

# EU Light Duty Vehicles and CO<sub>2</sub> Policy

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**Asilomar Conference**  
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**Institute for  
European  
Environmental  
Policy**

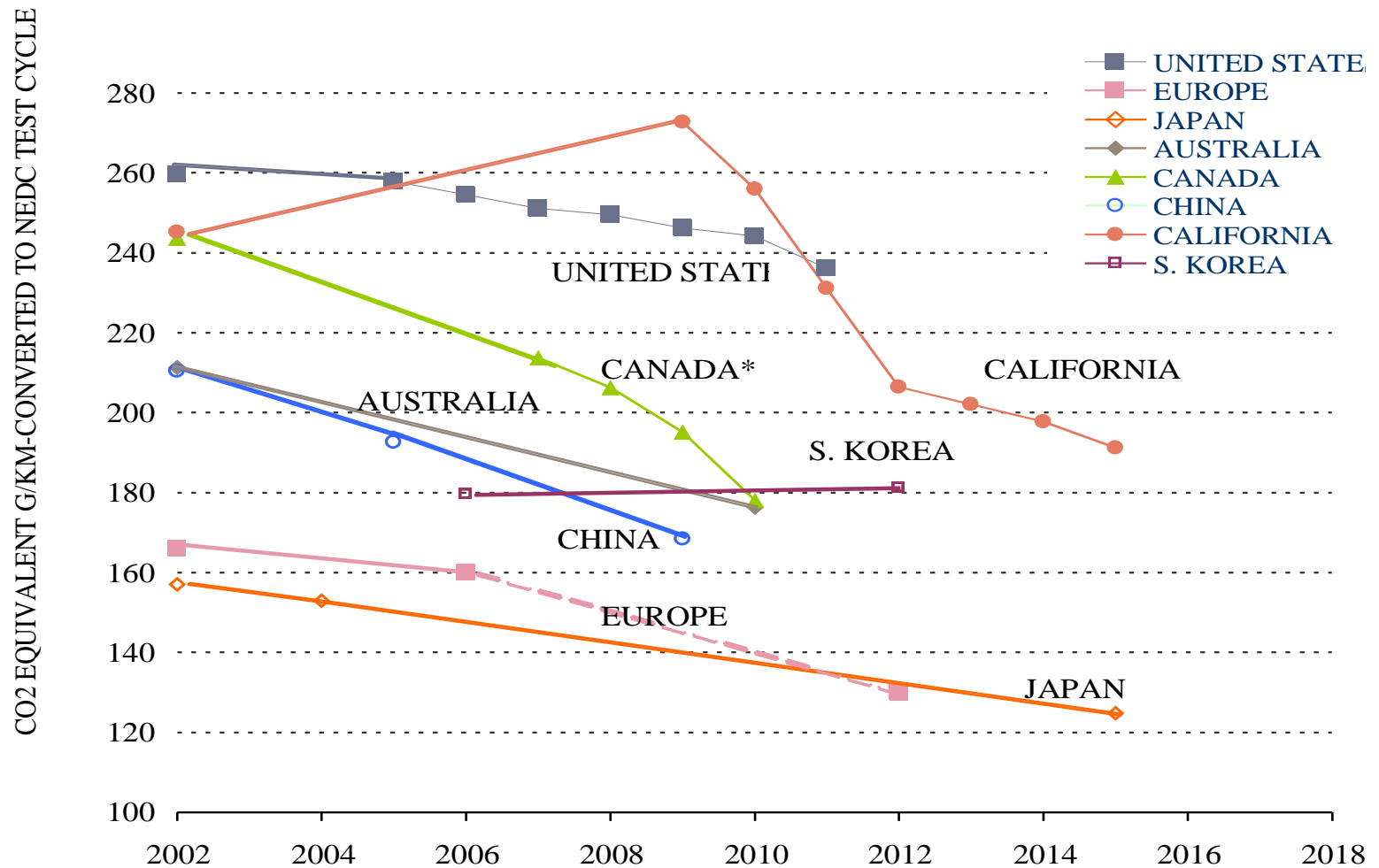


# The EU Context

- **EU seeking to lead in Kyoto commitments and beyond**
- **Has proposed a 20% unilateral or 30% multilateral reduction target**
- **EU and national policies implemented on sectoral basis**
- **... but transport remains the ‘problem child’**
- **European Commission maintains that *all* sectors must contribute to cuts in ghg emissions**



