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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
- Policy debate

In reply to questions by the Presidency (6439/08), delegations will find in the Annex written contributions by EE/ES/IT/HU/NL/RO/SK/FI/SE/UK.

ESTONIA

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

Estonia is of opinion that the proposal for a Regulation meets the targets set by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ from cars. This proposal is a big step forward towards achieving the Community's target – 120 g CO₂/km for 2012. However, concrete methods and targets should also be established and implemented for complementary measures – air-conditioners, biofuels, low rolling resistance tyres- to see how these can achieve this additional 10 g CO₂/km reduction target.

SPAIN

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

It is interesting to bear in mind that 120 g CO₂/km was considered an indicative target by the voluntary agreement of the vehicle producers in 1995-2008, hence, as confirmed by the evaluation, **it is necessary to increase the level of ambition and to establish an additional Regulation. Spain supports progress along this regulatory route. Additionally, this proposal launches supporting signals consistent with the “CO₂ package” of 23rd January.**

In this context, we consider that the decision to replace the current Industry self-regulation (that has not met its goals) by a binding regulation for the vehicle manufacturers has an instrumental character that will make it possible to reach the environmental objective while keeping the basic principles established in the revision of the Strategy. Taking into account the fact that the CO₂ emission tendency in road transport shows that self-regulation has not been sufficient to reduce them, and considering that the assessment performed by the Commission annexed to the proposal has remarked on this problem, **we support the choice of a binding regulation as the most effective option.** We should consider also that to achieve that objective, mechanisms should be established to grant the fulfilment of the criteria proposed by the Council in the conclusions on the results of the Community CO₂ emission strategy review.

Therefore, and considering the complexity of this sector and its environmental, social and economic implications, we have to make an effort to adopt actions in the framework of integrated strategies that, based on impact and cost-effectiveness assessments, make it possible to take into consideration all the elements involved in the problem. Since it is of great importance to reduce the **CO₂ emissions of new vehicles, we cannot forget other relevant issues, such as renewal of the existing vehicles, traffic management, improvement of infrastructures, or the promotion of changes in consumer behaviour in relation to the type and size of vehicles or their use.**

One of the main conclusions of the Council was to focus on **technological innovation, turning this option in one of the main objectives of the proposal. Spain, in this regard, supports the “eco-innovation”** since even in the margins of the vehicle licensing, but still based on independent audit to ensure their effectiveness, this promotes a reduction in CO₂ emissions via a flexible and cost-effective approach, thereby fostering the competitiveness of the European vehicle manufacturing industry through the incorporation of new complementary measures to reduce emissions. **The enhancement of the sector's R&D&I as a sustainable development element that generates competitive advantages is an essential element of any environmental policy.**

Consistent with the integrated approach of the proposal, we consider that it is necessary to combine all the efforts to achieve the CO₂ emission targets. Based upon this, we have to ask the industry to increase their capacity to place on the market less polluting vehicles, but we also have to demand similar efforts from the other actors, including the fuel producers. Fuel savings that would be achieved with this Regulation are of great importance for all of us, and this is the reason why, in the sustainability framework of the proposal, we support the **concept of more polluting vehicles paying greater premiums, although we are willing to discuss the amounts.**

It is also reasonable for the efforts to be shared efficiently, with the main aims achieved through complementary measures, flexibility being a positive signal. **Nevertheless, it is necessary to establish systems that ensure the flexible mechanisms, otherwise a back door would be open to the industry and then assessment of the final objectives would be compromised and the fulfilment jeopardized.**

To conclude, Spain takes the view that , in relation to one of the main issues being discussed, **the slope should be low enough to grant the achievement of the environmental objectives.** Even more, **Spain supports in principle the Commission's proposal for 2012.** However, both this and the penalties issue require flexibility to avoid damaging the competitiveness of European industry.

