'Fit for 55' legislative package: Strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles


This briefing provides an initial analysis of the strengths and weaknesses of the European Commission's impact assessment (IA) accompanying the above-mentioned proposal, submitted on 14 July 2021 and referred to the European Parliament’s Committee on Environment, Public Health and Food Safety (ENVI). The proposal is part of the ‘fit for 55' legislative package announced in the Commission's 2020 communication Stepping up Europe’s 2030 climate ambition (the climate target plan) and its impact assessment. The proposal aims at amending the existing emission performance standards for new passenger cars and new light commercial vehicles (hereafter cars and vans), which were established by Regulation (EU) 2019/631 and apply from 1 January 2020. It is part of the review of relevant EU legislation to enable the achievement of the at least 55 % net GHG emission reduction target by 2030 and the climate neutrality objective by 2050, set out in Articles 4 and 2 of the European Climate Law, Regulation (EU) 2021/1119, respectively. It is part of the 2021 Commission work programme and the 2021 Joint Declaration on legislative priorities.

Problem definition

According to the IA, the problem is three-fold (IA, pp. 11-21):

1 Insufficient contribution of light-duty vehicles to increased ambition on GHG emissions reduction

According to the IA, the GHG emissions from road transport represent almost 20 % of total EU GHG emissions and have significantly increased since 1990 (IA, p. 4). Regulation (EU) 2019/631 sets the 2020 emission target at 95 grammes (g) CO₂/kilometre (km) for cars and 147 g CO₂/km for vans, based on the New European Driving Cycle (NEDC) procedure. It sets an intermediate target for the CO₂ emissions reductions of newly registered cars and vans at 15 % by 2025 and subsequently increases the target to 37.5 % for new cars and to 31 % for new vans by 2030, expressed as percentage reductions compared to the average CO₂ emission targets in 2021. The average CO₂ emissions in 2021, as well as the 2025 and 2030 target levels expressed in g CO₂/km will be published by the Commission by 31 October 2022, based on the World Harmonised Light Vehicle Test Procedure (WLTP) emission values measured in 2020 and reported by the manufacturers in the course of 2021. Drawing on the findings of the climate target plan (CTP) IA, the Commission explains that with the current standards, CO₂ emissions from road transport would diminish by around 16 % in 2030 and by 44 % in 2050, compared to 2015. However, to be consistent with at least 55 % GHG emission reductions by 2030 and the climate neutrality objective by 2050, emissions from road transport would need to diminish by between 19 % and 21% by 2030, and by between 98 % to almost 100 % by 2050, compared to 2015 (IA, p. 12). The Commission therefore states that maintaining the current CO₂ emission standards for new cars and vans would be insufficient to drive down emissions to the levels set out in the European Climate law. Another driver contributing to this problem is the insufficient reduction of
fossil fuels used in the transport sector. According to the Commission, despite the current CO₂ emission standards and renewable energy policies, sustainable renewable and low-carbon fuels for transport are available in limited amounts, their total share in transport reached 8.3% in 2018 and is projected to remain limited in 2030. The IA explains that ‘sustainable advanced biofuels are barely starting to be produced at scale, while power-to-liquid and power-to-gas fuels as well as clean hydrogen from renewable sources are available only at demonstration scale’, although it does not provide data or references to substantiate these claims (IA, p. 20). The IA therefore considers that the insufficient reduction of fossil fuels in transport should be addressed through the deployment of zero-emission vehicles (ZEV) and the use of electricity as fuels.

