

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Joint Statement on the role of construction and agricultural machinery in decarbonising Europe

Construction and agriculture are key European industries that rely on machinery from roads to hospitals and to provide food for the population. The evolution of that machinery and the way in which it is used will consequently contribute to decarbonising Europe, but there is no single technical solution that will be effective in all cases. On the contrary, when developing policy, it is essential to follow the principle of technology neutrality and consider the unique characteristics of the construction and agricultural sectors. For construction and agricultural machinery manufacturers the key for success in decarbonization is a stable, long-term, globally aligned framework that enables continued evolution of machinery and the way in which it is used to fulfil the needs of end-users.

I. Technology neutrality and the unique characteristics of the market for agricultural and construction machinery

Construction and agricultural machinery operate in a vastly different and more complex environment than the automotive sector, necessitating a distinct approach. Unlike automotive, which primarily focusses on transporting passengers and goods along existing infrastructure, machinery perform diverse, constantly changing operations, often in harsh environments without a convenient energy infrastructure.

In the case of the automotive sector, the Draghi report highlighted that, to the detriment of competitiveness, the technological neutrality principle – a guiding principle of the EU legislation – has not always been applied. The EU Competitiveness Compass subsequently confirmed the need to include a broader range of technologies than simply focusing on electrification. This is even more important for construction and agricultural machinery. Technology neutrality in relation to the off-road machinery industry requires a broader perspective. This involves going beyond tailpipe emissions to include an assessment of the balance between captured and emitted CO_2, particularly in relation to renewable fuels, the so called 'Well to Wheel' principle. Various alternative technical solutions exist, each with unique benefits and challenges. Furthermore, the emissions resulting from machinery are comparatively low in relation to those of the finished goods whose production they enable and should therefore be evaluated within a broader context.

II. Recognition of the end-users needs

End-users in agriculture and construction are professional business customers who are already incentivized through the existing legislation. Policies such as emission ETS2 (emission trading system), CSRD (corporate sustainability reporting), and ETD (energy taxation directive) already lead end-users away from fossil fuels. However, they face significant challenges to reduce CO_2 related to costs, logistics, and infrastructure.

Machinery manufacturers act as technology providers, enabling end-users to identify and apply the most suitable solutions for their specific needs. Various technical options already exist, including market-ready machines running on alternative fuels. Decarbonising remains challenging, with limited short-term electrification options. The diverse solutions align with the 4-pillar approach which remains highly relevant for the off-road sector, taking into account:

- **Machine Efficiency** – Enhancing the energy performance of machinery.

- **Process Efficiency** – Streamlining workflows to reduce emissions.
- **Operational Efficiency** – Optimizing usage and deployment strategies.
- **Alternative Energy Sources** – Exploring and integrating non-fossil fuel options.

A market-driven approach is crucial for all stakeholders to ensuring long-term investment and technological development. Imposing a policy selection of technologies would hinder investment and innovation – no single technology can effectively achieve decarbonisation in all situations. Thus, policy should only target the outcome leaving the technology choice to the market, i.e. manufacturers and end-users.

III. Creating favourable market conditions for decarbonisation

Given the essential role of agriculture and construction in society – ensuring food production and infrastructure development –the transition pathway must account for technological, operational, and economic impacts. Evolution in the design and use of construction and agricultural machinery contributes to CO_2 reduction and in agriculture even sequestration, meaning policy should align with expected outputs (e.g., yield production or infrastructure development) while keeping costs in perspective. Applying a one-size-fits-all policy framework would be highly inefficient, leading to inefficiencies of investments, hence market disturbances with disproportionate costs.

Manufacturers and end-users of construction and agricultural machinery have demonstrated a commitment to reduce CO_2 but need policy makers to create the right long-term stable market conditions for a successful outcome. Rather than rigid technology selection, the focus should be on developing a market that is sufficiently robust to not require incentives in the long-term. That can only be achieved if manufacturers are able to deliver machines that maintain or increase the productivity and profitability of the end-users. To create favourable conditions for decarbonization, four key priorities must be addressed:

a. **Fair and Predictable Subsidies and Fuel Taxation:** Establishing appropriate market conditions that do not penalize alternative fuel adoption.
b. **Sector Incentives for Innovation:** Encouraging the integration of new technologies beyond just fuel or energy taxation.
c. **Base Investment in Logistics and fundamental societal infrastructures/enablers:** Developing the necessary ecosystem to support machinery operations both energy and cost effectively.
d. **Increase the demand for decarbonization options in the public procurements:** Require machinery operations that significantly reduces CO_2 emissions.

The primary objective for policy makers should be to create stable, long-term market conditions within a global approach.

IV. A more coordinated approach to decarbonisation

A harmonized, long-term strategy is essential to prevent regulatory fragmentation across Europe and beyond. The transition must be market-driven rather than disruptive, ensuring stability and clarity for all stakeholders. A multilateral coordinated approach to decarbonisation should be encouraged and always preferred by the European Union: Europe's ambition to go carbon-neutral could be undermined by lack of ambition by our international partners, through the well-known phenomenon of carbon leakage and the link with global trade flows.

Additionally, global coordination is key to prevent unfavourable market conditions that unlevel the playing field against EU manufacturers and the whole EU economy. We believe this is absolutely necessary for a competitive industry, such as for construction and agricultural machinery, which is developed and used globally. Operating in a global market with a wide range of products, manufacturers need to maximise the volume of net-zero carbon technologies across their global manufacturing presence in order to achieve the needed economies of scale in production.

Forward-Looking Solutions

Technology neutrality allows the most practical solutions to reach the market more quickly. Each technology has its optimal application and use case, which should be recognized and pursued to effectively achieve the overall goal of decarbonization. The primary objective for authorities should be to establish favourable internationally aligned market conditions that enable long-term commitment. A technology-neutral framework is essential. Policymakers should

therefore refrain from pre-selecting winning technologies. The commitment from both manufacturers and end-users is evident, with a variety of solutions already aligning with the 4-pillar approach to sustainability.

List of Signatories

CECE, (www.cece.eu) the Committee for European Construction Equipment, represents the interests of 1,200 construction equipment manufacturers through national trade associations in Europe. CECE manufacturers generate €59 billion in yearly revenue, export a sizeable part of the production, employ around 300.000 people overall. They invest and innovate continuously to deliver equipment with highest productivity and lowest environmental impact. Efficiency, safety and high-precision technologies are key.

CEMA aisbl (www.cema-agri.org) is the association representing the European agricultural machinery industry. With 11 national member associations, the CEMA network represents both large multinational companies and numerous European SMEs active in the sector. CEMA represents about 1,300 manufacturers, producing more than 450 different types of machines with an annual turnover of about €40 billion and 150,000 direct employees. CEMA companies produce a large range of machines that cover any activity in the field from seeding to harvesting, as well as equipment for livestock management.