



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ENVIRONMENT

DIRECTORATE C – CLIMATE CHANGE AND AIR  
Clean Air and Transport

Brussels, 09.03.2009

## MINUTES

### **Stakeholder meeting on the Proposal to reduce CO<sub>2</sub> emissions from light commercial vehicles (Centre Borschette, Brussels, 09.03.2009)**

Chairman: Stefan Moser, Günter Hörmandinger, DG Environment

The chair from the Clean Air and Transport unit in DG Environment opened the meeting and outlined the context for the stakeholder consultation. The aim of this meeting was to inform all interested parties about the progress with regard to the development of the legislative proposal on light commercial vehicles and to provide an opportunity to share views on the proposal.

#### **Introduction**

Representative of the contractor<sup>1</sup> Richard Smokers gave an introductory presentation on the main elements and findings of the report on the Assessment of options for the legislation of CO<sub>2</sub> emissions from light commercial vehicles. The main conclusions of the report were:

- 175 g/km target can be reached in 2012/15
  - at around 10% retail price increase
- 160 g/km target not feasible for 2015
  - based on static cost curves for 2012-15 period with conservative safety margin for assessing total reduction potential for combined measures
  - assessment of a long-term target for 2020 still on-going
    - analysis will include additional technological options and cost reduction as function of cumulative production due to learning effects
- mass-based limit function with slope  $\geq 80\%$  preferred due to:
  - lowest average costs per vehicle for meeting target
  - most equal distribution of efforts among manufacturers
  - limited chance of perverse effects compared to M1
- non-zero AMI has strong impacts on costs
  - impacts on CO<sub>2</sub> corrected by adjusting the limit curve

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<sup>1</sup> Consortium of AEA, CE Delft and TNO; analysis performed under the framework contract DG ENV/C.5/FRA/2006/0071

## ACEA presentation

Mr Rolf Stromberger from ACEA (Association of European Car Manufacturers) provided joint position of association's members on some of the key issues in the proposal and the report. The main highlights are:

- it is a business-to-business market and there is a high diversity in customer needs
- there is no need for a regulation on light commercial vehicles, because:
  - 85% of road vehicles are already covered by CO<sub>2</sub> cars legislation
  - LCVs are responsible for 1,7% of man-made CO<sub>2</sub> emissions in the EU
  - LCVs are not 'emotional products' and are not driven by fashion, they need to fulfil a work function;
- ACEA considers that direct application of the same design used for CO<sub>2</sub> and cars regulation is not appropriate because of differences between passenger cars and LCVs, for instance: dedicated business needs; higher diversity of LCVs; limited CO<sub>2</sub> reduction potentials; etc.
- Impact assessment should sufficiently consider the wide range of LCVs and other aspects as lead-time. According to ACEA inadequate impact assessment may put additional burden on industry and customers and is incompatible with CARS 21 principles.
- ACEA noted that LCV's development and product cycles are longer than for passenger cars. In addition, due to cash shortage and economic situation the current development time for LCVs will be even longer. Therefore, ACEA believes that proposed CO<sub>2</sub> target in 2012 does not consider lead-time needs;
- According to ACEA, CO<sub>2</sub> saving potential for LCVs is limited as compared to cars because diesel engine penetration is above 90%; load volume determines aerodynamics and design of vehicle; some technologies for cars are not applicable or have lower CO<sub>2</sub> reduction potential (e.g. engine down-sizing). Due to this the vehicle price and CO<sub>2</sub> abatement costs will increase significantly.
- ACEA considers that the data used by the consultant is weak because it contains many assumptions;
- ACEA considers that cost increase for LCVs will not be recoverable because of the following aspects:
  - CO<sub>2</sub> fleet average is not representative
  - When proposing targets in the revised Strategy on CO<sub>2</sub>/LDVs it was not considered that CO<sub>2</sub> reduction for LCVs is more costly than for passenger cars;
  - For proposed Community target of 175g/km average retail price increase would be €1,650–€2,000 (excl. tax);
  - Tougher long term target will require further cost increase and it is not technically feasible.
- ACEA considers that consultants study does not justify the proposed CO<sub>2</sub> target for LCVs;
- The current economic situation of the automotive industry: LCV sales dropped by 35.6% in January 2009; forecasts show that vehicles production in the world will further decrease in 2009. The goal of the industry is to get through the recession without long-term damage to competitiveness and minimisation of the closure of production sites.
- ACEA considers that proposed legislation needs a robust database and a comprehensive impact assessment and it proposes a following way forward:
  - Joint work of the Commission and the industry on the vehicles database;