2 Consumers risk missing out on the benefits of zero-emission vehicles if these vehicles are not sufficiently deployed on the market

According to the IA, ZEV not only contribute to achieving Europe’s climate objectives, but also offer advantages to the consumers and companies buying and/or using them: 1) ZEV are cleaner, as they do not produce tailpipe emissions of air pollutants such as nitrogen oxides and particles, and 2) as electric motors are more efficient than combustion engines, less energy is needed to drive an electric car and users may save on fuel/energy costs. However, due to a number of market barriers and failures, there is a risk that the scale of future uptake of ZEV may not reach the levels sufficient to allow for all households and businesses to reap those benefits (IA, p. 13). According to the IA (pp. 16-19), the market barriers are related to affordability, lack of information, uncertainties (e.g. about the electric range, battery life, resale value), lack of vehicle models, lack of recharging and refuelling infrastructure. The market failures, in turn, are related to environmental externalities, consumers undervaluing fuels savings over a lifetime of a vehicle and split incentives (when a buyer of a vehicle is not bearing the fuel costs). Drawing on the analysis of the CTP, the IA states that with the current CO₂ emission standards, the share of ZEV in the total vehicle stock is projected to be 11% for cars and 7% for vans by 2030; the share of zero- and low-emission vehicles (ZLEV) is projected to reach 54% of the stock in 2050, while internal combustion engine vehicles would remain common in the fleet. However, to reach the climate neutrality objective, the CTP analysis shows that by 2050, almost all cars in circulation (between 88% and 99% of the vehicle stock) and almost all vans in circulation (between 87% and 97% of the vehicle stock) would need to be ZLEV (IA, pp. 15-16). According to the IA, in the absence of stricter CO₂ emission standards and clear longer-term regulatory signals, there is a significant risk that manufacturers may not produce and offer enough zero emission vehicles for the EU market to contribute to the overall 55% GHG emission reduction target for 2030 and the climate neutrality objective for 2050.

3 Automotive value chain in the EU risks losing its technological leadership

According to the IA, Europe is a global leader in overall automotive research and development (R&D) investment. European automotive R&D is heavily concentrated in a few European countries (the IA does not specify which ones). In 2019, with the CO₂ emission standards set by Regulation (EU) 2019/631, the EU attracted large investments (around €60 billion) in electric vehicles and batteries, nearly 20 times more than in 2017-2018 and 3.5 times more than in China (IA, p. 15). Therefore, argues the IA, clear regulatory signals sent to the automotive industry have proven to be crucial for delivering electric vehicle investment decisions and avoiding investment delays with long-term implications, both concerning R&D and manufacturing in Europe, as well as in terms of developing the necessary charging infrastructure for zero-emission vehicles. Such delays could create a risk that the automotive industry in the EU could lose its technological leadership and even lose market share in the EU market itself, and not become the front runner in the fast-growing new ZEV market. As a result, the automotive industry value chain in the EU would risk not fully reaping the benefits of the economies of scale offered by its home market, which would otherwise also increase its competitiveness in global markets.

The IA elaborates on the corresponding problem drivers and provides a problem tree diagram (IA, pp. 15-20). However, it seems to define the problem at a rather aggregated level and does not provide further details as to which consumers, which parts of the value chain in which Member States are affected and at what scale. The problem definition in the IA is underpinned by the CTP IA and complemented by data from the European Investment Bank, the European Environment Agency, the International Energy Agency, several studies by the Transport & Environment consultancy, and automotive market analysts such as JATO.
among others. According to the IA, no evaluation of the obligations introduced by Regulation (EU) 2019/631 was carried out, as they only entered into application in January 2020. Where indicated, data sources are recent and accessible online, but references are not systematic, in particular the references to the CTP’s IA are imprecise and not always verifiable. Additionally, there seem to be data gaps that are not acknowledged in the main text of the IA, which refers to Europe as a whole, while the data in Annex 7 (complementary information on the problems and problem drivers) is based on a limited number of countries (some data are provided for France, Germany and the Netherlands, as well as non-EU countries Norway and the United Kingdom, Annex 7, p. 86). Potential territorial differences across the EU Member States with respect to ZEV and ZLEV markets are not reflected upon in the report. Overall, the definition of the problem is weakened due to the lack of data on the development of zero-emission technologies and their market trends, sustainable fuels for transport, and the absence of a territorial dimension of the problem.

