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Committee on Industry, Research and Energy

2012/0190(COD)

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DRAFT OPINION

of the Committee on Industry, Research and Energy

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 443/2009 to define the modalities for reaching the 2020 target to reduce CO_2 emissions from new passenger cars (COM(2012)0393 – C7-0184/2012 – 2012/0190(COD))

Rapporteur(*): Fiona Hall(*) Associated committee - Rule 50 of the Rules of Procedure

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SHORT JUSTIFICATION

On 11 July 2012 the Commission presented its proposal to review Regulation (EC) 443/2009 that sets the CO_2 reduction framework for the new car fleet to 2020. This review implements the necessary modalities without which the target of 95gCO_2/km for the second period to 2020 cannot become effective.

Modalities are aspects of the implementation which impact on how the emission target is achieved. The Commission proposal leaves most modalities unchanged with the following exceptions:

– super-credits for cars emitting below 35 gCO_2/km are introduced between 2020 and 2023 with a multiplier of 1.3 and limited to a cumulative figure of 20 000 vehicles per manufacturers over the duration of the scheme;

– the "niche" derogation target is updated for 2020 and manufacturers responsible for less than 500 registrations of new passenger cars per year are excluded from the obligation of having a CO_2 target;

– eco-innovations are retained when a revised test procedure is implemented.

In addition, the Committee procedure provisions are updated to be compatible with the Lisbon Treaty.

Your Rapporteur broadly welcomes the revised Regulation. Given that most car manufacturers are on track to reach their 2015 and 2020 CO_2 emission targets as agreed in 2009, it would be undesirable at this stage to make extensive changes to the modalities to reach the 2020 target of 95gCO_2/km. There remain, however, important issues which the Commission does not address adequately in its proposal.

An important area of concern is the growing gap between type-approval and real-world emissions from new passenger cars, estimated by the Commission to be as much as 15-30%. This discrepancy is largely due to the methods which car manufacturers use when measuring CO_2 emissions according to the current test cycle procedure. It is vital to address this discrepancy, not least because CO_2 reductions directly translate into fuel savings for consumers and lower oil imports.

Your Rapporteur would therefore like the Commission to review, by 2014, the EU's regulatory test procedure for measurement of specific CO_2 emissions established under Regulation (EC) No 715/2007 and its implementing measures. By January 2015 the Commission should be in a position to update the EU test cycle. This should take place regardless of whether or not the UNECE Worldwide harmonized Light vehicles Test Procedure (WLTP) is finalised by then, since fuel economy is in the interests of European consumers regardless of international progress. The new WLTP procedures could then be incorporated into the EU test cycle framework and the individual car manufacturers' CO_2 targets adjusted. The option of measuring eco-innovations outside the test cycle should not be retained when the EU test cycle is updated in 2015.

A weakness of the Commission's proposal is the lack of a post-2020 vision. While it may not be possible to predict the exact path that technological improvement will take to 2025, industry can benefit from the certainty of a clear political signal. A target for CO_2 emission levels for 2025 should therefore be set in this Regulation. Such a target will give industry ample lead time and will be subject to a review to ensure that it is achievable in a socially and economically equitable way.

In the US, a target for 2025 has already been set. The US target requires carmakers to halve fuel consumption in the average car sold between 2011 and 2025. Because the EU should remain at the forefront of the global race for cleaner vehicles, it should adopt an equally ambitious pace of improvement. A 50% reduction over 2011 levels would mean a target of less than 70g CO_2 per kilometre. The most recent 2012 study by AEA-Ricardo concludes that a 70g CO_2/km target is the most appropriate for 2025 and estimates that a 70g target can be achieved with just 7% ultra-low emission vehicles and around 20% hybrids.

A target of 70g CO_2/km in 2025 would ensure that investments into developing alternative power trains continue and create additional growth and high-tech jobs in Europe. McKinsey estimate that by 2030 110,000 new jobs will be created in production and R&D in the EU thanks to the need to produce more fuel efficient vehicles. The Commission has acknowledged the merits of using footprint rather than mass as the utility parameter and it would be appropriate to make the change to a footprint utility parameter for the 2025 target and allow manufacturers to choose between mass and footprint metrics between 2015 and 2020.

