



Accelerating the
Shift to Low Carbon
Vehicles and Fuels



The Voice
of British
Advertisers



Car advertising

Challenges from the EU

Ian Twinn

EU political context

The political landscape is about to change
– limiting pressures for changes.

- The extent and scale of the recession will limit policy and political ambitions. Excessive regulation may damage recovery
- EU elections on 4 June limit what can be achieved in 2009. A new parliament meets in September with a potential for a different political balance and different committee make up.
- Commissioners are also subject to reappointment this summer. The new Commission will in any event be reshuffled, as will the Directors General.

Legislation currently in force

Directive 1999/94/EC CO2 /cars

"labelling"

- Each EU Member State has to have a guide on the fuel economy and CO2 emissions of all cars that are on sale.
- All printed promotional literature, which includes advertising in newspapers, magazines and posters, must display the fuel consumption and the CO2 emissions of the cars to which it refers.
- At each point of sale of new cars, there has to be a label on the fuel economy and CO2 emissions near each car model?
- At each point of sale of new cars, there has to be a poster or screen that displays information on the fuel economy and CO2 emissions of all the car models offered for sale?

Revised Strategy

- On 7 February 2007 the European Commission published its revised strategy on the CO₂ emissions from passenger cars and light commercial vehicles in which it announced a revision of the labelling Directive.
- Separately from the Directive revisions the EC Strategy also invited car manufacturers to sign up to a voluntary agreement on an EU wide code of good practice regarding car marketing and advertising aimed at the promotion of sustainable consumption patterns.

Timing of proposals

- Originally planned to announce draft for Directive revisions in November 2008
- Now expected in next few months

DG ENVI 2008 Public consultation on the revision of the directive

- **EU decision to reduce the impact of green house gasses on the environment.**
- reduce the CO2 emissions from passenger cars to an average of 130 grams of CO2 per kilometre (g/km) by 2012, down from 160g/km in 2006.
- Plus another 10g/km reduction, to an average 120 g/km by 2012 -changed in negotiation with the EP with the dates changed to 2015 and 2020 with reduced targets for niche car makers.
- **Commission say car buyers should be informed of this data.** Directive 1999/94/EC is in place but DG ENVI say *'it has been found that the provisions in that Directive are not as effective as they could be. The Directive will therefore be revised'*.
- The consultation asked for ideas on how the labelling directive should be revised.

Possible DG ENVI plans for advertising rules on fuel consumption and CO2 emissions in car advertising in non-print media

- **Television:** car advertisements should also display information on the CO2 emissions and fuel consumption of the cars shown.
- **Internet:** car advertisements should also display information on the CO2 emissions and fuel consumption of the cars shown.
- **Radio:** car advertisements should also include information on the CO2 emissions and fuel consumption of the cars shown.
- **Cinema:** car advertisements should also display information on the CO2 emissions and fuel consumption of the cars shown.

Other possible changes to the Directive

- New standardised format for the in showroom label across the EU using energy efficiency classes; the format will be based on that used for 'white goods'. This echoes recommendation 18 of the UK King Review.
- Classes A-G may be based on absolute fuel consumption data or on comparative figures for that class of car.
- Running costs of the car are to be included, but only for fuel running costs.

...and more

- The requirement for an in showroom poster is open to challenge – it is seen as the least effective direct requirement
- Extension of scope to light commercial vehicles
- Extension of labelling for heavy commercial vehicles
- Extension of scope to used cars – interestingly partially dismissed because of a lack of space in small press ads; an argument that equally applies to print and electronic media for new cars.

POLITICAL CONTEXT THROWS UP CONTRADICTIONS

- For example one Commissioner has different views from another
- Parliament opts for a tough opinion , but not when it came to a vote on real measures

DG INFISO revision not a settled policy

- Commissioner Redding of DG INFISO has said that there will be no new restrictions on advertising whilst she is commissioner. Her officials apply this to proposals for the revision of the labelling directive as it relates to cars.
- They make a distinction between labelling and advertising, arguing that information in literature is acceptable and should probably migrate to websites, including third party consumer comparison sites; but should not be mandated in advertising. DG INFISO are opposed to revisions to the labelling directive.
- DG ENVI have been seen to promote advertising requirements.
- If Commissioner Redding is no longer in place this position is unlikely to survive.

European Parliament adopted more stringent 'opinion

- Community Strategy to reduce CO₂ emissions from passenger cars and light-commercial vehicles (2007/2119(INI))
- On 25 October 2007 the European Parliament adopted a Resolution on the strategy on CO₂ from cars. This non-binding resolution covers all issues relevant for CO₂ from cars, including proposals for revision of the labelling Directive and makes a number of recommendations concerning advertising and labelling.
- One of these recommendations was that 20% of car advertising space should be devoted to the CO₂ and fuel consumption data.

European Parliament disagrees on CO2 targets

- In December 2008 the EP disagreed with the EC on the target dates for CO2 reductions.
- In a last minute conciliation meeting Parliament insisted on keeping the targets but extending the deadline to 2015 for the 130g reduction and 2020 for the additional 10% reduction.
- Additionally a let out clause for the manufacturers of heavy CO2 emission cars was agreed. Reductions would still apply but not 130g.

ADVERTISERS POSITION

ISBA through the WFA and working with ACEA have worked to the following assumptions:-

- A revision of the labelling directive will take place
- Technical targets need to be realistic
- In showroom labelling can be improved, colour coding may help
- Most consumers expect factual info in the showroom and on company websites (in addition to comparison sites)...advertising beyond print advertising is not designed to carry detailed information, but can drive consumers to web information.