Subsidiarity / proportionality

In addition to explaining the legal basis (Articles 191 and 192 of the Treaty on the Functioning of the European Union, TFEU), the IA briefly discusses the need for action at EU level and the EU added value. The IA compares the options in regard to their proportionality, as required by the Better Regulation Guidelines (BRG). Two reasoned opinions by the Irish Houses of Oireachtas and the Czech Senate have been issued before the deadline for national parliaments of 8 November 2021. The IA provides a dedicated subsidiarity grid, following the recommendations of the Task Force on subsidiarity, proportionality and ‘doing less more efficiently’.

Objectives of the initiative

The general objective as outlined in the IA is to contribute to achieving climate neutrality by 2050. To this end, and in line with the 2030 CTP, it is to contribute to reaching at least 55% net greenhouse gas emission reductions by 2030 compared to 1990 (p. 23).

To achieve the general objectives, the following specific objectives have been set (IA, p. 23):

1. Contribute to at least 55% net 2030 GHG emissions reduction target and to the climate neutrality objective by 2050 by reducing CO₂ emissions from cars and vans cost-effectively and thereby supporting Member States in meeting their target under the Effort-sharing Regulation (ESR), in case of a continued ESR scope;
2. Provide benefits for consumers and citizens from wider deployment of zero-emission vehicles;
3. Stimulate innovation in zero-emission technologies, thus strengthening the technological leadership of the EU automotive value chain and stimulating employment.

The general objective is already rather specific, as it aims at achieving a binding goal that has been set in the European Climate Law. The specific objectives correspond to the problem drivers identified in the IA, except for the link to the ESR, which is simply stated without being elaborated upon in the problem description. This leaves the reader unclear about how the ESR, which is also part of the ‘fit for 55’ package, relates to the achievement of the objectives of the present proposal. The IA sets operational objectives as required in the BRG and provides a corresponding set of indicators to allow monitoring. However, operational objectives do not seem to link to the preferred option: no concrete targets are set and no deliverables of policy actions are defined. Therefore, the objectives do not fully comply with the definition of SMART (specific, measurable, achievable, relevant and time-bound) as recommended by the Better Regulation Guidelines.

Range of options considered

The IA did not look into the options for the following two aspects of the CO₂ emission targets (IA, pp. 26-27):

- Methodological approach for calculating manufacturer specific target levels using a limit value curve based on the average mass of a manufacturer’s new vehicle fleet in a given year. According to the Commission, the current approach defined in Regulation (EU) 2019/631 recognises that heavier vehicles require more energy for their propulsion and should better reflect trends in fleet mass over time;
Introducing an additional CO₂ emission target for internal combustion engine vehicles (ICEV) – an additional ICEV target would unduly add complication to the regulation for an uncertain added value, according to the IA.

In addition to the baseline scenario (‘do nothing’ option), the IA assesses a total of 20 options, grouped into three categories (IA, pp. 25-32). These are summarised below, with the preferred options highlighted in grey:

**Baseline** – this option builds on the EU reference scenario 2020, which is a common baseline for the ‘fit for 55’ package and implies that the existing provisions of Regulation (EU) 2019/631 would continue to apply.

1 **CO₂ emission targets for cars and vans**

   - **target levels (TL)** – the table below summarises the EU fleet-wide CO₂ emission target levels for new passenger cars and new vans under the three options considered, which are consistent with the levels in the scenarios of the CTP, according to the Commission.