ITALY

Do Ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

Italy is especially dissatisfied with the Commission proposal, which has substantially disregarded the calls made by the Environment Council in its June 2007 conclusions. With particular regard to environmental criteria, the establishment of targets differentiated by vehicle mass is inconsistent with the polluter-pays principle enshrined in the Treaty, which is the only way of achieving an effective reduction policy. The option chosen, based on a 60 % curve slope, shifting the burden of reductions from higher-emission to lower-emission cars, is unlikely to alter consumer behaviour greatly and might paradoxically in future cause an increase in average CO₂ emissions from new cars.

With the market showing a trend towards the purchase of larger, more powerful cars, the approach followed will encourage rather than counteract that development. This worrying scenario is borne out by the Commission's acceptance of the need for a review of specific emission targets for manufacturers in 2010, in order to offset autonomous mass increase (AMI).

On top of this comes the differing impact of price rises on sales in individual market segments. In view of the greater price elasticity of demand for small cars, there is likely to be a particular drop in sales in that segment, with resulting environmental implications for car fleet renewal as well as social effects.

While a 0 % curve slope, along with an emissions trading system, is the only option able to ensure achievement of the EU objective with full compliance with the polluter-pays principle, Italy could accept the approach proposed by the Commission, provided the curve slope remains at around 20 % to 30 % regardless of the utility parameter selected.

We are also concerned about the penalty system proposed and would point to the adverse effect on smaller, more economical cars emitting less than 130 g/km, which will incur the same penalty per gram of CO₂ as cars emitting more than 130 g/km. Since the premium is to be multiplied by the number of cars sold, moreover, smaller cars will be further penalised on account of the considerable difficulty in passing on higher costs, also caused by penalties, to customers. Penalties should be geared to actual CO₂ emissions by each vehicle rather than to emissions in excess of a specific target. That approach would encourage consumers to buy environmentally more efficient cars, and the polluter-pays principle would be complied with.

As regards allowing special targets by way of exception for niche products, based on type of car made (e.g. luxury sports cars), we consider that such exceptions should be made only in accordance with strict, transparent criteria that have no overall effect on competition and should in particular apply to all niche products, not just to independent manufacturers.

HUNGARY

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

a. Respect for criteria put forward by the Council

Hungary considers that the Commission's proposal setting emission performance standards for new passenger cars generally respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars.

b. Further improvement of the balance between the different elements of the proposal to meet its environmental objectives

Hungary believes that the following measures could considerably contribute to striking a balance between the environmental objectives and economic feasibility of the proposal:

- c. Hungary considers that the slope of the emission limit linear curve should be adjusted between 65-80%.
- d. Hungary agrees with the introduction of a system of excess emission premiums. However, it is of the view that some of the premiums proposed are excessive and may amount to an unreasonable burden for manufacturers. Therefore the system should be revised to better reflect an equilibrium between the desired environmental end and the development capacities of industry.

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NETHERLANDS

Do Ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

The EU has shown leadership in combating climate change, especially by setting ambitious reduction targets of 20% (unilateral) or 30% (multilateral) by 2020. These targets can only be achieved through an equally ambitious CO₂ emissions reduction policy. The Netherlands therefore welcomes the proposed legislation setting CO₂ emission performance standards for new passenger cars, and hails the proposal as a major step in the right direction.

In its contribution to the Council of 20 December 2007, the Netherlands indicated that it would assess the proposal on the following points:

1. its ability to reduce the average CO₂ emission to 130 g/km by 2012,
2. its adherence to the polluter -pays principle, and
3. the inclusion of long-term targets.

As regards the first two points, the Netherlands believes the proposal is on the right course, but would have preferred:

- footprint as the utility parameter, as this would reduce the chance of adverse effects and provide a stronger incentive for manufacturers to reduce the weight of cars, which in turn is a major determinant of fuel efficiency;
- a slope of less than 60%, which would have better reflected the polluter pays principle;
- a higher initial excess emissions premium, as the Commission has confirmed that the initial premium will not be enough to achieve an average emission of 130 g/km in 2012.

