

## CARS 21 - WORKING GROUP 4

### on Internal market, emissions and CO2 policies

---

#### - MANDATE -

#### SUBJECT MATTER

The **major environmental challenge for road transport** in the coming decades **will be the necessary reduction of CO2 emissions**. Road transport accounts for a significant and growing share of overall greenhouse gas emissions, as other sectors have been able to decrease their emissions compared to 1990. Those of road transport have been increasing, due to growing demand for mobility. In recent years emissions seem to be stabilising with substantial improvements in energy efficiency of new vehicles. The next few years will confirm if this is an enduring trend. The European Council has already framed the ambition level, calling upon "all Parties... to agree to global emission reductions of at least 80-95%... It supports an EU objective ... to reduce emissions by 80-95% by 2050 compared to 1990 levels". The **White Paper on Transport** and the **Roadmap for a low carbon economy by 2050** to be adopted in early 2011 will be an important step in defining the long term policies needed to achieve that objective. These documents should be taken into account in the discussions to be held within this Working Group, to reflect an approach integrating both supply and demand aspects for reducing CO2 emissions from road transport..

By 1 January 2013, the Commission shall complete a review with the objective of defining the modalities for reaching the 2020 targets of 95gCO<sub>2</sub>/km for new passenger cars and of confirming the feasibility of the 2020 long term target of 147 gCO<sub>2</sub>/km for light commercial vehicles. The review should also define new long term targets for 2025<sup>1</sup>.

**Heavy-duty vehicles are responsible for 20% of all transport greenhouse gas emissions in the EU**, or 5% of the total EU greenhouse gas emissions, which makes them the second-biggest transport source, larger than both international aviation and shipping. It is therefore an obvious area for further EU action. The Strategy on clean and energy efficient vehicles also announces a new strategy on reducing CO2 emissions from heavy-duty vehicles, which should include an assessment of cost-effectiveness.

The effect of road transport on the environment has long been on the policy agenda. Since the Auto-Oil programmes and the subsequent Euro-standards for new light and heavy-duty vehicles, **pollutant emissions have gone down**. The pollutant emission reductions were **in some cases less than expected**. Many Member States continue to have **severe difficulties meeting the Air Quality targets**, particularly in urban areas. Most acute problems relate to PM, NO<sub>2</sub> and Ozone. As far as transport is concerned, this is mainly due to three reasons:

---

<sup>1</sup> COM(2010) 656: Report from the Commission to the European Parliament, the Council and the European economic and Social Committee – progress report on the implementation of the Community's integrated approach to reduce CO2 emissions from light duty vehicles (section 5.2)

- Despite the significant improvements from new vehicles, **many old vehicles (notably trucks, busses, and vans) are still on the road;**
- Higher than expected "**real world emissions**" due inter-alia to the fact that the **drive cycle** used for testing vehicles deviates significantly from real-life **conditions** with **corresponding deficiencies in the effectiveness of after-treatment systems** (for example after treatment systems not working under certain conditions);
- **Step wise reductions in pollutant abatement management** have resulted in unwanted trade-offs. (for example higher than expected NOx/NO2 emissions for vehicles equipped with PM traps).

Whereas the Commission is working on the second problem, the first may be alleviated via measures to promote **retrofitting of after treatment** on existing vehicles. Also the scrapping schemes put in place by many countries may have contributed to accelerate the replacement of older polluting vehicles.

Almost 67 million people are exposed to daily road noise levels exceeding a 'threshold value' above which there is a higher likelihood of adverse health effects. Meanwhile, the progress on reduction of **noise** pollution has been limited. Additional noise limitation measures are considered.

In addition to the supply side measures, demand measures also play an important role in defining the vehicle market. Currently, these measures put in place by EU Member States are **very heterogeneous** and favour vehicles with different characteristics. In order to streamline demand side measures and to avoid further fragmentation of the internal market, **a coordination of measures seems highly desirable.**

Also, the internal market for distribution and repair needs to be reviewed, in particular the vertical agreements in the sector. Moreover, the surveillance of the market needs further strengthening, to ensure that automotive products meet the regulatory and customer requirements.