- Setting more realistic targets than currently proposed and allowing sufficient lead-time; and avoiding additional economic burden;
- Consideration of the cumulative costs of regulation.

### **FIA European Bureau presentation**

Mr Wilfried Klanner from FIA (Fédération International d'Automobiles) European Bureau presented results of their own analysis conducted on the ADAC data to demonstrate the influence of different target line concepts on the CO<sub>2</sub> emission reduction potential based on the strategy to reduce CO<sub>2</sub> from LDVs, and on the achievability of these targets by future N1 fleet. The objective of this analysis was to find the most promising concept. The analysis looked at three policy options: utility curve based on kerb weight, utility curve based on gross mass, and similar scheme as the one used in regulation on CO<sub>2</sub> from passenger cars.

Based on this analysis of the data, FIA presented the following conclusions:

- i. The constant CO<sub>2</sub> reduction target line concept, based on vehicle kerb weight respectively on vehicle reference mass, is likely to be a good compromise between CO<sub>2</sub> reduction potential and achievability.
- ii. Using the M1 target line for the N1 car fleet as well is not a satisfactory solution, due to low achievability and due to the fact that, in contrast to M1 cars, heavier N1 vehicles normally also transport higher loads. Therefore heavier N1 should not be punished by more demanding thresholds, as it is the case for the M1 target line.
- iii. Based on this concept the target lines to fulfil the CO<sub>2</sub> emission targets for 2012 and 2015 are developed and discussed.
- iv. The outcomes of this analysis show good compliance with the findings of the AEA study.
- v. FIA proposal for 2012- 175 g/km average- a constant CO<sub>2</sub> reduction target line based on vehicle kerb mass.
- vi. The target line of 2012 would mean 13,79% reduction line (203 g/km to 175 g/km)- already today a lot of vehicles are meeting this target.

### **Contribution by Axel Friedrich**

Axel Friedrich presented a short statement on behalf of German environmental NGOs. An importance of reducing CO<sub>2</sub> emissions from all sources (also small emitters) and energy security (i.e. lowering reliance on imports of oil) was stressed.

Mr Friedrich referred to the estimation of costs in the contractor's report saying that they are much too high. In addition, a longer lifetime of light commercial vehicles, and thus longer impact on emissions, should be taken into account in the estimations of efficiency of CO<sub>2</sub> reductions. In UBA the costs of optimised technological packages were estimated proving that these reductions can be done at much lower costs, e.g. optimisation of tyres can provide savings of 5%, engine friction 3-5% with virtually no cost, improvement of air resistance of vehicles can also contribute to fuel efficiency. Taking this into consideration when analysing data in the report leads to conclusions that the target of 175g/km can be reached with no additional costs.

In addition, Mr Friedrich claimed that nearly all light commercial vehicles in class I are derived from passenger cars which means that CO<sub>2</sub> reduction in the former could be done using the same solutions as in M1. According to the speaker half of LCVs in class II could

also benefit from investments in efficiency in passenger cars (example of the retrofitting programme in Germany). The statement that some of the targets cannot be made was also opposed and benefits to society being three times higher than costs were highlighted. In addition, an example of hybrid LCVs being used in Japan and USA and offering 50-60% of reduction in fuel consumption was given.

Mr Friedrich also referred to an agreement on phasing out of cooling agent for air conditioners 134a and possible plans of manufacturers to delay coming into effect of this agreement until 2017. The speaker claimed that this should be penalised by adding 8-10g of CO<sub>2</sub> to the emissions figure of vehicles.

