

Podcast On the Move #4 by BNP Paribas / transcript ENG – July 2023

How do technological, ecological and human challenges trace the route for sustainable mobility?

Presentation of the podcast series « On the Move »

Interviewer [ITW]

Hello and welcome to “On the Move” the BNP Paribas Sustainable Mobility podcast. Throughout this series will be meeting experts to shed light on the issues related to developing sustainable mobility and to discover how, with the support of the finance sector, the players along the mobility chain manufacturers, integrators, businesses, infrastructure experts, public authorities and of course users - are getting together to design and implement more ecological responsible and inclusive mobility.

Questions:

[ITW] To help us answer some of these important questions we have with us today, Jacques-Olivier Dumas, who's responsible for business development with BNP Paribas, specialist business lines.

Jacques-Olivier DUMAS [J-OD] Hello

[ITW] And with you today is Stefan Lavau, who is in charge of business development and innovation with Low-Carbon Transition Group, which helps BNP Paribas customers make the energy transition.

Stefan LAVAU [SL] Hello

[ITW] Let's start with a very simple question for you, Jacques-Olivier: What does sustainable mobility mean exactly?

We'd like to start with some definitions of terms first. What is mobility exactly? We think it's a new approach to journeys, basically, that combines different means of transport. A car remains central, but now it will be combined with other means of transport. What are users looking for exactly? A cleaner, safer, and more economical way of transport. That's absolutely central. And ownership of the means of transport itself doesn't count any more, or counts less. Usage is really put forward. That's the big difference.

Having said that there are three main components to sustainable mobility, to mobility. The first component is individual mobility. We're talking about cars. We're talking about bikes, scooters and walking, by the way. Then we're talking about shared mobility, car sharing, public transports, mobility hubs.

And then what is very important to link all that and allow the users to take one way or another, is connectivity between those means of transport, individual and shared. This is about, you know, the Apps enabling the user to choose whatever journey they want to combine things all together according to their needs.

[ITW] You've described the different dimensions of mobility, but what about sustainability in 'sustainable mobility'?

Yes, sustainability is definitely very important. The first, very big thing is about decarbonization. Obviously, this is about something low carbon, so "low" in terms of CO2 emissions. Then it's about accessibility, because sustainability is not only about carbon footprint, this is really about accessibility for B-to-B customers, companies and B2C individuals. Having in mind that the price of electric vehicles is so high today, it's a sort of luxury, really. So, we need financing solutions that are adapted to that.

And sustainability doesn't only mean, you know, decarbonization and accessibility. It's really about acceptance, social acceptance of those, which means accessibility for everyone, including disabled people. And a way to balance between pros and cons because there are always pros and cons. I don't know any mean that has only pros and no cons. You just have to balance things and make your choice.

And last, but not least, sobriety. We really believe it's about the mentality of people. We have to evolve to choose the best mobility solution, to ask ourselves: Do I need my car to do everything? Can I just walk? Can I just take a bike or another shared way of transport in order to be more efficient and less carbon intensive? So, all of that is very important in this concept of sustainability and all that will be taken into account.

And I would say a big humility point. Because this is something ongoing. We see a lot of transformation and we are adapting to technological breakthroughs. You know: aviation is constantly evolving. We have now sustainable fuels; telework has also changed our ways of using mobility services. So, these are ongoing changes; what we're seeing today is not necessarily true tomorrow: we can see it's something that is constantly evolving.

[ITW] Facing ongoing transformations, with sobriety and humility, means also switching to less polluting modes of transport, but Stefan Lavau: How are we going to go about doing this? Where do we start?

The central topic is indeed that of the decarbonization of our transports. What is important to know, to have in mind, is that people and goods transport accounts for roughly 25% of all CO2 emissions globally. In France, it's even around 40%. Thanks to the fact that we benefit from a largely decarbonated production of electricity. And individual transport is obviously a large component of it. And road transport is the majority of all ways to move.

And we have to apprehend this topic through the full lifecycle of the vehicles, not only or usage of the vehicles, but also the upstream part. That means the extraction and processing of the raw materials that are required to produce a vehicle. The production and manufacturing of those of those vehicles. It's their usage as well as the opportunity to recycle those vehicles. So, it's really a full lifecycle approach that needs to be taken, to consider that the combination of our transport.

And there is a double challenge both strategic and macroeconomic. We need to have an underlying infrastructure that enables low-carbon mobility, meaning decarbonated electricity production, a power grid, an energy storage infrastructure that enables the distribution, the transmission, of low-carbon electricity.

And, finally, and obviously, the batteries and the EV charging network that enables electric mobility. And really linked to that, there is a big challenge, which is the development of an industrial value chain, an end-to-end industrial value chain. And it's also a matter of strategic independence, notably in Europe and in France. And this is why it's really at the core of a number of public policy packages that have been discussed and decided over the past couple of years to really foster, encourage, the rapid development of decarbonated mobility.

[ITW] So, if I understand correctly, there are two main issues at stake here, both environmental and industrial. But what about the human challenge? Jacques-Olivier: What are the social implications of this unprecedented transition?

Well, there different levels. The first level is about simply public health. This is about the quality of air. The air we breathe. Going for a decarbonized car means better quality of air, obviously. It's also about security and the issues with the accidents of the cars. You know that the electrified vehicles now have capacities to help drivers and avoid many accidents, including the most serious ones.

