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from : General Secretariat
to : Delegations

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Subject : Proposal for a Regulation of the European Parliament and of the Council setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce **CO₂ emissions from light-duty vehicles**
- Information from the Presidency

Delegations will find annexed a note from the Presidency on the above subject, which will be dealt with under "other business" at the meetings of the Council (Competitiveness) on 29 and 30 May 2008 and (TTE - Transport) on 6 June 2008.

I. INTRODUCTION

In December 2007, the Commission adopted a proposal for a Regulation setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO₂ emissions from light-duty vehicles.

The draft legislation defines a limit value curve of permitted emissions of CO₂ for new vehicles according to the mass of the vehicle. The curve is set in such a way that a fleet average for all new cars of 130 grams of CO₂ per kilometre is achieved. From 2012, a manufacturer will be required to ensure that the average emissions of all new cars which it manufactures and which are registered in the Community are below the average of the permitted emissions for those cars as given by the curve.

The proposal will provide the manufacturers with the necessary incentive to reduce the CO₂ emissions of their vehicles by imposing an excess emissions premium if their average emission levels are above the limit value curve. This premium will be based on the number of grams per kilometre (g/km) that an average vehicle sold by the manufacturer is above the curve, multiplied by the number of vehicles sold by the manufacturer. A premium of €20 per g/km has been proposed for the first year (2012), rising to €35 in 2013, €60 in 2014, and €95 in 2015 and thereafter. In the Commission's proposal, most manufacturers are expected to meet the target set by the legislation, so significant penalties should be avoided.

In Council, the Working Party on the Environment (WPE) examined the proposal at several meetings. Additionally, there was a policy debate at the Council (Environment) on 3 March 2008 and information notes from the Presidency to the Council (Competitiveness and Transport). In Parliament, the Committee on the Environment, Public Health and Food Safety (ENVI) has appointed Mr Guido Sacconi (PSE, Italy) as Rapporteur. The vote in committee and in plenary is foreseen for Autumn 2008.

II. STATE OF PLAY

In general, all delegations have welcomed the proposed legislation setting CO₂ emission performance standards for new passenger cars. However, some divergences were identified when analysing the design of the proposal.

Utility parameter

Several delegations can support the use of mass as the most appropriate utility parameter, as proposed by the Commission. However, some other delegations would favour the use of footprint, as this parameter would in their view reduce the chance of adverse effects and provide a stronger incentive for manufacturers to reduce the weight of cars. Some delegations have suggested using mass in a first stage and re-examining the utility parameter chosen in the context of the review of the Regulation.

Slope of the curve

To share the burden between manufacturers, the Commission proposes a slope of 60% for the limit value curve. According to the Commission, the slope needs to remain below 80% in order to avoid perverse incentives to increase mass and to deliver the EU's objective of 130 g CO₂/km by 2012. Some delegations would prefer a slope lower than 60% (20% to 30%), others would like to have a higher percentage (65% to 80%). One delegation would like to have a choice between the utility based target and a fixed based target of 25% for example to cover its concerns with respect to the niche manufacturers that will have to do very challenging CO₂ reductions on the basis of the limit value curve.

Excess emissions premium (penalties)

Some delegations would like to lower the sanctions, others support the Commission's proposal of gradual penalties in order to deliver the EU's objective of 130 g CO₂/km arguing that the level of the penalties is dissuasive and aims at creating an incentive to the industry to comply with the Regulation. Other delegations would like to apply penalties with a certain degree of flexibility: only for cars that exceed the limit established or depending on how far the emissions are from the target for that car.

Moreover, in the Commission's proposal, any eventual amounts collected should revert to the budget of the European Union. Member States have different views on this issue: some would like to earmark these revenues in the EU's budget (for environmental protection, transport sector, research and development and education programmes in these sectors), while others would prefer to incorporate these revenues in Member States' budgets.

Calendar

The Commission proposes to implement this Regulation in 2012. Some delegations would prefer to start in 2015, while others propose to introduce in the legislation a gradual implementation or volume phasing-in for the car fleet from 2012 to 2015: it would apply only to a certain percentage of the car fleet in 2012 and to 100% of the car fleet in 2015.

Long-term objectives

Since a vast majority of delegations favoured, in principle, the introduction of long-term objectives in the text, the Presidency made a proposal to include in the review clause the possibility of reviewing the specific CO₂ emissions targets with the aim of setting a roadmap towards reaching the long-term target of 95 g/km by the year 2020. Some delegations support the Presidency amendment; others would prefer to avoid making reference to a concrete figure since there is no solid scientific basis, at this stage, to determine what could be feasible and appropriate.