# The Global Context



Source: ICCT

# A Brief History

- **1990s:** Fuel economy not improving
- **1993:** EU ratifies Framework Convention on Climate Change
- **1995:** Commission publishes passenger car CO<sub>2</sub> strategy
  - target 120g/km by 2005 (or 2010 at latest)
- **1997:** Carmakers threatened with legislation
- **1998/9:** Voluntary Agreements with manufacturers' associations
- **2000:** Monitoring Mechanism (1753/2000) established
- **2001:** CO<sub>2</sub> Labelling required (1999/94)
- **2005/6:** Review of Passenger Car CO<sub>2</sub> Strategy



# The 'CO<sub>2</sub> Agreement' with Carmakers

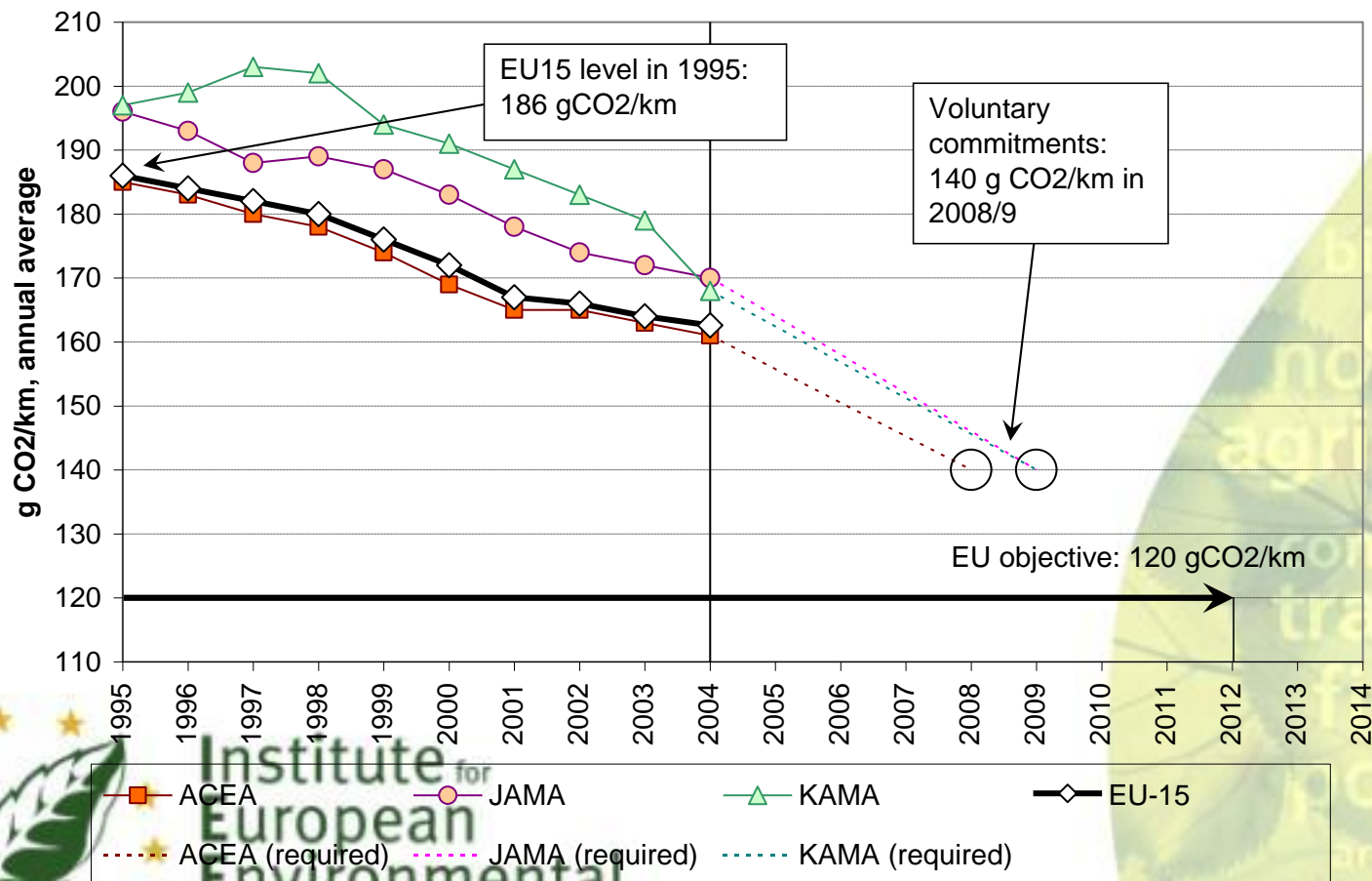
- Community target was 120g/km by 2005/2010
- Commission negotiated with Associations
- Agreement reached on 140g/km
  - ACEA by 2008
  - JAMA and KAMA by 2009
  - Interim targets 2003/4
- Monitoring Mechanism (1753/2000) established
  - Annual joint reports and Communication
- Meeting Community target by 2012?
  - Associations reported progress on VAs
  - Commission concluded insufficient





## Progress until 2004 but...

12.4% reduction in 2004 compared to 1995, out of total 25% required by 2008/9...



