

# Community strategy to reduce CO<sub>2</sub> emissions from passenger cars and light-commercial vehicles

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**PURPOSE:** to present a Commission communication regarding the review of the Community Strategy to reduce CO<sub>2</sub> emissions from passenger cars and light-commercial vehicles.

**CONTENT:** this communication provides the basis for exchanges with other European Institutions and all interested parties on implementing a next stage in the Community strategy to reduce CO<sub>2</sub> emissions and improve fuel efficiency from light-duty vehicles **with a view to reaching the EU objective of 120 g CO<sub>2</sub>/km by 2012**. On the basis of the conclusions drawn from these discussions, the Commission will propose if possible in 2007 and at the latest by mid 2008 a legislative framework to the Council and European Parliament in order to reach this objective.

The Commission points out that the voluntary commitments undertaken by the European, Japanese and Korean car manufacturers associations relate to a target of 140 g CO<sub>2</sub>/km by 2008 or 2009. In view of growing concerns regarding the progress made by the industry under this voluntary approach, the Commission has repeatedly underlined its readiness to consider legislative measures.

Car usage has significant impacts on climate change, with about 12% of the overall EU emissions of carbon dioxide (CO<sub>2</sub>), the main greenhouse gas, coming from the fuel consumed by passenger cars. Even though there have been significant improvements in vehicle technology – in particular in fuel efficiency which also means lower CO<sub>2</sub> emissions - this has not been enough to neutralise the effect of increased traffic and car size. While the EU as a whole has reduced its emissions of greenhouse gases (GHG) by just under 5% over the 1990-2004 period, **the CO<sub>2</sub> emissions from road transport have increased by 26%**. In the absence of effective action, the growth in emissions from passenger road transport will continue in the years to come.

A number of issues can be highlighted based on the experience gained in the implementation of the current strategy:

- emissions from the average new car sold reached 163 g CO<sub>2</sub>/km in 2004, 12.4% below the 1995 starting point of 186 g CO<sub>2</sub>/km. Over the same period, new cars sold in the EU have become significantly bigger and more powerful, while prices increased less than inflation.

- investigations on the impact of the limited measures adopted so far by Member States on the demand side have shown that improvements in car technology have delivered the bulk of the reductions.

- the progress achieved so far goes some way towards the 140 g CO<sub>2</sub>/km target by 2008/2009, but in the absence of additional measures, **the EU objective of 120 g CO<sub>2</sub>/km will not be met at a 2012 horizon**. As the voluntary agreement did not succeed, the Commission considers necessary to resort to a legislative approach and underlines that in addition to the proposed legislation urgent action should also be taken by the public authorities to keep the emission reductions on track, also towards 2008/2009, for instance through fiscal incentives and green public procurement.

The Commission goes on to discuss its proposed measures.

**Supply oriented measures:** the Commission will pursue its integrated approach with a view to reaching the EU objective of 120 g CO<sub>2</sub>/km by 2012 and will propose a **legislative framework**, if possible in 2007 and at the latest by mid 2008, to achieve the EU objective of 120 g CO<sub>2</sub>/km, focusing on mandatory reductions of the emissions of CO<sub>2</sub> to reach the objective of 130 g CO<sub>2</sub>/km for the average new car fleet by means of improvements in vehicle motor technology, and a further reduction of 10 g CO<sub>2</sub>/km, or equivalent if technically necessary, by other technological improvements and by an increased use of biofuels, specifically:

- setting minimum efficiency requirements for air-conditioning systems;
- the compulsory fitting of accurate tyre pressure monitoring systems;
- setting maximum tyre rolling resistance limits in the EU for tyres fitted on passenger cars and light commercial vehicles;
- the use of gear shift indicators, taking into account the extent to which such devices are used by consumers in real driving conditions;
- fuel efficiency progress in light-commercial vehicles (vans) with the objective of reaching 175 g/km CO<sub>2</sub> by 2012 and 160 g/km CO<sub>2</sub> by 2015;
- increased use of bio fuels maximizing environmental performance.

**Demand/behaviour oriented measures:** beyond the legislative framework, the Commission strategy should encourage additional efforts by other means of road transport (heavy duty vehicles, etc.), by the Member States (CO<sub>2</sub> related taxation and other fiscal incentives, use of public procurement, traffic management, infrastructure, etc.) and by the consumers (informed choice as a buyer, responsible driving behaviour). Car taxation is a powerful instrument to influence the purchase decisions of consumers. The Commission has made a proposal for a Council Directive on passenger car taxation (COM(2005)0261) and it urged Member States to adopt this proposal as soon as possible and to adapt their car taxation policies so as to promote the purchase of fuel efficient cars throughout the EU. Taxes differentiated over the whole range of cars on the market, so as to gradually induce a switch towards relatively less emitting cars, would be an efficient way to reduce compliance costs for manufacturers.

Fiscal incentives would also be a powerful way of encouraging the cleanest light-duty vehicle classes into the market. Such incentives should refer to a common EU definition applied across the Community, to avoid a fragmentation of the internal market, and cover all relevant emissions taking into account both air pollution and greenhouse gas emissions requirements. For this purpose, a Light-duty Environmentally Enhanced Vehicle (LEEV) should be defined as a vehicle that both meets the next stage of pollutant emission limit values as laid down in the relevant legislation, and stays below a certain level of CO<sub>2</sub> emissions. At present, this level should be the Community objective of 120 g CO<sub>2</sub>/km.

On **consumer information**, the Commission will adopt in 2007 an amending proposal to improve the effectiveness of the fuel efficiency labelling directive 1999/94/EC. This proposal will aim at extending the scope of the labelling scheme to light-commercial vehicles (N1), harmonising the design of the label and at introducing energy efficiency classes in order to better raise consumer awareness at the time of car purchase. Attention will also be paid to the definition of the LEEV and to the possibility of indicating on the label annual running costs and vehicle tax levels as a function of CO<sub>2</sub> emissions and fuel consumption.

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. Car manufacturers are invited to sign up before mid 2007 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.

The Commission supports eco-driving dissemination through various projects and it may consider the inclusion of eco-driving requirements in future revisions of the driving licence Directive. However, eco-driving is a downstream measure subject to high uncertainties regarding its actual CO<sub>2</sub> savings potential. Member States are nonetheless invited to further promote eco-driving as a means to raise awareness about climate change impacts of car use.

Lastly, with a view to analysing the possibility of setting more ambitious objectives beyond the current Community target of 120 g CO<sub>2</sub>/km at a later stage, research and development will be further promoted towards the development and demonstration of advanced CO<sub>2</sub> reduction technologies. The Commission will support research efforts towards reaching the European Road Transport Research Advisory Council (ERTRAC) **research target** of improvements in vehicle efficiency that will deliver as much as a **40% reduction in CO<sub>2</sub> emissions for passenger cars** for the new vehicle fleet in 2020". This would correspond to a new car fleet average of 95 g CO<sub>2</sub>/km.