

# LOW CARBON VEHICLE PARTNERSHIP NEWS RELEASE

16 March 2005

## **Budget 2005: LowCVP welcomes revision of road tax to reflect car 'ecolabel' bandings**

The Low Carbon Vehicle Partnership welcomes the Chancellor's decision today to realign the Vehicle Excise Duty bands with the bandings for the environmental label for new cars which will appear in new car showrooms from July this year. The announcement means that consumers will receive a consistent and mutually reinforcing signal that low carbon cars are good for the environment and will also cost less in annual road tax.

VED bandings will be renamed A to F, rather than the previous AAA to D, while retaining the current carbon dioxide emissions levels.

The new environment label, which was launched at last month's LowCVP annual conference, is familiar to consumers because it is similar in appearance to the colour-coded label on new fridges and freezers which has been successful in influencing consumer behaviour in the household sector.

LowCVP Director, Greg Archer, said: "The realignment of VED rates to reflect the bandings for the new car environment label are a step in the right direction. Car buyers will get a much clearer signal that low carbon cars are both greener and becoming considerably cheaper to run."

For the press release announcing the launch of the colour-coded label (including images of the label), see: [http://www.lowcvp.org.uk/newsandevents/news.cfm?news\\_id=160](http://www.lowcvp.org.uk/newsandevents/news.cfm?news_id=160)

### Notes to Editors

1. The new colour-coded fuel economy label will be introduced across all 42 UK car brands between July and September 2005. The roll-out is scheduled to be completed by the September new registration deadline. The new label enhances the pre-existing statutory label by incorporating clear colour coding as well as tax and running cost information.
2. The Low Carbon Vehicle Partnership was set up in January 2003 with funding from the DfT and the DTI and a mandate to accelerate the shift to low carbon vehicles and fuels. The establishment of a stakeholder partnership was one of the central actions arising out of the Government's 'Powering Future Vehicles' strategy that identified greenhouse gas emissions reduction as a priority of future transport policy. The Partnership already comprises over 160 members representing government, the motor and fuels industries, vehicle users,

environmental groups, consumer representatives and others. The Partnership is coordinated by a secretariat based in central London.

3. The road transport sector is responsible for nearly a quarter of the UK's emissions of carbon dioxide, the main cause of climate change.
4. The main objective of the LowCVP is to accelerate progress in the introduction of low carbon vehicles and fuels by:
  - Providing a framework of communications to encourage stakeholders to engage proactively in the move to low carbon fuels and vehicles.
  - Facilitating a forum in which stakeholders can work together to overcome market barriers.
  - Enabling partners to initiate new policy ideas or discuss the feasibility of those already on the agenda
  - To provide Government with independent feedback on the opportunities and obstacles in the move to new vehicles and fuels and on the progress and effectiveness of current Government programmes.

Through the partnership approach, UK vehicles, fuels and related industries should be better placed to seize market opportunities in a future in which environmental concerns are set to be a major priority.

**For further information:**

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