

**Commissioner Arias Cañete**  
**Meeting with [REDACTED] Peugeot**  
**Strasbourg, 02/10/2017**

## **Meeting Commissioner Arias Cañete with [REDACTED] Peugeot**

### Scene setter:

- You are meeting with [REDACTED] Peugeot (PSA Group), to exchange views on the proposal setting revised CO<sub>2</sub> standards for cars and vans for the post-2020 period.
- The Commission plans to table a proposal setting revised CO<sub>2</sub> standards for cars and vans for the post-2020 period on 8 November as part of the 2<sup>nd</sup> Mobility Package.
- Peugeot has not expressed a specific position on the post-2020 standards for cars and vans.
- As a result of the takeover of Opel, the PSA Group is now the second largest car manufacturer in the EU after the VW Group.

### Objectives:

- Inform about the state of play of the post 2020 work on CO<sub>2</sub> standards

### Key messages:

- CO<sub>2</sub> emissions in the transport sector need to be reduced significantly in order to achieve the EU climate targets
- Post 2020 CO<sub>2</sub> standards for cars and vans are a key element in delivering the required emission reduction

**Contact point:** [REDACTED]

## LINE TO TAKE

### Post 2020 CO<sub>2</sub> standards for cars and vans:

- The European Commission adopted in May its mobility package, "Europe on the Move", setting out its agenda for a socially fair transition towards clean, competitive and connected mobility for all.
- Staying competitive, increasing fuel cost savings for consumers, and reaching our climate targets will require further emission reductions and a **significantly larger proportion of new cars to be low- and zero-emission vehicles** after 2020. This view is largely shared by stakeholders.
- This is why the Commission will table a proposal setting revised CO<sub>2</sub> standards for cars and vans for the post-2020 period by the end of the year.
- We want to set **ambitious but realistic CO<sub>2</sub> targets post-2020**. This is needed not only for the EU's climate goals, but also for further stimulating industry innovation and competitiveness, and reducing fuel consumption costs for consumers.
- To do so, we need to **base our proposal on sound and robust analysis**. Our impact assessment will be based on thorough fact-finding, for instance by gathering solid data on the costs and savings of technologies.

- We are considering different options to achieve our policy objectives in a **cost-effective, technologically neutral way**. We will also consider the potential implications of the ongoing transitions in the automotive sector on the **number and type of jobs across the supply chain**.
- A regulatory framework that stimulates innovations in a cost-effective way will ensure that European industry has a **first mover advantage**. And this will be an important basis for future growth and jobs.
- Let me now highlight five key elements we are looking at in our impact assessment:

**1) Timing and ambition level:** In the next decade, Member States will have binding 2030 emission reduction commitments under the new **Effort Sharing Regulation and our commitment under the Paris Agreement**. Considering fleet renewal time, this calls for action on new cars and vans sooner rather than later.

- Therefore, alongside the option of **setting targets for 2030 only**, we are also considering **additional targets for 2025 or annual targets covering the whole post-2020 period**.
- In view of the change from the old test cycle (NEDC) to the new one (WLTP), in order to avoid confusion, we are considering expressing the future targets not in absolute figures but in **reduction percentages**.

- We are looking into the impacts of different possible levels: reductions of 10%, 20%, 25%, 30% and 40% compared to the 2021 EU fleet-average target for cars and the 2020 target for vans.
- We will as well analyse the "EP option", which the Commission committed to assess during the 2014 negotiations. *[i.e. "a target level for 2025 in the range of 68-78 g CO<sub>2</sub> per km (in NEDC terms)"]*.

**2) Distribution of effort among manufacturers:** once fleet-wide target is set, we will need to ensure a fair distribution of the efforts on manufacturers, taking into account their specificities and also competitiveness issues.

- Also here, we are considering a range of options. One is to keep things very much as they are, using the vehicle **mass** as the **utility parameter**. But we are also looking at the merits and drawbacks of other approaches, such as a **footprint-based** approach or **moving away** from a utility parameter.