Following the recent adoption of the European Commission's "Road Safety Policy Orientations 2011-2020" a new target to reduce road traffic deaths by 50% by 2020 was adopted. Consolidating the internal market for safety will have to be an important cornerstone of achieving this new and ambitious target. Vehicle passive and active safety has improved considerably over the past decade, from 2 stars awarded by Euro NCAP to an average car for occupant protection ten years ago, to 4 or 5 stars going to 90% of the new cars tested today. Constantly improving **vehicle safety** has helped to prevent thousands of people from dying in road crashes in the EU and largely contributed to the reduction in road deaths by 36% since 2001.

## **WORKING METHOD**

- The working group is expected to deliver **input to the Sherpa Group** on problem analysis and policy recommendations in the areas identified in this mandate as well as any other topics subsequently suggested by the group itself
- The group shall analyse different key policy areas; investigate several policy issues and the rationale for action; and aim to build consensus amongst stakeholders around the necessary policies within the scope of this working group.
- In case consensus can be reached at working group level, **draft recommendations** may be drawn up. In case there are conflicting views, these will be transmitted to the Sherpa group where further discussion and consolidation will take place.

- The group shall take into account the outputs of other Commission expert groups, according to the topics discussed.

## **KEY TOPICS**

### **CO2 policy – demand side**

- How should the guidelines for **financial incentives** be designed in order to maximise efficiency and reduce fragmentation?
- What **other demand-side measures** should be envisaged (taxation, consumer information, public procurement, driver behaviour, traffic management and infrastructure etc.)?

### **CO2 policy – supply side**

- The preparation of the **future regulatory framework** for CO2 regulation for cars and light commercial vehicles (2020 and 2025) taking into account the elements specified in those Regulations and the White Paper on Transport Policy and the Roadmap for a low carbon economy by 2050
- The preparation of a strategy on CO2 and **fuel consumption from heavy-duty vehicles**
  - Methodology for measuring CO2 emissions from heavy-duty vehicles
  - Policy options for regulating CO2 emissions from heavy-duty vehicles
- What is the importance of **energy efficiency** in transport (possible shift/addition from/to CO2 regulations for cars/light/heavy duty vehicles to energy efficiency requirements with increasing share of alternative fuels in medium to long term time horizon)?

### **Emissions, air quality and noise**

- What are the key elements to be taken into account for the future **revision of test-cycle** for pollutant emissions and fuel consumption/CO2, including its application in current and future policy measures?
- How to make sure a coherent effective and efficient approach is taken for both issues leading to **compliance with existing standards**?
- What measures can be proposed to realise the potential contribution from **retrofitting** on emissions of pollutants?
- What **other measures** exist to contribute to the achievement of the binding air quality target values, in particular for PM and NO<sub>2</sub> emissions from different types of vehicles?
- What combination of measures are the most effective in technical, economical and social terms to reduce **noise pollution**? How to integrate the contribution of road surface and infrastructure?
- How to harvest potential **co-benefits** of CO2 reductions, air quality improvements and noise pollution reduction measures? What improvements can be expected from internal combustion engine technology, taking into account physical limits?

### **Internal market, including vehicle safety**

- How to develop principles of good conduct in order to promote transparency in commercial and contractual relations between the parties to **vertical agreements** in the motor vehicle sector?
- What modifications should be put in place to **improve the surveillance** of the quality and conformity of products placed on the market?
- What measures on supply and demand can be taken to continue to complete the internal market for safe vehicles?

- What can be done to promote consumer information tools such as EuroNCAP and other to provide improved information to vehicle purchasers?

### **OPERATION OF THE WORKING GROUP**

Each organisation present in the CARS 21 High Level Group can participate in the Working Group. Additional participants may be invited by the Sherpa Group or the Commission.

The Commission services<sup>2</sup> will provide the **secretarial support**. The policy content will be prepared by the relevant Commission services.

### **INDICATIVE TIMETABLE**

- First WG meeting: 24 January 2011
- Second WG meeting: 15 March 2011
- Third WG meeting: 19 April 2011

*(Sherpa meeting in March and May, HLG meeting in June 2011)*

- Fourth WG meeting: September 2011
- Fifth WG meeting: November 2011
- Sixth WG meeting: January 2012

---

<sup>2</sup> Contact point is DG ENTR – Unit D5, e-mail [entr-cars21@ec.europa.eu](mailto:entr-cars21@ec.europa.eu)