



Mr Philippe Jean
Acting Director
DG ENTR
European Commission
B – 1049 Brussels

Brussels, 24th May 2011

Subject: ACEA position on basic legislative principles concerning proposal to regulate CO2 emissions for motor vehicles in Switzerland

Dear Mr Jean,

Please find enclosed ACEA position on the Swiss proposal for CO2 regulation for motor vehicles that was agreed on by all ACEA members.

Should you have any further questions, please do not hesitate to contact me.

Best regards,

Petr Dolejsi
ACEA Director Mobility & Sustainable Transport



ACEA

ACEA position on basic legislative principles concerning proposal to regulate CO₂ emissions for motor vehicles in Switzerland

24th May 2011

Executive summary:

- The Swiss Federal Assembly has adopted amendments to the basic law regarding CO₂ emissions from passenger cars (amendment of 18th March 2011 to the CO₂ Act of 8th October 1999), laying down CO₂ limits for passenger cars. The Swiss Government is now preparing detailed provisions for the implementation of this amendment.
- The proposal for the regulation was, for the most part, inspired by the relevant EU regulation, but there are several issues that differ greatly from the EU rules, namely in the areas of:
 - Insufficient lead-time
 - Lack of accurate monitoring system
 - Calculation method
 - Absence of derogation and provisions for small volume manufacturers
 - No explicit support for eco-innovations and absence of super-credits
- The target stringency also does not reflect national characteristics and specific nature of the Swiss market (namely different fleet composition – higher average mass, higher share of petrol vehicles etc.). Also some measures to balance the impact on the industry (like pooling for example) cannot work under current market conditions. With currently calculation formula presented, **proposal for limits is due to market specificities in Switzerland significantly more stringent than the EU legislation (more than 4g).**
- All of the above-mentioned divergences will create serious obstacles to importers (imports cover by far the largest share of sales in Switzerland) and will contravene EU Technical Barrier to Trade rules, which Switzerland is obliged to respect.
- In order to be in line with the EU regulation and Internal market rules, ACEA urges the following amendments to the proposal:
 - Postponement of implementation beyond 2012 (in EU 3 years between adoption of legislation and start of phase-in, in Switzerland proposed 1 year)
 - Reformulating the calculation formula according to the EU regulation and fixing the reference mass value for periods at least of 3 years
 - Amendment to the "niche" derogation included in the Swiss draft legislation to:
 - Recognition of both the status of small manufacturer (if it has already been acknowledged as such by the EU) and the same specific targets assigned by the EU. A comparable volume cap could be applied
 - Acceptance of reduction targets in accordance with EU negotiations
 - Inclusion of derogation for niche manufacturers with a same proportion like in the EU regulation.
 - Inclusion of eco-innovations and super-credits like in the EU
- ACEA also stressed the need to avoid significant loopholes in the registration/monitoring system, namely the problem of parallel imports in Switzerland.

General remarks on procedure:

The basic law regarding CO₂ emissions from passenger cars has already been adopted by the Swiss Parliament. It is essentially a copy of the EU legislation with the exception of the treatment of derogations for small and niche manufacturers. The Swiss Government is now preparing implementing measures. They concern matters such as pooling and data collection.

Discussions on the implementing measures are ongoing between the Government and interested parties. Further meetings will be held in mid-May and a public hearing in the summer. Subsequently, the Swiss Government (and not the Parliament) will approve the implementing measures. The CO₂ legislation (basic law adopted by Parliament + implementing measures adopted by the Government) will come into force only if the "Stop Off-roader" initiative is either withdrawn or, in case the referendum goes ahead, the petition is rejected.

There are several issues in the proposal that are largely incompatible with the EU regulation. Firstly, as mentioned above, the treatment of small and niche volume manufacturers/importers. However, even with specific treatment for these manufacturers, ACEA's assessment is that only a limited number of brands would be able to comply with the legislation since the model mix in Switzerland is different from that in the EU. On average, cars sold in Switzerland are larger, heavier and more powerful than those sold in the EU. As a result, many brands would probably be subject to financial penalties.

With regard to market size, ACEA has taken 2010 market figures. Hence, the EU market is 13,361,000 registered vehicles and the Swiss market 294,000 (the EU market is roughly 45 times bigger).

General remarks on content:

Switzerland has announced that it intends to introduce legislation to regulate CO₂ emissions from cars that, according to our assessment, would severely limit market access for imported cars. Several key principles of the regulation are not in line with the corresponding EU regulation and realistically some targets cannot be met without penalties being applied.

Specific recommendations:

i) Insufficient lead-time

The automotive industry is characterized by long-term production and development cycles that makes impossible to react very quickly to changed legislative proposals. Production of vehicles cannot be changed over day.

The legislative proposal in the EU was politically agreed by end 2008 and the legislative measure was finalized in 2009, with phase-in from 2012 to 2015. That gave industry

sufficient time to react and invest. That is not the case in the Swiss proposal, starting the political agreement on the proposal was in 2011 (with so far not finalized legislative procedure) with planned start of implementation even during 2012.

ACEA position:

The implementation of the regulation should be accompanied by sufficient lead-time for the industry to adjust to the new requirements. ACEA would welcome postponement of implementation beyond 2012 (3 years after the adoption of final legislative measure).

ii) Need for monitoring system

The legislative measure in the EU is also accompanied by robust system for CO2 monitoring. It is also based on EU-wide CoC data that are assembled and evaluated (both by the manufacturers and European Commission).