Finally, a mass-based utility parameter was questioned, and volume/or area based standard was proposed instead as more suitable for LCVs.

### **Contribution by JAMA (Hiroki Ota)**

The representative of Association of Japanese Automobile Manufacturers (JAMA) highlighted that the recommendations of CARS 21 should be respected while preparing this proposal and that unnecessary costs for the industry should be avoided. Mr Ota called for a comprehensive impact assessment of the proposal, especially because the costs of compliance are higher than for passenger cars. A need for more precise and accurate database was reiterated and JAMA offered support to the Commission in this respect. The speaker reminded that manufacturers of LCVs need more lead time due to longer product cycles, especially the target date of 2012 is too short to achieve it.

### **Summary of discussion**

#### **- Timing of the proposal**

The representative of the European Shippers Council expressed its concern on the timeline highlighting that their members will not be left with much choice if heavier vans go out of the market and that it will cause serious problems of efficiency. Timing of 2012/15 was therefore assumed to be not realistic.

The official from the Ministry of Environment of the Netherlands asked whether the long-term target (mentioned by the contractor) would also be included in the proposal.

#### **- Slope of the utility line and utility parameter**

The representative of the European Shippers Council questioned whether it would be fair if all categories had the same burden (100% slope). A possibility of relative targets, i.e. same relative reduction effort for large and small vans was suggested as a better option.

Jos Dings from Transport and Environment said that mass-based parameter was an unfortunate consequence of copying M1 proposal. T&E study on feasibility of footprint parameter concluded that costs are likely to be lower in this approach. The speaker said that it is possible to use this parameter because the data is available and in addition the light weighting options pay off fully. Jos Dings also reminded that the regulation on LCVs has been in place in the USA for 30 years thus, in reality the diversity of the market is not an obstacle to regulation.

Axel Friedrich highlighted that any parameter that is based on the area, i.e. pan area or footprint, is better because of the utility of LCVs (to transport goods) and because it prevents a misuse. The data on pan area is available whereas footprint, although more complicated, can be estimated based on data from manufacturers.

Wilfried Klanner referred to AEA study and comparison of the outcomes of different policies (incl. different utility parameters) and asked for keeping the same approach as in M1 regulation. Pan area does not bring many benefits because of the wider scatter.

### **- Pooling**

The representative of Toyota expressed a concern that some of the manufacturers do not produce passenger cars and therefore would not have an opportunity to use the flexibility of pooling.

An official from Department for Transport (UK) also questioned the practicality of this flexibility even though it sounds reasonable from the theoretical point of view.

### **- Derogations**

The representative of Jaguar Land Rover highlighted that Land Rover products would need a derogation for small volume manufacturers due to very high costs of CO<sub>2</sub> reductions and a specific use of vehicles (i.e. off-road).

The participant from the UK Society of Motor Manufacturers and Traders (SMMT) also mentioned that the diversity of the market should be preserved and the case for derogations (also based on other parameters than volume) should be made. The concern over impacts of abatement costs on small volume manufacturers was also expressed by the official from Department for Transport (UK) and a need to include these actors to the analysis was highlighted.

T&E stressed that any derogation has a tendency to grow into a regulatory gap which can be abused. In addition, a need for speed limiters for LCVs should be seriously considered. LCVs are often overloaded and raise safety concerns. This was backed strongly by a representative of German NGOs. The official from the Ministry of Environment (NL) agreed that this issue should be analysed. ACEA mentioned some concerns on the grounds of safety. The European Shippers Council highlighted that speed limiters should be able to adapt to traffic situation.

In addition, a demand for inclusion of supercredits for low emitting vehicles (similar to the ones introduced in the CO<sub>2</sub>/cars regulation) was made.

Finally, ACEA and Ford called for the current economic situation to be taken into account, especially in view of current difficulties in getting financing. It was highlighted that in order to meet the targets in 2012/15 investment should take place now. In addition, ACEA representative proposed to contribute to improvement of the database used in the analysis.

The Chairman concluded the meeting and invited participants to send their written contributions in the coming weeks.