



European Policy dimension

- ◆ Revised strategy and Commission proposal for a Regulation on CO₂ and cars
- ◆ Car labelling Directive

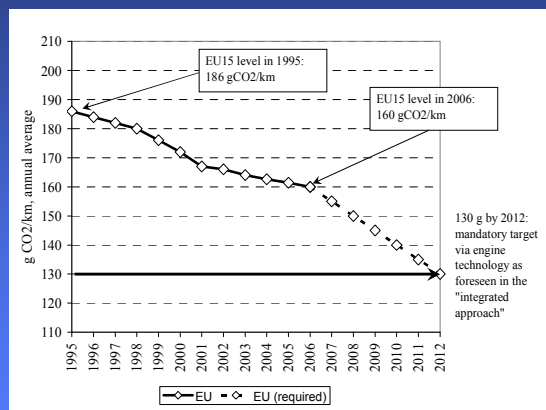
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http://ec.europa.eu/environment/co2/co2_home.htm

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Voluntary commitments

- ACEA: Feb.1999, target date 2008
- JAMA, KAMA: April 2000, target date 2009
- Objective 140 gCO₂/km (5.8 l petrol/100 km, 5.25 l diesel/100 km)



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Revised CO₂ and cars strategy COM(2007)19

- **120 g delivered in 2012 through an “integrated approach”.**
 - a) **130 g on the vehicle side;**
 - b) **10 g through additional measures**
 - Efficiency requirements for air-conditioning systems
 - Tyre pressure monitoring systems
 - Low rolling resistance tyres
 - Gear shift indicators
 - Mandatory fuel efficiency targets for light-commercial vehicles
 - Increased use of biofuels
 - **Legislation to reach the targets**
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Revised CO₂ and cars strategy

- Review in 2010 to assess potential for progress beyond 120g/2012
 - Long-term vision
 - R&D further promoted, with a view to analysing the possibility of more ambitious objectives beyond 120 g CO₂/km at a later stage
 - Support research efforts towards reaching the ERTRAC research target of a new car fleet average of 95 g/km.
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Criteria in preparing the legislation

- **Legislation to be designed:**
 - To ensure competitively neutral, socially equitable and sustainable reduction targets
 - Equitable to the diversity of European car manufacturers
 - Avoid any unjustified distortion of competition
 - Compatible with the achievement of Kyoto
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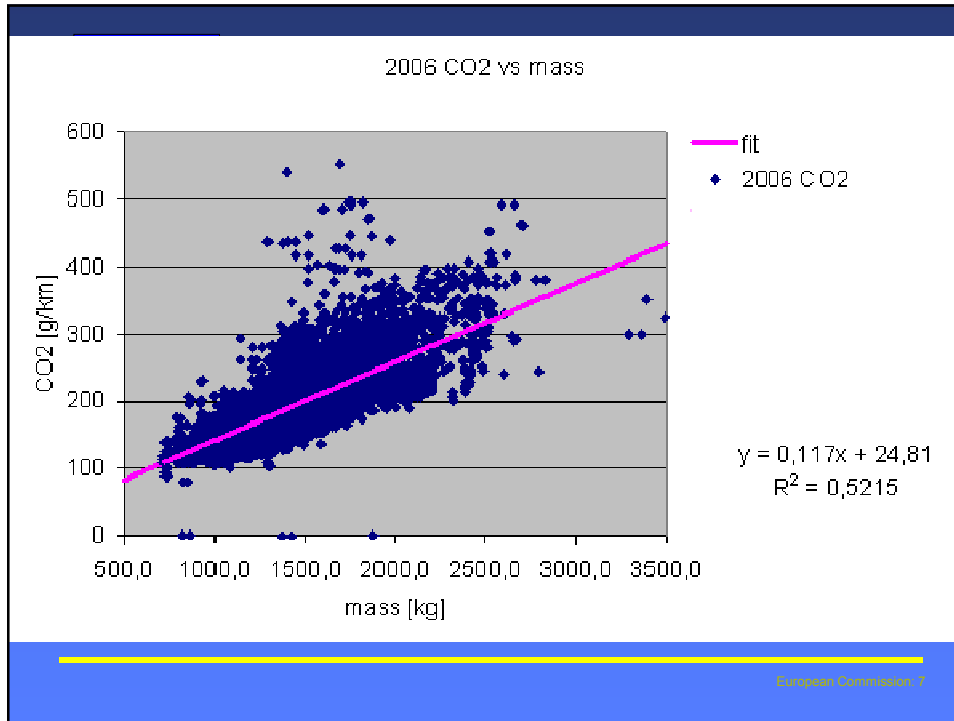
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Key elements of the proposal on CO₂ and cars

