



**Consultation on reducing CO2 emissions from road vehicles –
European Small Volume Car Manufacturers Alliance (ESCA)
9 December 2011**

ESCA appreciates the opportunity to provide additional comments to the consultation on reducing CO2 emissions from road vehicles.

Firstly, some of the questions in the consultation could in our view be interpreted in different ways and consequently, so could the answers. We would therefore like to take this opportunity to clarify some of the answers:

- Regarding question B4, equal standards should apply for different technologies but these standards shall need to be based on well-to-wheel or life-cycle assessments to ensure a level-playing field between these technologies. Scenarios where policy decisions steer in which areas technological development and innovation take place should in most circumstances be avoided.
- Regarding question B5, we believe that regulation, while not being the primary driver, to some extent can encourage innovation. However, we would argue that regulation also can potentially limit the diversity in the market.
- Regarding question C2, as the regulatory framework only has been in place for a short period of time it is too early to measure any tangible benefits of the legislation. However, it is our view that following the introduction of the legislation, manufacturers' do have a stronger focus on reducing CO2 emissions.
- Regarding question C4, none of ESCA's member companies operate in the light commercial vehicle market.

ESCA's members are committed to continuously improving the efficiency and environmental performance of their respective vehicles and creating new innovations in order to remain competitive within the market place. Yet, there are a number of factors that make independent small volume manufacturers special. For example, ESCA member companies have more limited resources compared to larger manufacturers when it comes to adapting to new regulation. The lack of resources in comparison to mass manufacturers constitutes a challenge when it comes to introducing CO2-reducing technologies in the fleet within a short timeframe.

The special situation of independent small volume manufacturers is to some extent recognised in the current regulatory framework. This is welcome. Independent small volume car manufacturers can apply for a derogation under article 11 of Regulation 2009/443. In order to be granted a derogation, manufacturers must show a reduction in CO2 emissions levels and what is more, this must be proven to be in accordance with the companies' overall reduction potential.

There are several reasons for the derogation provision, some of them already touched upon above:

- Independent small volume manufacturers' contribution to the automotive sector's overall emissions is negligible, on European as well as global level;



- Independent small volume manufacturers have limited resources and depend to a great extent on buying in technologies from other manufacturers. This is not only costly but can also cause significant delays in introducing new technologies;
- The average lead time/ life cycle for independent small volume manufacturers' models are considerably longer than for other, larger, manufacturers and moreover, we work on a very limited number of platforms. The design and engineering cost of a vehicle model has to be amortised over a small sales volume. Due to their low sales volumes, independent small volume manufacturers require long model cycles to pay back engine development costs, and due to these long model cycles changes to vehicles and engine typically take a long time to implement.
- Independent small volume car manufacturers are key contributors to innovation and technological development. Consequently, we were early to introduce a number of CO2-reducing technologies such as lightweight materials and aerodynamic improvements. The flipside of these early achievements however, is that further efficiency improvements are harder to achieve.
- Independent small volume manufacturers typically have much smaller model ranges and are therefore unable to be fairly regulated by the same fleet averaging methods as larger manufacturers.
- Independent small volume manufacturer constitute an important contribution to the diversity of the European automotive industry and are very important for employment and for European exports.

In 2011, ESCA's member companies applied for derogations through a lengthy and complicated process which required a great amount of resources, not only for the manufacturers but also for the European Commission. In light of the small volume manufacturers' very limited contribution to the overall emissions, we would question whether it is sensible to dedicate such an amount of resources to the negligible emissions levels in question here.

ESCA's member companies in particular, and independent small volume manufacturers in general, have over the last years proven their dedication to reducing CO2 emissions and paving the way in developing new technologies and innovations. This commitment will remain, and we would therefore propose working with the Commission to explore all opportunities to reduce the regulatory process burden for both small volume manufacturers and the Commission, that recognises this ongoing commitment while also continuing to recognise the diversity of small volume manufacturers and special constraints on them, including as discussed above. This will also allow the Commission's focus to be better targeted on major climate impacts rather than SVMs negligible impact.

ESCA looks forward to playing a constructive role in the continued discussions on the review of the CO2 Regulation (443/2009).