As for Switzerland, the current proposal lacks of proposal for accurate monitoring procedure and acceptance of EU-wide CoC data. Such mechanisms are prerequisite for an accurate monitoring system, both for the manufacturers and the Swiss authorities.

ACEA position:

Proposal for robust monitoring system must be included in the draft regulation and the system should accept EU-wide CoC data concerning CO2.

iii) Calculation method

According to the proposal, each importer receives a specific emissions target which is dependent on the mass (car with bodywork in running order, defined in Directive 2007/46/EC), as in the EU. This emissions target is calculated as follows:

$$((M_i - M_a) \times 0.0457) + 130 = \text{the importer's emissions target in g/km}$$

Whereby:

M_i = average mass of the importer's cars in the calculation year

M_a = average mass of all Swiss passenger cars in the previous year

This means that, if an importer's average mass lies below the previous year's average for all cars, a specific emissions target of less than 130 g/km will result. Conversely, the target will lie above 130 g/km. Such a calculation makes it impossible for manufacturers to plan longer term strategies to reduce the CO2 emissions of their vehicles due to an unstable M_a value that changes every year. More predictability and stability is needed.

According to the calculations made, based on the fleet specificities of the Swiss market, having the average mass of 1465 kg in 2010, the average European car (1372 kg) would have to comply with **target of 125,7 g/km instead of 130 g/km** (using the same mass definition). **Using the "curb weight" as proposed, the target is even more stringent of 122,3 g/km!**

Current draft of the legislation does not contain clear definitions needed to calculate right CO₂ figures and how to monitor them. Further clarifications need to be made concerning the definition of:

- responsible manufacturer (should be the same definition as in the EU Regulation)
- responsible importer
- mass (should be in line with the EU Regulation)
- relevant year to be used for calculations
- relevant documents as data source (should be CoC)

ACEA position:

ACEA recommends using a similar approach to that in the EU: ie. setting the fixed M_a value for periods at least of 3 years, subject to change only after that period of time. The calculation formula in its current form (parameters changing every year) results in lack of predictability for manufacturers and importers.

ACEA also calls for clear definitions to be included in the draft proposal.

iv) Absence of small volume manufacturer derogation

The EU regulation on CO₂ grants for maximum period of five year derogation to those manufacturers responsible for fewer than 10,000 new passenger cars registered in the EU in a calendar year. Where the Commission is satisfied that the specific emissions target proposed by the manufacturer is consistent with its reduction potential, including the economic and technological potential to reduce its specific emissions of CO₂ and taking into account the characteristics of the market for the type of car manufactured, derogation will be granted.

The Swiss proposal, on the other hand, only addresses importers and manufacturers manufacturing fewer than 50 passenger cars.

ACEA position:

ACEA recommends the recognition of both the status of small manufacturer (if it has already been acknowledged as such by the EU) and the same specific targets assigned by the EU. Moreover, bearing in mind the size of the EU and Swiss markets, those manufacturers that have low sales volumes in Switzerland should also be considered as small manufacturers and a comparable volume cap could be applied

v) Absence of niche manufacturer derogation

The EU CO₂ legislation also makes provisions for niche manufacturers. The EU recognized the need to ensure: "... *competitively neutral, socially equitable and sustainable reduction targets which take account of the diversity of European automobile manufacturers and avoids any unjustified distortion of competition between them.*"

This EU niche derogation applied to manufacturers of 10,000 - 300,000 newly registered passenger cars (= 0.064 – 0.19% of the EU's 15.7 million PC market in 2008) and obliges niche producers to achieve a 25% reduction by 2015 rather than their respective weight-based reductions.

The EU niche emission reduction target is in excess of the industry average target (19%). It also demonstrates the recognition that this derogation will have little or no impact on the achievement of the overall EU target because of the relatively small volumes involved.

ACEA position:

ACEA urges the inclusion of niche derogation for manufacturers in a comparable volume cap as that applied in the EU.

vi) Support of eco-innovations

To achieve higher environmental benefits and stimulate the research of new, eco-friendly technologies, ACEA is missing support for eco-innovations, as included in the EU legislation, in the Swiss proposal for CO2 limits. The innovative character of the automotive industry and its technological development continually result in new technologies/measures which help reduce CO2 emissions. There is no reason why these efforts should not be eligible for credits. To facilitate and simplify procedures, ACEA would welcome the same eco-innovations as those granted and approved in the EU being credited in Switzerland as well.

ACEA position:

The specific number of grams should be dedicated to support the eco-innovations implemented in the vehicles. The contribution of each and every eco-innovation approved in the EU should be copied over with the same value into the Swiss system as well.

vii) Absence of super-credits

Contrary to the EU regulation, the Swiss proposal does not contain any supportive measures for highly efficient and clean vehicles. These vehicles emit significantly lower amounts of CO2 emissions and are worthy of support. The inclusion of such supportive measures should also be seen in the context of creating an environment for the faster market take-up of highly clean and energy efficient vehicles with positive environmental impacts.

ACEA position:

ACEA suggests inclusion of the super-credits principle into the implementing measures that are to be adopted.