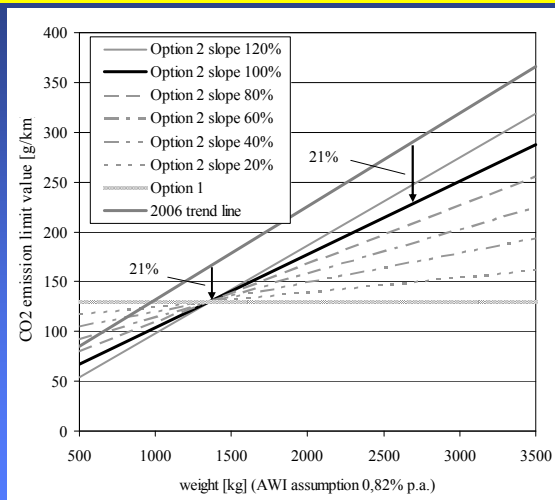
- **Adopted by the Commission on 19 December 2007**
 - **Ensures that the average CO₂ emissions from new passenger cars (as measured through type-approval) will be limited to 130g/km from 2012**
 - **Additional measures to deliver the other elements of the integrated approach**
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Determining the limit value curve

- Starting point: 2006 trend line
- Scale the curve to achieve 130g/km no average in 2012: this is the "100% curve"
- Consider uniform target as "0% curve"
- Slope can be varied by applying different % values





Choice of the slope of the curve

- **Environmental: ensure delivery of 130 g/km target**
 - Slope needs to remain well below 80% in order to avoid perverse incentive to increase mass: 65% considered to be environmental maximum
- **Competitive neutrality between firms and affordability**
 - Lower slope better for smaller cars
 - Customers in lower market segment have less purchasing power and have less money available for the purchase of a vehicle (higher initial investment!): higher price sensitivity in lower market segment
 - Lower market segment subject to stronger competition
- **Manufacturers of larger cars want 80%, manufacturers of smaller cars want 20%-30%**
- **Chosen slope: 60%**

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Scope

- **The Regulation would apply to vehicles which meet the following conditions:**
 - Fall within category M1 as defined in Directive 2007/46/EC
 - Have a reference mass not more than 2610kg (or are the subject of an extension of type approval in accordance with Regulation 715/2007) and
 - Are registered in the Community for the first time and have not previously been registered outside the Community for more than 3 months
- **The Regulation would not apply to special purpose vehicles.**

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Manufacturer's Obligation

- **The Regulation would set targets for specific emissions of CO₂ from new passenger cars as a function of their mass**
- **Each manufacturer would be obliged to ensure that the average emissions from its new passenger cars do not exceed the average of the targets for those cars.**

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Flexibility: pooling

- **Manufacturers can form a pool - will be treated as if they are one manufacturer for this Regulation.**
- **Agreement can be for up to 5 calendar years**
- **Must nominate one manufacturer as the pool manager**
- **Agreement must respect competition rules**

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Derogation for small independent manufacturers

- **Specialist derogation available to manufacturers which are:**
 - responsible for less than 10,000 new passenger cars per year
 - not connected to another manufacturer
 - **Specific emissions target would be set for the manufacturer consistent with its reduction potential, including technological potential to reduce its specific emissions**
 - **Applications must be made to the Commission for a maximum of 5 years**
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Monitoring and Reporting

- **Member States collect data on new cars registered and report it to the Commission**
 - **Commission calculates whether each manufacturer has met its target.**
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Excess Emissions Premium

- **Manufacturers which fail to meet their targets will be subject to an excess emissions premium**
- **Calculation:**
Excess emissions x no of vehicles registered x excess emissions premium
- **Premium will be paid to the Commission**
- **Details of payment procedure to be set out in Comitology Regulations**

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Level of Premium

- **Staggered introduction of excess emissions premium over first four years:**
 - **2012: 20€ per (g/km)**
 - **2013: 35€ per (g/km)**
 - **2014: 60€ per (g/km)**
 - **2015+: 95€ per (g/km)**

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Review and report

- **In 2010 the Commission will:**
 - review progress on the implementation of the integrated approach
 - Consider whether there has been a change in the mass of cars and if so amend the figure for autonomous mass increase in Annex I to be the average of any increase.
- **In the longer term the Commission will consider how the type approval process should be amended to take into account technological developments**