**3) Zero/Low emission vehicles:** A key element is first to **define which low-emission vehicles** we want to incentivise in the next decade and through which mechanism. Incentives may be restricted to **only zero-emission vehicles**, using electricity or hydrogen, or **could cover a broader range** of low-emission vehicles including plug-in hybrid vehicles.

- The uptake of zero- and low-emission vehicles could be stimulated through a binding **mandate or with a more flexible crediting system**.
- Under **binding mandate** for low-emission vehicles the same zero- and low-emission vehicles share would be required from all manufacturers.
- Under a **flexible crediting system** for zero and low-emission vehicles a manufacturer's share of zero- and low-emission vehicles would be taken into account when setting its specific CO<sub>2</sub> target.
- A manufacturer **exceeding a certain benchmark** of zero- and low-emission vehicles would be rewarded by getting a less strict CO<sub>2</sub> target, hence relaxing the need for efficiency improvements in internal combustion engines and creating the necessary incentives to invest in zero- and low-emission vehicles.
- However, a manufacturer whose sales share of zero- and low-emission vehicles fleet is **below the benchmark** would have to meet a stricter CO<sub>2</sub> target, which limits the risk of undermining the overall EU CO<sub>2</sub> fleet-wide target.
- We are aware that some manufacturers have expressed concerns about the idea of a mandate. On the other hand, in the past months, we have seen numerous announcements from OEMs, stating production and sales targets for electric cars for the next years, even up to 2025.

**4) Elements for cost-effective implementation:** in the current framework a number of regulatory elements exist to facilitate cost-effective implementation of the targets. These include the possibility to **pool** and the credits which can be obtained from applying **eco-innovative technologies**.

- We will consider whether these flexibilities should be **maintained or enhanced**, for example by including flexible mechanisms such as banking and borrowing or trading of credits, which could be a way to make the legislation more cost-effective.

**5) Governance:** In order to ensure that WLTP values remain realistic, fit for purpose and representative of average real-world emissions, **market surveillance mechanisms are critical** for maintaining a reliable and trustworthy system.

- In line with the recommendations of the Scientific Advisory Mechanism (SAM), we will need to ensure provisions that will allow the Commission to **monitor the gap and, if needed, review the target**.
- This is why, we are exploring options on how to set a robust but realistic gap monitoring system, including through mandatory standardised fuel consumption meters.

Infrastructure / batteries:

- If we want low-emission vehicles to enter the market, it will not be enough to set targets. The success of electric or other types of zero-emission vehicles will depend, on one hand, on the **availability of infrastructure for recharging** and, on the other, on how **fast storage/batteries** will be available at a competitive price.
- The proposal on CO<sub>2</sub> standards will be part of a **package covering both the supply and demand side**, aimed to enhance the availability of recharging infrastructure and EU innovation in battery technology.
- Despite important progress, the **infrastructure for recharging electric vehicles is insufficient** in many Member States, in particular in view of the expected uptake of these vehicles by 2020 and beyond.
- The deployment of a network of recharging points covering evenly the whole EU road network, is a **key enabling condition for zero-emission mobility**.
- The upcoming Package will therefore include an **Action Plan** to set out concrete measures and financial support for achieving necessary deployment rates.
- The mobility package will also have an **industrial strategy component related to batteries**. Indeed, we need a smart combination of regulatory, finance and industrial action to ensure that Europe's automotive value chain keeps in the future its leading and technologically cutting-edge position worldwide.

- As part of the mobility package, a **European Initiative on batteries** will look at how to use and combine all instruments at our disposal in order to bring back battery manufacturing to Europe.