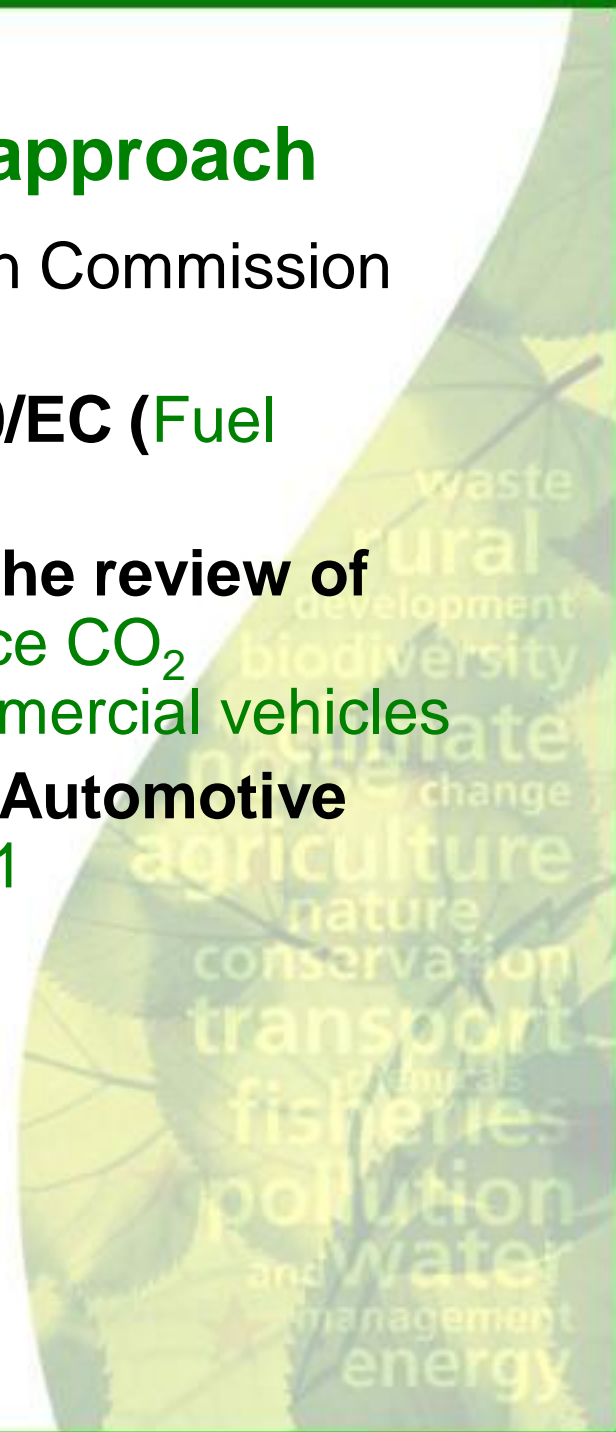
# Basis for the revised approach

In January/ February 2007 the European Commission adopted:

**Proposal to amend Directive 98/70/EC (Fuel Quality Directive)**

**Communication on the results of the review of the Community strategy to reduce CO<sub>2</sub> emissions from cars and light-commercial vehicles**

**Communication on a Competitive Automotive Regulatory Framework (CARS 21 Communication)**



## Revised strategy on CO<sub>2</sub> from passenger cars and light-commercial vehicles (1)

**General objective:** 120 g/km CO<sub>2</sub> by 2012

**Instrument:** legislative framework implementing an integrated approach

**Specific targets:**

Average new car fleet of 130 g/km CO<sub>2</sub>

Additional 10 g/km by other technological improvements and by an increased use of bio-fuels

**Review in 2010** to explore longer term objectives and different approaches beyond 2012





## Revised strategy on CO<sub>2</sub> from passenger cars and light-commercial vehicles (2)

**Automotive technology improvements remain at the heart of the revised strategy...**

- **Vehicle technology improvements** (engine, transmission, hybridisation, vehicle body etc.)
- 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**