However, the main focus for the Netherlands is that tangible and ambitious long-term CO₂ targets are included in this Regulation. The Netherlands has sent a proposal to the Council Working Party to this effect.

In its Conclusions of 28 June 2007, the Council reiterated the central role of technology in reducing CO₂ emissions from road transport and, in view of the need for further emission reductions in the future, expressed its opinion that a comprehensive, consistent and challenging long-term strategy is needed and, in this context, invited the Commission to propose a long-term objective for 2020 for the average greenhouse gas emissions of road vehicles.

In a Resolution adopted on 24 October 2007, the European Parliament insisted that from 1 January 2020 average emissions should not exceed 95 g CO₂/km. In its Communication "Results of the review of the Community Strategy to reduce CO₂ emissions from passenger cars and light-commercial vehicles" of 7 February 2007, the Commission stated that more ambitious objectives beyond the 2012 target of 120 g CO₂/km would require the development and demonstration of advanced CO₂ reduction technologies.

The ambitious EU commitment to reduce greenhouse gas emissions by 30% by 2020, or at least 20% unilaterally, and continuing reductions after 2020, also demand that car manufacturers intensify their efforts to reduce the CO₂ emissions from new cars beyond 2012. In view of the Cars21 initiative, the industry should be given clear prospects as soon as possible, so that they may have sufficient lead time. The innovation and the development of advanced CO₂ reduction technologies will be essential for achieving these greater reductions.

In consideration of the above, and the Commission's acknowledgement that the 130 g/km target in 2012 will not be met by all manufacturers, the Netherlands emphasises the need for including tangible reduction targets in this Regulation for the period beyond 2012. The Netherlands proposes including a fixed target for 2014 and provisional targets for 2017 and 2020. The 2014 target could be based on the existing impact assessment without imposing an unjustifiable burden on the European car industry. The provisional targets for 2017 and 2020 should be reviewed by 2012 at the latest, by means of an in-depth impact assessment that could also look at the utility parameter used and the slope of the utility curve.

The Netherlands believes that this scheme would give the automotive industry clear prospects, greater certainty and a level playing field, thus stimulating the industry to start work on lowering car emissions well before 2020. The scheme also takes account of the nature of the car industry in which new models are introduced gradually but steadily. In the opinion of the Netherlands, this scheme would provide the best assurance of ongoing innovation in automotive technology.

The Netherlands' preference is for a target of 80 g/km in 2020. It considers this to be a reasonable burden for the car industry in the light of the ambitious EU CO₂ reduction targets. The Netherlands acknowledges, however, that both the EP Resolution and the research goal in the 2007 Strategy assumed a 95 g/km target for 2020.

The intermediate targets should represent a reasonable pathway from 2012 to 2020. The targets could be progressive (reduction efforts increase over time) in order to provide flexibility for the industry. This would give the industry some extra lead time and the option of choosing its own reduction rates over the 2012-2020 period.

The Netherlands asks the Council to consider including tangible and ambitious long-term CO₂ emission targets in this Regulation and believes that the proposed scheme is a good starting point for further negotiations.

ROMANIA

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

Romania considers that this new proposal for a Regulation complies with the criteria adopted by the conclusions of the Environment Council in June 2007 .

Romania supports the objective of significantly reducing the CO₂ emissions from passenger cars in line with the EU's role as a leader in tackling climate changes.

Nevertheless, these harmonized rules have to be consistent with the EU objective of a 20% reduction in greenhouse gas emissions by 2020, while respecting principles such as social equity and the polluter pays.

From an environmental perspective, the proposal has to ensure, in the medium and long term, that the whole European fleet will reduce its emissions. Of necessity, this demands a higher rate of fleet renewal than at present.

Unfortunately, the proposal in its present form cannot support the objective of fleet renewal and, therefore, does not go in the direction of the objectives it was meant to achieve.