Defensive points:

***Will there be an EU quota for electric vehicles?***

- No. The EU legislation has always been technology neutral and this will continue also in the future.
- This means that, we are looking into several options to stimulate the uptake of zero- and low-emission vehicles in a technology neutral way and not prescribe any quota related to a specific technology.
- One option we are looking at is to require a minimum share of a manufacturer's fleet to be zero- and/or low-emission vehicles (e.g. including various technologies, hydrogen and plug-in hybrid). We are also looking at other incentive mechanisms, such as a crediting system to allow for a more flexible approach.
- These options will be part of the Impact Assessment accompanying the proposal for future CO<sub>2</sub> standards for cars and vans.

***Do you consider the development of real-driving testing (RDE) for CO<sub>2</sub> using portable measurement equipment (PEMS) as it is done now for air pollutants?***

- While there is a strong push from some NGOs to introduce real-driving CO<sub>2</sub> testing at type approval, we don't consider such an approach to be feasible. The high variability in the test results would affect compliance and is therefore not consistent with legal certainty principles.
- CO<sub>2</sub> emission values which are to be used for checking compliance against CO<sub>2</sub> standards need to be precise and such precision can be achieved only during a standardised laboratory test.
- However, we agree that monitoring and reporting of real-world emissions is a first important step to ensure that the gap with the results of the test cycle does not increase. We are looking into different ways of providing this information on real-world emissions and consumption, inter alia through mandatory vehicle fuel consumption measurements. It would be a very useful development for providing better information to consumers.

## BACKGROUND

### Peugeot/PSA Group:

- Automobiles Citroen and Automobiles Peugeot are both well below their specific emissions targets under the current CO<sub>2</sub> emission standards for cars (around 20 g CO<sub>2</sub>/km) and vans (around 35 g CO<sub>2</sub>/km).
- In 2016, Automobiles Citroen and Automobiles Peugeot had together 1.5 million new cars registrations and 300 000 new vans registrations in the EU.
- As of 1 July 2017 PSA took over Adam Opel AG as a result of which the total number of registrations of the PSA Group will increase to around 2.5 million cars and around 400 000 vans in the EU. In terms of new registrations the PSA Group will be the second largest car manufacturer in the EU after the VW Group.
- PSA (before the takeover of Opel) employed around 182 000 globally of which 78 000 in France.
- In China, PSA has a cooperation with Dongfeng Motors in the framework of which they are currently considering the construction of a 4th manufacturing site in China.
- In cooperation with Dongfeng Motors PSA is developing a new Common Modular Platform (CMP) which will include a version for electric vehicles (e-CMP). It is foreseen to launch the first electric vehicles on this platform in 2019 both in Europe and China with a range of 450 km. In 2021, 4 models Peugeot, Citroën and DS should be available.
- PSA announced that battery electric vehicles and plug-in hybrid electric vehicles will be proposed in 50% of all PSA models by 2020, 80% in 2023.

### Cooperation between PSA Group and NGOs Transport & Environment (T&E), France Nature Environnement (FNE) and Bureau Veritas to publish the protocol for measuring real-world fuel consumption

In July 2016 PSA Group started publishing real-world fuel consumption data for 30 Peugeot, Citroën and DS models to provide more transparency to consumers on the fuel consumption to be expected on the road. They also published the underlying test protocol for measuring real-world fuel consumption which defines the means (necessary equipment) and methods (measurement and processing) that should be systematically applied to calculate the average real-life fuel consumption of the average customer.

Transport & Environment (T&E) argues that such a protocol for measuring real-world fuel consumption should be used during type-approval in combination with not to exceed limits for CO<sub>2</sub> emissions. Representatives from PSA have been more cautious acknowledging the variability of test results and the difficulty in defining a sufficiently robust protocol/methodology for type-approval.

French "Plan Climat" – ban of sales of CO<sub>2</sub> emitting cars by 2040:

In July 2017 the French environment ministry published a "Plan Climat". The priority heading "make clean mobility available to all and develop innovation" foresees that by 2040 the sales of CO<sub>2</sub> emitting cars should be banned by 2040 and that France would take this initiative forward at European level together with likeminded countries.

Out of Scope

Out of Scope

## ANNEX

Curriculum vitae - [REDACTED]