And it's also about something we don't discuss that much, but it's about the deliveries of goods in the cities, that are performed through the deliveries with light trucks. And all that will have to be decarbonized in order to facilitate the last mile deliveries in a fully decarbonized way, which is not the case at all today, where we have diesel trucks everywhere in the cities.

So, it's really about making sure that the cities continue to just live. Accessibility indeed at different levels. Financial accessibility: we all know the costs of electric vehicles has gone to the sky. It's a luxury today to buy a new EV. And that doesn't take into account the charging stations that will have to be installed everywhere, at home and also in the cities and in the offices.

The price also of public transport in some cities or regions, etc. All that will require some financing mechanism, some tax incentives. And so all that is it has to be to be thought out, you know, in a good way.

And second, it's also about social inclusion. We have to make sure that, you know, sustainable mobility takes into account everyone, including disabled people, people living outside the cities with less financial means. Everyone has to be helped and not left alone.

And, it's also about infrastructure that needs to be adapted and fully available. So it means a lot of charging stations to be installed everywhere and public transport, cycling paths to favour the use of bikes. All that is very important.

[ITW] So, in essence, we're talking about human challenges, individual, health, and also challenges related to accessibility, be they financial or physical, and to infrastructures, to public services. Stefan, when we talk about sustainable mobility, it's not only at a national level. How does it fit into the global picture? What's happening around the world? Are we all going at the same speed?

This is a key dimension you are touching upon. Indeed, the sustainable mobility topic is a global one. Value chains are global. We mentioned before, the necessity to secure the supply of raw materials. Well, there are a number of countries that concentrate most of the lithium, notably for electric batteries. So it's really a global topic. And it's true that the situation, in terms of moving towards sustainable and low-carbon mobility, really depends from one country to another.

There are a number of geographies that are well ahead of the others in terms of development of electric vehicles, in terms of the development of EV charging networks, as Jacques-Olivier pointed out. For instance, China is the first investor by a large degree in electric mobility in the Nordics as well in Europe, this low-carbon mobility has developed much faster than in Southern Europe, for instance.

There are a number of countries that have that have some very high challenges to tackle in terms of infrastructure, in terms of accessibility, financial accessibility of the people to mobility. It's also a matter of awareness among the population and among the political leaders. Without political support, it will be much more difficult to transition towards low-carbon mobility. And this is why, at the core of the European Union strategy, as well as in the US, there is a very strong push towards the development of a Gigafactory of batteries, the development of EV charging networks, the development of sustainable mobility at large.

There is one important dimension to keep in mind, it is the fact that mobility is only really decarbonize based if the power generation of the electricity is in itself low-carbon. We mentioned China. Yes, China is well ahead in terms of EV charging and electric vehicles, but most of the electricity is actually produced through gas or coal. So we really have to think about it in full lifecycle and value chain dimensions.

[ITW] And how about a word about electric vehicles? I mean, this is a hot topic for most public players. Are electric vehicles the solution?

[J-OD]

Indeed, electric vehicles (EV) is central. Cars are really central in this landscape. And ultimately, however, we shouldn't limit the topic of, you know, electric mobility only to the cars. That's much broader, actually, if we consider mobility of people. This is about cars, but also about bikes, also about scooters and all the solutions that you see in the street with batteries, moving vehicles.

If you consider, as I was saying, the last mile deliveries, this is about cargo bikes that will be used more and more, because they are much less expensive than electric vans. But electric vans will be also in the picture more and more considering the fact that the low emission zones will be more and more in the cities.

And we have no choice but to comply with the regulation that will come within two years for larger cities. It's also about the transport of goods, large trucks, hydrogen, including the hydrogen trucks, but also obviously rail transport and also shipping. And not to forget also, everything about new solutions like hydrogen and synthetic fuels that will be in the picture also. So, this is much broader, actually, than the pure electric vehicle.

[ITW] So electric vehicles. Yes, for light vehicles, and also other solutions for bulk transport. So finally, Jacques-Olivier and Stefan, how do you see the role of a bank such as BNP Paribas in addressing some of the significant challenges around sustainable mobility?

[J-OD]

The bank would play a key role in financing all that, obviously, but the way we see, at BNP Paribas, our role and objective, it is to be a reference partner to advise our clients. Clients being individuals, companies, clients of our clients in point of sale, e-commerce. So to advise them, to finance them, this is our key role, to distribute our offerings or financings and also bringing our added value services: we have insurance services in the group, we have also maintenance services for cars. We have also payments solutions, all that the service of the low-carbon transition to the sustainable mobility.

[ITW] And you Stefan?

It's true that the low-carbon transition is at the core of BNP Paribas strategy. It has been for a number of years and there's a true acceleration in that direction. And mobility is one of the key components of the offering of the bank. And as Jacques-Olivier pointed out, I think BNP Paribas is uniquely positioned to accompany clients, whether they be individuals, corporates, institutional clients towards low-carbon mobility. Leveraging all the different capabilities of the Group. We're able to support our clients in advisory, in financing, be it equity or debt financing, to further and accelerate their transition. We are supporting the development of gigafactories; we are looking actively at the development of hydrogen-based mobility; we are also looking at the financing of EV charging infrastructure, whether it be in or leasing solutions activities, or within CIB, which is where the low-carbon transition group is anchored.

So, it's really an end-to-end approach that we able to provide to all of our clients towards a more sustainable and low carbon economy.

[ITW] Thank you, Jacques-Olivier Dumas and Stefan Lavau for sharing your insights on the technological, ecological and human challenges that we face as we trace a new route for sustainable mobility.

[J-OD] [SL] Thank you very much.