The main reason for this situation is that the proposal imposes more stringent requirements for small cylinder-capacity vehicles to reduce the CO₂ emissions, as a ratio. Romania considers that these requirements will have a significant effect on the price of the small and medium size vehicles, which dominate not only the Romanian market but also the whole EU market. At the same time, it has to be said that Romania has one of the oldest car fleets in Europe, with an average age of more than 13 years.

Several changes need to be made in order to ensure, in our view, that the proposal will achieve its objectives:

1. **The level of penalties** (excess emissions premium) is excessively high, going too far beyond the incentives level, and therefore making the automobile industry include it in the car price. This level should only be marginally higher than the incentives level, thus effectively encouraging the producers to innovate.

Also, the scale of penalties is not adequate, in Romania's view. The 2014 and 2015 levels are excessively high and will only hamper the industry's competitiveness.

2. Romania considers that **the parameter used to establish the specific CO₂ emissions targets should be the vehicle's "footprint"**. Romania supports the use of this parameter because it has a constant value and is neutral in relation to the technologies and the security constraints.

The "mass" parameter has a dynamic character that might encourage the manufacturers to increase the weight of the vehicle to the detriment of vehicle motor technology improvements. This will lead to higher fuel consumption and, implicitly, to the increase of CO₂ emissions.

3. Romania considers that **the slope should be smaller** in order to achieve a balanced application of the overall criteria.

4. Romania considers that **no derogation should be accepted**.

The derogations proposed are in blunt contradiction to both social equity and polluter- pays principles, as they will allow very expensive and polluting cars to pollute "unpunished". From an environmental perspective, this approach is unacceptable.

The combined effect of these four issues (penalties, mass factor, high slope and derogations) will only hamper the competitiveness of a high-performing industry, instead of contributing to the achievement of the environmental objectives.

Finally, regulating the CO₂ emissions from the entire vehicle production of a manufacturer, export production included, will only lead to difficulties in the CO₂ reporting and monitoring system.

On the other hand, the error margin of the CO₂ emission measurements for type approval needs to be taken into account.

SLOVAK REPUBLIC

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

First, we would like to stress that the Slovak Republic takes the EU ambitions in the field of climate change very seriously. We are of the opinion that to achieve the targets set by the European Council in March 2007 all sectors and activities must contribute, and this includes reducing emissions from passenger cars.

We would like to strongly emphasize that to succeed in addressing CO₂ reduction targets for cars, it is of paramount importance to take into account the integrated approach i.e. to solve the issue together and incorporate the drive for eco-innovations in vehicle engine and non-engine technologies.

The crucial principle is to achieve a balance between the contribution of automotive industry in the fight against climate change and the subsequent impacts on car manufacturers.

To do so, we think there is a need to give thorough consideration to elements which may afterwards result in successful implementation of a Regulation.

There is a great need to respect the cost-effectiveness principle of measures – in this proposal also to judge in parallel other aspects of the integrated approach which so far are not adequately reflected in negotiations.

The proposed solutions should not jeopardize the competitiveness of European automotive industry. The lead time for a new production cycle is around 7 years. This means that there will not be sufficient time for all new cars to be manufactured in line with the new Regulation up to 2012. We suggest therefore a gradual production or volume phasing-in the car fleet from 2012 to 2015. The affordability of new cars should not be undermined. We support the principle of imposing sanctions on those that emit excessively but the level of penalties will pose a very high burden on the automotive industry by comparison with other sectors. The negative side effect might be the price increase of new cars and a slower replacement of the car fleet with more environmentally friendly models. This problem concerns mainly countries where consumers have less purchasing power.

Measures should be neutral as regards impacts on various categories of cars.. The critical point is balanced definition. At this stage it is premature to speak about the concrete percentage of the limit curve slope; it is preferable to focus the discussion on finding criteria for curve definition. Criteria should be set to take into account economic, innovative and social impacts.