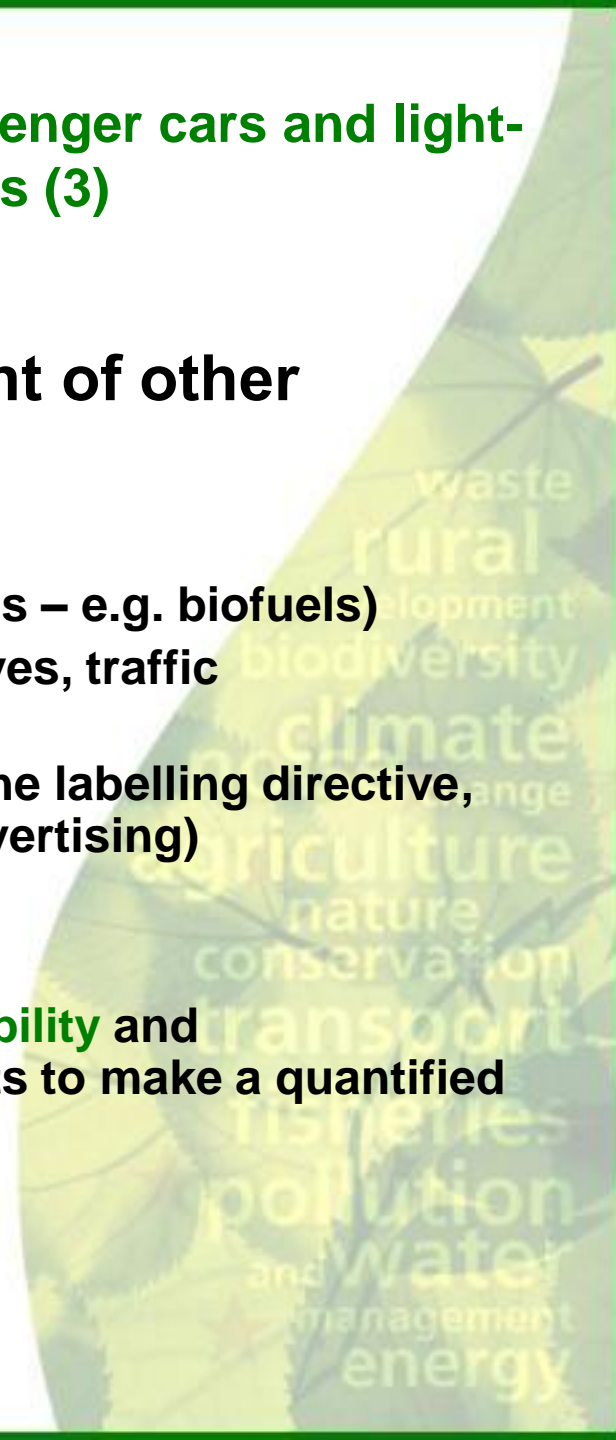


## Revised strategy on CO<sub>2</sub> from passenger cars and light-commercial vehicles (3)

...with possible increased involvement of other stakeholders

- **Fuel suppliers** (low carbon content fuels – e.g. biofuels)
- **Member States** (taxation, fiscal incentives, traffic management, infrastructure etc.)
- **Consumer awareness** (e.g. amending the labelling directive, code of conduct for « sustainable » advertising)
- **Drivers' behaviour** (e.g. eco-driving)

However the Commission stresses that **accountability** and **monitorability** are needed for different elements to make a quantified contribution



# Principles for future legislation

**Technologically neutral**

**Competitively neutral targets**

**Socially equitable and sustainable**

**Equitable to the diversity of the European automobile manufacturers**

**Avoidance of any unjustified distortion of competition between automobile manufacturers**



# Evaluation in Progress

**Various options under consideration:**

- **Corporate averages**
  - One size fits all?
  - % reduction from baseline
  - Utility-based
- **Utility function**
  - At vehicle or corporate level
  - Weight or lxw are front-runners



# Issues under Consideration

**Analysis must address:**

- **Cost of measures**
  - Impact on competitiveness
  - Differential cost to manufacturers
- **Effectiveness in meeting target**
- **Implementation**
  - Who will operate the system (MSs or EU)?
  - What sanctions available?





# Cars and CO<sub>2</sub> – Next Steps

**Public consultation** in May/June 2007 – now completed

**Legislative framework** proposed by the Commission if possible in 2007, at latest by mid 2008, accompanied by impact assessment

- NB this should cover **all** the legislative components

**Amending** proposal to improve the **labelling directive** to be adopted by the Commission in 2007

**Review of the strategy** in 2010



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