<table>
<thead>
<tr>
<th></th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
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<tbody>
<tr>
<td></td>
<td>cars</td>
<td>vans</td>
<td>cars</td>
<td>vans</td>
</tr>
<tr>
<td>TL_0 (baseline)</td>
<td>15 %</td>
<td>15 %</td>
<td>37.5 %</td>
<td>31 %</td>
</tr>
<tr>
<td>TL_Low</td>
<td>15 %</td>
<td>15 %</td>
<td>40 %</td>
<td>35 %</td>
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<tr>
<td>TL_Med</td>
<td>15 %</td>
<td>15 %</td>
<td>50 %</td>
<td>40 %</td>
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<tr>
<td>TL_High</td>
<td>15 %</td>
<td>15 %</td>
<td>60 %</td>
<td>50 %</td>
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   - **timing of the targets** – a way to ensure a steady increase of emissions over time would be to set stricter targets more frequently, according to the IA.
     - A. TT 0 – new CO₂ targets start to apply every five years;
     - B. TT 1 – new CO₂ targets start to apply annually or in some of the intermediate years (the IA does not specify which intermediate years).

   - **use of the revenues from excess emission premiums**
     - A. REV 0 – change nothing: revenue from the excess emission premiums imposed on manufacturers, if their average specific emissions exceed their respective targets in a given calendar year, continues to be considered as revenue for the general budget of the Union;
     - B. REV 1 – assign revenues to a specific fund or programme (e.g. to support skills training and reallocation of workers in the automotive sector);
     - C. REV 2 – consider the revenue as ‘own resources’, reducing specifically the part of the own resources that are based on the gross national income of the Member States.

   - **derogations for small volume manufacturers**
     - A. SVM 0 – maintain the small volume manufacturers derogations that take into account their more limited possibilities to reduce average CO₂ emissions of their vehicle fleet;
     - B. SVM 1 – remove the possibility for small volume manufacturers to be granted a derogation target from 2030: the choice of the date allows the manufacturers concerned enough time to adapt to the new regulatory requirements, according to the Commission.

2 **Specific incentives for zero- and low-emission vehicles (ZEV and ZLEV)**

   - **incentive type**
     - A. ZLEV_no – no ZLEV incentive mechanism;
B. ZLEV_B – bonus-only system: maintains the existing bonus-only crediting system under Regulation (EU) 2019/631, with adjusted CO₂ targets and ZLEV benchmarks;
C. ZLEV_BM – bonus/malus system: same as option ZLEV_B, except for the addition of a 'malus' mechanism, which means that a manufacturer not meeting the ZLEV benchmark level would have to comply with a stricter specific CO₂ target;
D. ZLEV_M – ZLEV mandate: each manufacturer's new vehicle fleet would have to include at least a given share of ZLEV and manufacturers not meeting this mandate level would have to pay a penalty.

vehicles targeted by the ZLEV incentive mechanism (under the options where a ZLEV incentive mechanism would be maintained)

A. ZLEVAC_0 – change nothing – in the current regulation, the accounting of a ZLEV is based on its CO₂ emissions (in a manufacturer's share of ZLEV, greater weight is given to ZLEV with lower emissions);
B. ZLEVAC_1 – only ZEV would be eligible (battery electric vehicles and fuel cell electric vehicles);
C. ZLEVAC_2 – ZLEV with emissions from 0 to 25 g CO₂/km would be eligible.

3 A mechanism to take into account the potential contribution of renewable and low-carbon fuels for the purpose of target compliance assessment

A. FUEL0 – change nothing (the GHG emissions of vehicles and transport fuels are regulated separately);
B. FUEL1 – application of a 'carbon correction' factor to the type-approved emissions of the vehicles, to reflect the carbon intensity and share of the eligible costs;
C. FUEL2 – the introduction of a low-carbon fuels crediting system.

The baseline appears to be dynamic, i.e. it takes account of the policies in place and reflects possible developments of these if the policy framework were not updated to enable the revised 2030 climate target to be achieved. It furthermore reflects the most recent data available, notably in terms of Covid-19 impacts and the Member States' National Energy and Climate Plans. The content of the options is explained briefly and more details would have improved its clarity for a non-specialist reader, in particular the options for renewable and low-carbon fuels accounting. Stakeholder views are reported in the description of the options. The IA does not explain how the CTP scenarios – which define the level of ambition increase for light- and heavy duty vehicles broadly as 'low', 'medium' or 'high' – resulted in the CO₂ emission target levels for 2035 and 2040 (Table 1), or why a longer timespan until 2050 was not envisaged. Only the 2030 target levels are elaborated under 'low', 'medium' or 'high' level of ambition scenarios in the IA (annex 4, pp. 57-59).