FINLAND

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

Finland considers that the Commission's proposal setting emission performance standards for new passenger cars on the whole respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars. By setting CO₂ emission performance requirements based on mass for each new registered car model, the proposal aims at reducing the average CO₂ emissions of passenger cars at 130 g CO₂/km by means of vehicle motor technology by 2012. Moreover, an additional reduction of 10 g/km should be achieved with some complementary measures. Therefore, the Commission's proposal takes appropriately into account the previous decisions, including the voluntary agreements with the car industry and the Council conclusions.

The energy consumption and CO₂ performance of passenger cars depend on various factors, such as motor size and power, mass and aerodynamic design of the car. Using mass as a parameter defining the specific emission targets for each passenger car can be justified by the fact that reliable comparison data based on type-approval legislation (EC/715/2007) is available. Moreover, mass is a relatively flexible parameter, i.e. there is a correlation between the weight of the vehicle and CO₂ emissions, but CO₂ performance of cars can also be improved without reducing weight and thereby changing too much the segment of the car (i.e. small, medium-sized or large car). Therefore, Finland can support the Commission's approach using mass as a parameter for defining CO₂ performance for each car. Nevertheless, Finland could be relatively flexible, should any other parameters be added to the list of criteria or even if mass should be replaced by some other parameter as long as (1) reliable data is available on such parameters, (2) they treat car manufacturers in a fair way and (3) they restrict any manipulation. Finland would welcome more data and a more detailed analysis to back the case put forward by some Member States that amendments should be made to some basic elements of the Commission's proposal (especially use of footprint as a parameter or slope of the limit value curve of permitted CO₂ emissions for new passenger cars). These Member States should provide some more detailed analysis for their argumentation.

Finally, Finland looks forward to the forthcoming legislative proposals and their related impact assessments in order to ensure that an additional 10 g/km reduction in CO₂ emissions of passenger cars be achieved. Finland also welcomes indicative or visionary long-term targets for CO₂ emissions of passenger cars for 2020. However, as no impact assessments can be presented at this stage for such long-term targets, they should not be considered as binding targets at this stage, but only as providing some guidance for the car manufacturers.

SWEDEN

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO2 emissions from cars?

Sweden is in favour of the Commission's proposal that reduction targets should be defined through a linear curve based on vehicle weight. We believe that this approach towards reaching the target of 130 g CO₂/km in 2012 conforms to the criteria of the Council conclusions of June 2007.

Although the slope of the curve does not change the target of 130 g CO₂/km, the slope determines the burden sharing between manufacturers. Sweden sees the proposed slope by the Commission as almost an acceptable basis for a compromise between manufacturers of heavy cars and light cars. However, we believe that a slightly steeper slope of 65% would be fairer as it takes into account the fact that heavier cars have more potential to reduce CO₂ emissions than lighter cars. A more horizontal slope than 65 % will not sustain the diversity of the European vehicle industry and will give little incentive for the further environment-sparing technical development of lighter cars.

Sweden also supports the principle of a gradual increase in the excess emissions premium from 2012. Since the development of vehicles is planned well ahead and only very limited changes can be made afterwards, we believe that high premiums too early will not cut the lead time of vehicle development but only increase the costs to the manufacturers.

If the premiums are set too high, they could in fact hinder the manufacturer in their attempts to improve car design in terms of CO₂ emissions as less money is then available for environmental investments. Sweden therefore requests that the level of the premiums is reworked and possibly combined with a system of banking and borrowing of CO₂ credits over a fixed period.

What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

The CO₂ emission standards will require high quality CO₂ measurement results. To ensure that CO₂ emissions from cars in use do not increase compared with those measured at type approval, Sweden proposes that, the next time Regulation EC No 715/2007 is revised, the Commission should consider including the CO₂ emission test in the in-service conformity testing programme. CO₂ emissions from vehicles that have been used in ordinary traffic for some years might differ from what is measured during type approval.