Finally, the Rapporteur proposes to amend the article relating to super credits. A weakness of super credits is that, while they encourage car manufacturers to produce more ultra-low emission vehicles, they also allow manufacturers to sell more higher-polluting cars, thus weakening the CO_2 target. The Rapporteur proposes instead the introduction of a flexible mandate similar to the low-carbon vehicle mandate in California. This will speed up the development and deployment of alternative power trains such as electric batteries and fuel cells and ensure that adequate investments are made in ultra-low emission technologies. It will provide incentives for 'early movers' by relaxing their average CO_2 emission targets for 2025 while at the same time ensuring that manufacturers who choose not to contribute to the early deployment of ultra-low emission vehicles make additional improvements to their conventional fleet beyond 2020.

Work is required by the Commission, Member States and regional and local authorities to identify and disseminate best practice in stimulating demand for ultra-low emission vehicles so that the healthy growth in sales in some European countries is replicated in all Member States.

AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) ***It is appropriate to clarify that for the purpose of verifying compliance with the target of 95gCO_2/km, CO_2 emissions should continue to be measured in accordance with regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information and its implementing measures and innovative technologies***.	(2) ***The worldwide market for the development of advanced technologies to improve the efficiency of vehicles is a growth market. Further developing such markets is in line with the flagship initiative for a resource-efficient Europe under the Europe 2020 strategy which supports the shift towards a resource-efficient, low-carbon economy to achieve sustainable growth. In order to further stimulate innovation in this area a long-term target for 2025 should be set in this Regulation.***

Or. en

Amendment 2

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) In recognition of the high research and development and unit production costs of early generations of ultra-low carbon vehicles it is appropriate to accelerate and facilitate, on an interim basis and to a limited extent, the process of their introduction into the Union market at their initial stages of commercialization.	(3) In recognition of the high research and development and unit production costs of early generations of ultra-low carbon vehicles it is appropriate to accelerate and facilitate, on an interim basis and to a limited extent, the process of their introduction into the Union market at their initial stages of commercialization. ***The Commission, Member States and regional and local authorities should work to identify and disseminate best practice in stimulating demand for ultra-low emission vehicles so that the healthy growth in sales in some European countries is replicated in all Member***

States.

Or. en

Amendment 3

Proposal for a regulation
Recital 7

Text proposed by the Commission	*Amendment*
(7) To enable the automotive industry to carry out long-term investments and innovation it is desirable to provide indications of how this Regulation should be amended for the period beyond 2020. These indications should be based on an assessment of the necessary rate of reduction in line with the Union's long term climate goals and the implications for the development of cost effective CO_2 reducing technology for cars. It is therefore desirable for these aspects to be reviewed**,** the Commission to make a report on the CO_2 emission targets for new passenger cars for the period beyond 2020.	(7) To enable the automotive industry to carry out long-term investments and innovation it is desirable to provide indications of how this Regulation should be amended for the period beyond 2020. These indications should be based on an assessment of the necessary rate of reduction in line with the Union's long term climate goals and the implications for the development of cost effective CO_2 reducing technology for cars. It is therefore desirable for these aspects to be reviewed ***and for*** the Commission to make a report on the CO_2 emission targets for new passenger cars for the period beyond 2020***, including on a target of 70g CO_2/km for 2025***.

Or. en

Amendment 4

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) The Regulation requires the Commission to carry out an impact assessment in order to review the test procedures to reflect adequately the real CO_2 emissions behaviour of cars. ***This work is*** proceeding through the development of a World Light Duty Test	(8) The Regulation requires the Commission to carry out an impact assessment in order to review the test procedures to reflect adequately the real CO_2 emissions behaviour of cars. ***Current implementation of the Union's regulatory procedure for the measurement of specific***

procedure in the framework of the United Nations Economic Commission for Europe but is not yet complete. In view of this, Annex I to Regulation (EC) No 443/2009 establishes emission limits for 2020 as measured according to Regulation (EC) No 715/2007 and Annex XII to Regulation (EC) No 692/2008. When the test procedures are amended, the limits set in Annex I should be adjusted to ensure comparable stringency for manufacturers and classes of vehicles.

CO_2 emissions is leading to the recording of lower emission levels than occur in the actual performance of vehicles on the road. The measurement procedures referred to in Regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information and its implementing measures therefore need to be amended as a matter of urgency, by 2014 at the latest, in order to address this discrepancy.

Review of the test procedures is also currently proceeding through the development of a World Light Duty Test procedure in the framework of the United Nations Economic Commission for Europe but is not yet complete. In view of this, Annex I to Regulation (EC) No 443/2009 establishes emission limits for 2020 as measured according to Regulation (EC) No 715/2007 and Annex XII to Regulation (EC) No 692/2008. When the test procedures are amended, the limits set in Annex I should be adjusted to ensure comparable stringency for manufacturers and classes of vehicles.