Assessment of impacts

With the help of several modelling tools, the IA assesses the options for their economic, social and environmental impacts. It covers net economic savings over the vehicle lifetime, costs for automotive manufacturers, employment impacts, affordability of car types and segments, and tailpipe CO₂ emissions, among other impacts. The analysis is predominantly quantitative, complemented with qualitative data. The preferred options are projected to decrease the CO₂ emissions from cars and vans by around 32-33 % in 2030, 56-66 % in 2035 and 83-89 % in 2040, as compared to 2005. An overall limited increase in the number of jobs across the EU-27 is projected under the preferred options compared to the baseline (IA, p. 47). Net economic savings for society and end-users over the vehicle lifetime for new cars are estimated to amount to the following ranges: €860-1 600/car in 2030, €1 500-3 400/car in 2035, and €4 600-5 100/car in 2040. For new vans, the estimated ranges of net economic savings are: €1 000-1 200/van in 2030, €4 000-5 100/van in 2035, and €5 600-6 400/van in 2040. Furthermore, the combination of preferred options is expected to generate savings in the total costs of ownership for first and second users and decrease the final energy demand of new cars and vans. The projected costs for manufacturers are €300-550/car in 2030,
€940-1 700/car in 2035 and €1 400-1 700/car in 2040. For new vans, the projected costs for manufacturers are €450-940/van in 2030, €1 500-2 800/van in 2035 and €2 300-2 700/van in 2040 (IA Annex 3, pp. 27-30). The feasibility of different target level options is discussed in terms of the annual additional investments for the automotive sector, which are found to represent a limited increase as compared to the investments needed to comply with the current CO₂ emission target levels (4 % increase over 2021-2040 under TL_High, p. 38 of the IA). The investments in public and private recharging infrastructure are estimated to amount to around €6 billion per year over 2021-2040 under TL_High (although this figure does not seem to match the figures in the Alternative fuels infrastructure IA). The IA compares the options based on the mandatory criteria of efficiency, effectiveness and coherence, as well as in regard to their proportionality as required by the BRG (IA, pp. 75-81). It concludes that significantly strengthening the CO₂ targets for cars and vans as of 2030 in five-year steps, as well as removing the ZLEV bonus incentive mechanism and the small volume manufacturer derogation from 2030 onwards, not including the fuels accounting mechanism and maintaining the revenues from excess premiums as part of the general EU budget, are the preferred options (IA, pp. 83-84). As for the removal of the ZLEV incentive mechanism, the IA explains that the existing bonus-only option may risk undermining the environmental effectiveness, while the ZEV mandate and a bonus/malus system score low in terms of proportionality (p. 80).

SMEs / Competitiveness

The IA does not provide information on the share of small and medium-sized enterprises (SMEs) in the supply chain and does not discuss whether SMEs are affected by the proposal, which is contrary to the Better Regulation Guidelines. However, Table 20 of Annex 3 (pp. 27-30) lists SMEs operating vans among the indirect beneficiaries of the initiative. According to Annex 3 of the IA, ‘positive impacts are expected as a result of lower operating costs for the vehicles and total cost of ownership savings for first, second and third users’ (IA Annex, p. 29). No further details on SME impacts are provided in the IA or in its annexes. Impacts on innovation and competitiveness are touched upon briefly under the economic effects of the options considered for the emissions target levels and are linked to the deployment of zero-emission technologies. According to the IA, TL_High leads to a faster deployment of these technologies and therefore a higher positive impact on innovation, and the automotive industry’s technological leadership and competitiveness (IA, pp. 39-42). These claims are substantiated with qualitative data.