The linear curve that gives the targets is based on the total average weight of the car. The Commission will review the average weight in 2010 and possibly amend the linear curve. If the average weight has changed, the manufacturers have less than two years to comply with the new targets. This is not long enough. Most models are then in final development or production phase. Sweden therefore requests that the review should not be undertaken before 2015.

There is a need for a flexible mechanism to respond to unforeseen market fluctuations due to unexpected changes in customer demand. Sweden considers that a system of banking and borrowing of CO₂ credits over a fixed period would be appropriate. This reduces risk and provides for environmental technology investments.

With the current type approval system, the proposed Regulation gives no credits for vehicles that are designed to run on electricity or biofuels, all or some of the time.. Sweden believes that these vehicles have a role to play in making road traffic sustainable and that the legislation therefore should give incentives to the vehicle industry to develop these vehicles.

Sweden is also of the opinion that the CO2 emissions standards for passenger cars should be complemented, as soon as possible, with similar standards for new utility vehicles.

Finally, Sweden believes that it is important that the average target of 130 g CO2/km is followed up by a new target. The proposal therefore should give the Commission the task of coming forward with a proposal for a new long-term target.

UNITED KINGDOM

Do ministers agree that the Commission's proposal setting emission performance standards for new passenger cars respects the criteria put forward by the Council in its conclusions on the results of the review of the Community Strategy to reduce CO₂ emissions from cars? What can concretely be done to further improve the balance between the different elements of the proposal in order to meet its environmental objectives?

The UK believes that the proposal broadly takes into account the criteria included in last June's Environment Council conclusions. Given that these criteria compete to some extent, the Commission is to be applauded for negotiating a path between them.

However, one criterion that has not been reflected in the proposal is the need for action beyond 2012, specifically that *"a comprehensive, consistent and challenging long-term strategy is needed; in this context, [the Council] invites the Commission to propose a long-term objective for 2020"*. There are two related reasons why it is important to commit to this now. Firstly, there is little doubt that g/km CO₂ emissions will need to continue being reduced in future. Secondly, we know that the smaller the time between legislation being announced and coming into effect, the more difficult it is for industry to make the necessary changes: by giving manufacturers good notice of what they will have to achieve, the environmental outcome is more certain.

The UK believes that the long-term objective should be a target of 100g/km CO₂, by 2020, or no later than 2025. If this were to be included in a revised version of the proposal, it would not have to be absolute at this stage: provision for review could be included.

A large part of the discussion on the proposal has been taken up with the gradient of the utility slope. However it is self evident that trying to solve one concern by varying the gradient will simply intensify another - it will be very difficult to find a single slope gradient that will satisfy all criteria.

What the UK is proposing is a way forward out of this polarised debate, which will address all concerns while still having a positive outcome. A cap set at a percentage level of reduction some way above the industry average--for example 25% from current levels, as compared to the industry average 19% reduction--would avoid distorting the market even at shallower slope gradients. Environmental certainty would not be significantly affected, and the "polluter pays" principle would be fulfilled given that manufacturers making use of the cap would still be making larger reductions than any other manufacturers and introducing this cap will also avoid the perverse impacts of some manufacturers facing disproportionate targets. This would ensure that the regulation is competitively neutral, a key criterion agreed at last year's council.

Similar arguments can be made for the derogation for small-volume manufacturers. Taking a punitive approach to such manufacturers would certainly not achieve a measurably better environmental outcome, given that their vehicles only account for 0.16% of actual new car CO₂ emissions in the EU. We therefore strongly welcome the derogation for small volume manufacturers in the Commission's proposal. The derogation is not a licence to make minimal or no effort: as it is worded in the proposal, the Commission will hold substantial power to ensure that the target each manufacturer signs up to is one that represents the highest possible emission reduction. To remove or weaken the derogation would go against better regulation principles as it could significantly threaten the viability of many small volume manufacturers that contribute to jobs and innovation, but for almost no environmental gain.