Or. en

Amendment 5

Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission	*Amendment*
	(8a) CO_2 emissions will continue to be measured in accordance with Regulation (EC) No 715/2007 and its implementing measures and innovative technologies, until replaced by a new, improved and

more representative procedure based upon the UNECE World Light Duty Test procedure. Therefore the Union's measurement procedures referred to in Regulation (EC) No 715/2007 should, by 2014, be amended to reflect more closely the actual performance of vehicles on the road in terms of CO_2 emissions.

Or. en

Amendment 6

Proposal for a regulation
Recital 14

Text proposed by the Commission	*Amendment*
(14) The Commission has assessed the availability of footprint data and its use as the utility parameter in the formulae in Annex I. This data is available and its potential use has been assessed in the impact assessment, on the basis of that assessment it is concluded that the utility parameter used in the formula for 2020 should be mass. Nevertheless, the lower cost and merits of a change to footprint as the utility parameter ***should be considered in the future review***.	(14) The Commission has assessed the availability of footprint data and its use as the utility parameter in the formulae in Annex I. This data is available and its potential use has been assessed in the impact assessment, on the basis of that assessment it is concluded that the utility parameter used in the formula for 2020 should be mass. Nevertheless, ***given*** the lower cost and merits of a change to footprint as the utility parameter, ***footprint should be used as the utility parameter for the 2025 target and manufacturers given the option of using footprint from 2015 to 2020***.

Or. en

Amendment 7

Proposal for a regulation
Article 1 – point 1 a (new)
Regulation (EC) No 443/2009
Article 1 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	(1a) In Article 1, the following paragraph is added:
	"From 2025 onwards, this Regulation sets a target of 70 g CO_2/km as average emissions for the new car fleet as measured in accordance with Regulation (EC) No 715/2007 and its implementing measures and Annex XII to Regulation (EC) No 692/2008."

Or. en

Justification

A target of 70 g/km in 2025 as indicated in Parliament's resolution of 24 October 2007 (2007/2119(INI)) will ensure that investments into developing alternative power trains continue and create additional high-tech jobs in Europe. By 2030, 110,000 new jobs are set to be created in production and R&D. especially in chemicals and electronics, through the need to produce more fuel efficient vehicles (McKinsey).

Amendment 8

Proposal for a regulation
Article 1 – point 4
Regulation (EC) No 443/2009
Article 5 a (new)

Text proposed by the Commission	*Amendment*
Following Article 5 the following article *shall be* inserted:	The following article is inserted:
"Article 5a	"Article 5a
Super-credits for 95 g CO_2/km target	***Flexible low carbon vehicle mandate***
1. In calculating the average specific emissions of CO_2, each new passenger car with specific emissions of CO2 of less than 35 g CO_2/km shall be counted as 1.3 passenger cars in the period from 2020 to 2023 and as 1 passenger car from 2024 onwards.	***1. For the purpose of determining compliance by a manufacturer with its specific emissions target referred to in Article 4, in recognition of the high research and development and unit production costs of early generations of ultra-low carbon vehicles and the need to accelerate and facilitate the process of their introduction into the Union market,***

2. The maximum number of new passenger cars to be taken into account in the application of the multipliers set out in paragraph 1 for the period 2020 to 2023 shall not exceed a cumulative total of 20 000 new registrations of passenger cars per manufacturer."

from 2020 onwards, the specific emissions target of each manufacturer:

(a) selling less than 1% of new passenger cars with specific emissions of CO_2 of less than 35 g CO_2/km shall be reduced by 2 grams

(b) selling less than 2% of new passenger cars with specific emissions of CO_2 of less than 35 g CO_2/km shall be reduced by 1 gram,

(c) selling more than 3% of passenger cars with specific emissions of less than 35 g CO_2/km shall be increased by 1 gram.

(d) selling more than 4% of passenger cars with specific emissions of CO_2 of less than 35 g CO_2/km shall be increased by 2 grams.

2. Member States shall make publicly available the number of vehicles per manufacturer with specific emissions of CO_2 of less than 35 g CO_2/km by 28 February of each year in respect of the preceding calendar year commencing ...[+].