Simplification and other regulatory implications

The IA briefly addresses the coherence and interactions with several other EU legislative instruments and policies, among them the ‘fit for 55’ initiatives (IA, pp. 6-9 and 72-74). In particular, it seems to imply that the parallel proposals on ESR, alternative fuels infrastructure and higher CO₂ emission targets for new cars and vans are mutually reinforcing, but does not elaborate on their interactions in more detail. According to the IA, removing the ZLEV bonus incentive mechanism and the small volume manufacturer derogation from 2030 onwards, which is envisaged under the combination of preferred options, will contribute to the simplification of the legislation (p. 84). Providing justification in this regard and further discussing the synergies and inter-dependencies between the ‘fit for 55’ initiatives would have improved the IA, especially given the interlinkages of the ‘fit for 55’ files.

Monitoring and evaluation

The IA identifies a set of indicators to allow the monitoring of specific policy objectives (pp. 85-86), but – contrary to the Better Regulation Guidelines – does not include any monitoring or evaluation provisions. Such provisions are however included in articles 14a and 15 of the proposal, but without the corresponding monitoring indicators of the IA.

Stakeholder consultation

Stakeholders were offered an opportunity to provide feedback on the inception IA between 29 October and 26 November 2020. An open public consultation (OPC) took place between 13 November 2020 and 5 February 2021, fulfilling the 12-week requirement. A total of 1 057 replies were received to the OPC and 129 replies to the inception IA. The results of OPC and inception IA consultations are reported in Annex 2 of
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the IA and the views of stakeholders are broken down into the following categories of respondents: industry (comprising business associations and companies, the IA does not specify whether SMEs were covered), citizens, public authorities, NGOs, consumer organisations and environmental organisations (pp. 7-23). The insights from OPC are reported predominantly in the objectives and options part of the IA, but not in the rest of the report. The OPC summary report, the contributions received and their annexes are available online. Furthermore, the Commission sought feedback through meetings with relevant industry associations representing vehicle manufacturers, components and materials suppliers, energy suppliers, as well as bilateral meetings with Member State authorities, vehicle manufacturers, social partners and NGOs, but the results of these meetings are not transparently reported in the IA.

Supporting data and analytical methods used

The IAs accompanying several of the legislative proposals included in the 'fit for 55' package, including the IA of the proposal for the strengthening the CO₂ emission standards for new cars and vans, rely on a common analytical framework, which aims to 'ensure consistency of the analysis across all initiatives' (IA, Annex 4, p. 31). This framework is embedded in several modelling tools with proven track record in supporting EU policy-making, which are used to produce a common baseline (the EU Reference Scenario 2020) and a set of core scenarios (REG, MIX, MIX-CP), complemented by specific variants developed for the individual 'fit for 55' initiatives. These modelling tools are publicly available in the European Commission's modelling inventory and knowledge management system (MIDAS), including the models, used in the present IA, of CO₂ emission standards for new passenger cars and new vans: PRIMES-TREMOVE, DIONE, E3ME and GEM-E3 (IA Annex, pp. 62-68). The modelling work was done in-house by the Commission and is based on socio-economic and technology assumptions regarding the evolution of the European population, GDP growth, international energy prices and the development of technologies, in terms of performance and costs. The assumptions are provided in Annex 4 of the IA (pp. 41-62), but the limitations do not seem to be acknowledged. The Commission uses the MIX policy scenario to assess the three different levels of the CO₂ emission performance targets (TL_Low, TL_Med and TL_High), as according to the IA, it is considered more appropriate (p. 33). The costs and benefits are identified and quantified, except for indirect costs and benefits that are described qualitatively (IA Annex, Tables 20 and 21, pp. 27-30). Although much effort has been put into quantification, some qualitative data could have usefully complemented the IA, in particular when it comes to sustainable fuels for transport and the territorial dimension of the problem.