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Main advantages of the Regulation

Good for the environment:

- **Effective contribution of the motor industry to the fight against climate change**
- **Reducing the average emissions of CO₂ from new passenger cars in the EU from around 160 grams per kilometre now to 130 grams per kilometre from 2012 will save more than 630 million tonnes of CO₂ by 2020 (savings will further accumulate beyond that date)**

Good for consumers:

- **Car owners will on average pay almost €2700 less for fuel over the car's life-time (based on average 2006-2007 fuel prices). Compared with an average price increase of €1100-1300 for a car, this gives a considerable net benefit for consumers (increasing with higher fuel prices).**

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Main advantages of the Regulation

Good for the industry and for the economy in general:

- Incentive for more innovation in the EU and an opportunity for EU car manufacturers to become world leaders on fuel efficiency
- Creation of highly-skilled jobs in the EU (e.g. for engineers in research centres)
- Opportunity for the EU motor industry to gain first mover advantage and gain long-term competitive advantages
- Energy security: less oil imports necessary
- Industry profits generally not affected (assuming a low price sensitivity of demand, allowing for a high degree of pass-through of investment costs to consumers. Consumers likely to accept price increase as they will benefit from even higher fuel savings)

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Cost impacts

- Cost increase of car around €1200 (1100-1300)
- Regulation will result in savings of 30g/km (160->130)
- Average cost per gram/km = €40/g/km (1200/30)
- CO₂ savings over lifetime of car (200,000km) = 6 tonnes (200,000*30g)
- Cost per tonne of CO₂ = €200 (1200/6) ?

BUT THIS IS ONLY HALF THE STORY- MUST TAKE INTO ACCOUNT FUEL SAVINGS

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Cost impacts

- 30g/km saving means a saving of 1.2l/100km
- Total fuel savings over lifetime of car = 2400 litres of petrol (2000x1.2l)
- Consumer saves 2400 litres of petrol for initial cost of €1200 (that's 50 Cents per litre) -> that's like a fuel voucher!
- Average fuel cost saving of => € 2700

THEREFORE FUEL SAVINGS OVER LIFETIME OUTWEIGH INITIAL COSTS – CONSUMER INFORMATION WILL ENSURE CONSUMERS SEE THIS AS A GOOD DEAL

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Car Labelling

- Existing labelling rules set out in Directive 1999/94/EC
 - The purpose of the Directive is "*to ensure that information relating to the fuel economy and CO₂ emissions of new passenger cars offered for sale or lease in the Community is made available to consumers in order to enable consumers to make an informed choice."*
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Car Labelling - existing rules

- **The Directive contains four different provisions:**
 - **A label must be displayed near each passenger car model at the point of sale**
 - **A guide on fuel economy and CO₂ emissions**
 - **A poster or display, showing the fuel consumption data and CO₂ emissions of all car models displayed at a point of sale**
 - **All promotional literature must contain fuel consumption and specific CO₂ emissions data for the models to which it refers. This means all printed matter including technical manuals, brochures, advertisements in newspapers, magazines and trade press and posters**
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Car Labelling - revision

- **The Directive is insufficiently effective**
 - **The strategy announced:**
 - extending the scope to light-commercial vehicles (N1)
 - harmonising the design of the label
 - introducing energy efficiency classes
 - Attention will also be paid to the definition of the Light-duty Enhanced Environmentally-friendly Vehicle (LEEV) and to indicating annual running costs and where appropriate vehicle tax levels
 - **http://ec.europa.eu/environment/co2/co2_cars_labelling_revision.htm**
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Car Labelling - advertising

- The Labelling Directive is about consumer information
 - The Commission has no intention of regulating the style and content of advertising
 - But the strategy recognises that *“In addition to consumer information, the way in which cars are marketed may also need to be adapted, so as to focus less on the dynamic performances of vehicles”*.
 - The strategy invites manufacturers to sign up to a voluntary code of good practice regarding car marketing and advertising aimed at the promotion of sustainable consumption patterns
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Car Labelling - Further process

- **Public meeting on CO₂ from cars held in July 2007 - some input on labelling.**
(presentations available at
http://ec.europa.eu/reducing_co2_emissions_from_cars/index_en.htm)
 - **Stakeholder consultation meeting held June 2008.**
 - **Impact assessment ongoing.**
 - **Legislative proposal accompanied by impact assessment planned for adoption before end 2008.**
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European Commission 26



Thank you for your attention!



European Commission 27