

Can the green transition be pro-competitive and market-friendly?

The green transition of mobility: Italian errors, virtuous policies and political risks

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Summary:

The green transition could be an opportunity for medium-tech countries, such as Italy, to develop a medium-high- and high-tech innovative industrial and service sector, with positive returns in terms of qualified occupation and higher salary levels.

The green transition in transports will not be limited to the shift to electromobility but shall focus as well to modal shift and sustainable mobility, implying the development of new technologies, services, and business models.

However, Italian national policies have been characterised by mistakes and wrong policies that poisoned the market. A populist narrative depicted the electric cars as for the “elites”, attributing to the transition the cause of the loss of power of the national industry – still very oriented towards traditional motorisations - that from the position of 2nd EU car manufacturer in the '90s became today the 8th. These populist-oriented policies led to decisions on the distribution of subsidies – sole nation in Europe – to Euro 6 cars, strongly limiting the support to the electric car market to take off. A mix of protectionism and reactionary policy drove Italy to oppose to the new EU car & van regulation, in the vain tentative to maintain alive the internal combustion engine technology after 2035. This in turn slowed down the growth of electromobility infrastructure, caused the current very high unit cost of public charging, and made the decrease of electric car price slower.

A virtuous policy is still possible, but implies a 180° turn, requiring a new subsidy policy, accompanied by correct information, a progressive change of the annual circulation tax, a re-thinking of the differential charges in the electricity bill vs natural gas, a package of policies for pushing modal shift, increase public transport and promote sustainable mobility in particular in cities, and an industrial policy for supporting the national industry at risk for the transition to catch high added value segments of the new international value chains of the transport sector.

However, there are high risks that nothing like this will be done by the current right-wing government, that shows signs of willing to use the social discontent due to the decline of the national automotive industry for electoral purposes. Moreover, the current government gave already signs of acting for increased and generalised subsidies for fossil fuels to keep car&truck fuel prices stable. In view of the entry in force in 2027 of the ETS2 for transport and heating fuels, this approach may vanish the role of the carbon price to help orienting decisions towards decarbonised technologies.