Follow-up to the opinion of the Commission Regulatory Scrutiny Board

The Regulatory Scrutiny Board (RSB) adopted a positive opinion with reservations on a draft version of the IA report on 19 April 2021, highlighting a number of shortcomings that needed to be addressed. The RSB found that the report was not clear on the reasons for revising the existing regulation and that it did not sufficiently demonstrate the feasibility of the high-level reduction target. Moreover, the RSB observed that the report did not provide sufficient information on the impacts of the preferred options on competitiveness, innovation and smooth sector transition, and that stakeholders' views had not sufficiently informed the analysis. The IA provides an explanation as to how it addressed the recommendations of the RSB (IA Annex 1, pp. 2-5). Overall, the IA appears to have made sufficient effort to incorporate the RSB's recommendations, although it is still not entirely clear how stakeholders' views have informed the analysis and what the quantitative impacts on competitiveness and innovation are.

Coherence between the Commission's legislative proposal and IA

The legislative proposal appears to follow the IA recommendations, in that it is based on the preferred options, except for the emission reduction target for new cars from 2030 (Article 1, paragraph 5 of the proposal), which is set at 55% compared to 2021, instead of 60% as indicated in the preferred option of the IA. This deviation is not explained in the proposal.
The present IA supporting the proposal to amend the existing emission performance standards for new cars and vans draws on the findings of the Climate Target Plan (CTP) IA, which assessed the feasibility of increasing the EU climate target to a 55% net reduction in GHG emissions by 2030 compared to 1990. Building further on this analysis, it undertakes a quantitative assessment of the economic, social and environmental impacts of strengthening the CO₂ targets for cars and vans. It uses modelling tools with proven track record in supporting EU policy-making, the assumptions of which are transparently explained. In addition to this, it identifies and quantifies the costs and benefits of the combination of preferred options and qualitatively describes indirect costs and benefits. Despite the considerable effort involved, the IA contains a number of shortcomings that reduce its overall quality. To begin with, the IA defines the problem at a rather aggregated level and does not provide further details as to which consumers or which parts of the value chain in which Member States are affected, and at what scale. The problem definition is further weakened due to the lack of data on the development of zero-emission technologies and their market trends in the different EU Member States and on sustainable fuels for transport. Although one of the objectives of the IA is to support Member States in meeting their targets under the Effort-sharing Regulation (ESR), the link to the ESR is simply stated without being elaborated upon. Moreover, the IA seems to imply that the parallel proposals on the ESR, alternative fuels infrastructure and higher CO₂ emission target levels for new cars and vans are mutually reinforcing, but does not explain their interactions in more detail. Furthermore, the IA does not explain how the CTP scenarios – which define the level of ambition increase for light- and heavy-duty vehicles broadly as ‘low’, ‘medium’ or ‘high’ – resulted in the CO₂ emission target levels for 2035 and 2040. Finally, contrary to the Better Regulation Guidelines, the IA does not discuss or assess whether and how SMEs are effected by the proposal and contains only a brief qualitative discussion of the impacts on innovation and competitiveness of the automotive industry.

ENDNOTES

1 See V. Vikolainen, Setting the 2030 GHG emissions reduction target, EPRS, European Parliament, December 2020.
3 The costs for automotive manufacturers are calculated as the difference, between the policy options and the baseline, of the manufacturing costs, averaged over the EU-wide new vehicle fleet of cars and vans registered in 2030, 2035, 2040. They include both direct manufacturing costs, including materials and labour, as well as indirect manufacturing costs, including R&D, warranty costs, depreciation and amortisation, maintenance and repair, general other overhead costs (IA annex, p. 88)
4 The proposals for revision concern the following areas: Emissions Trading System, Effort Sharing Regulation, land use, land use change and forestry (LULUCF), CO₂ emission standards for cars and vans, energy efficiency and renewable energy.

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