3. By 28 February of each year in respect of the preceding calendar years commencing ...[+] the Commission shall calculate to what extent the credits and debits obtained under the flexible mandate affect the level of the target set in Article 1."

[+] ***OJ: please insert the year of entry into force of this Regulation.***

Or. en

Amendment 9

Proposal for a regulation
Article 1 – point 4 a (new)
Regulation (EC) No 443/2009
Article 7 a (new)

Text proposed by the Commission	*Amendment*
	(4a) The following Article is inserted:
	"Article 7a
	In service conformity
	1. The provisions for in-service conformity as laid down in Article 9 and Annex II of Regulation (EC) No 692/2008 shall apply mutatis mutandis to fuel consumption and CO_2 emissions of passenger cars during their normal useful life under normal conditions of use.
	2. The results of in-service testing shall be accompanied by a verification report undertaken by an independent and certified body evaluating whether in-service testing was representative of normal conditions of use and adjustments warranted.
	3. Member States shall make available to the public, in electronic form, the results of in-service testing and the accompanying verification report in accordance with Directive 2003/4/EC, and shall transmit the afore mentioned results and verification report to the Commission within three months.
	4. If the measured value of CO_2 emissions for a passenger car during in-service testing exceeds its specific emissions of CO_2 reported under Article 8(2) by more than 4 % , the Commission shall recalculate the average specific emissions of CO_2 for the manufacturer in preceding years to determine compliance with the specific emissions target, in accordance with Article 8. Based on the recalculations, any exceeding of the

specific emissions target shall be subject to an excess emissions premium in accordance with Article 9.

5. The Commission shall keep a central register of the results of in-service testing reported by national authorities and shall, on an annual basis, publish a synthesis report. The central register and synthesis reports shall be made available to the public in electronic form.

Or. en

Amendment 10

Proposal for a regulation
Article 1 – point 10 – point b
Regulation (EC) No 443/2009
Article 13 – paragraph 3

Text proposed by the Commission	*Amendment*
(b) The second subparagraph of paragraph 3 is deleted.	***deleted***

Or. en

Amendment 11

Proposal for a regulation
Article 1 – point 10 – point c
Regulation (EC) No 443/2009
Article 13 – paragraph 5

Text proposed by the Commission	*Amendment*
5. By 31 December 2014, the Commission shall review the specific emissions targets, modalities and other aspects of this Regulation in order to establish the CO_2 emission targets for new passenger cars for the period beyond 2020.	5. By 31 December 2014, the Commission shall review the specific emissions targets, modalities and other aspects of this Regulation in order to establish the CO_2 emission targets for new passenger cars for the period beyond 2020***, including a target of 70g CO_2/km for 2025***.

Or. en

Amendment 12

Proposal for a regulation
Article 1 – point 13
Regulation (EC) No 443/2009
Annex I – point 1 – point c

Text proposed by the Commission	*Amendment*
(c) From 2020:	(c) From 2020:
Specific emissions of $CO_2 = 95 + a \times (M - M_0)$	***One of the following formulae should be used:***
Where:	
M = mass of vehicle in kilograms (kg)	
M_0 = the value adopted pursuant to Article 13(2)	
a = 0,0333.	
	i) Specific emissions of $CO_2 = 95 + a \times (M - M_0)$
	Where:
	M = mass of vehicle in kilograms (kg)
	M_0 = the value adopted pursuant to Article 13(2)
	a = 0,0333.
	ii) Specific emissions of $CO_2 = 95 + b \times (F - F_0)$
	Where:
	F = footprint of vehicle in square meters (m2)
	F_0 = the value adopted pursuant to Article 13(2)
	b = 60 % slope of the limit value curve.

Or. en

Justification

To secure certainty during a transition period for car manufacturers and to allow full flexibility for future revisions, a footprint-based formula should be introduced for the 2020

target and be applicable in parallel with the mass-based formula. Giving the manufacturers the flexibility to choose between a mass and a footprint based target would lead to an overall lower cost for meeting their CO_2 targets.

Amendment 13

Proposal for a regulation
Article 1 – point 13 a (new)
Regulation (EC) No 443/2009
Annex I – point 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(13a) In point 1 of Annex I, the following point is added:
	"(ca) From 2025:
	Specific emissions of CO_2 = 70 + a × (F – F_0)
	Where:
	F = footprint of the vehicle square meters (m2)
	F_0 = the value adopted pursuant to Article 13(2)
	a = 60 % slope of the limit value curve."

Or. en