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ACEA
European
Automobile
Manufacturers
Association

Brussels, 31 October 2017

To the attention of Mrs Lobillo Borrero, Head of Cabinet of Commissioner Canete

Dear Mrs Lobillo Borrero,

The European Commission is about to propose a key piece of legislation that will have a significant impact on the future of Europe's automotive industry. By setting reduction targets for CO_2 emissions from passenger cars and light duty commercial vehicles for the post-2021 period, the upcoming regulation will further build on an ambitious European policy that was launched a decade ago and has delivered significant results ever since. When taking the 2005 baseline of the EU's 2030 Climate and Energy Framework as the starting point, CO_2 emissions from new passenger cars will be reduced by 42% by 2021. No other sector has achieved comparable reduction rates.

Europe's automobile manufacturers are clearly committed to further contributing to the EU's climate objectives and reducing their environmental footprint in general. However, this should not be done at any cost. When setting new targets, the Commission should consider three parameters:

- **Changing context in which our industry has to deliver**. Both the new WLTP test cycle, which came into force on 1 September 2017 and increases CO_2 values by about 5%, as well as the recent consumer shift from diesel to petrol cars (with higher CO_2 values) make the existing 2021 targets even more challenging. As recent studies show, many manufacturers will have difficulties reaching their 2021 CO_2 reduction objectives, with the risk of being exposed to severe penalties.

- **Need for our sector to remain competitive**. As the GEAR 2030 report underlines, the automotive sector is a major pillar of Europe's industrial landscape. Some 12.6 million Europeans are currently employed in the automotive sector. The export of motor vehicles also generated a positive trade surplus of €90 billion for the EU last year. In addition, our sector is the EU's number one investor in R&D, with more than €50 billion invested annually. Clearly, future CO_2 reduction targets can provide an impetus to innovation in our industry, but they may not pose a threat to Europe's competitiveness on the global market.

- **In light of the Commission's 'better regulation' agenda, the upcoming CO_2 framework should consider all technologies available**. Hence, future policy should respect the 'technology neutrality' principle and should be guided by a comprehensive approach in order to promote the most-effective solutions. Concretely, that means looking at all factors that influence CO_2 emissions during the use of a vehicle rather than focussing on vehicle technology alone. Moreover, the significant progress made by carmakers in recent years should also be taken into account.

To that end, ACEA and its members are requesting you to consider the following key principles for the post-2021 CO_2 framework:

1. **A new CO_2 target for passenger cars and vans should be set for 2030**. In line with the EU's 2030 Climate and Energy Package, this timeframe will give industry the required lead time to develop new technologies and adjust production cycles. From a purely practical point of view, making the necessary technical and design changes to our vehicles for a 2025 target would be extremely challenging for passenger cars and quasi impossible for light duty commercial vehicles.
2. **A realistic ambition level**. The reduction level for our sector should ideally follow the impact assessment of the Commission's 'Strategy for Low-emission Mobility' from July 2016, which provided all scenarios for meeting the European Council's COP21 requirements. The European auto industry considers a 20% reduction for cars to be achievable at a high, but acceptable, cost. However, the ambition level for the segment of light duty commercial vehicles should be lower than that for cars – especially given the longer vehicle development cycles, limited room for aerodynamic improvements due to payload requirements, lower electrification potential, and high price sensitivity. Because these light duty commercial vehicles are being used as business tools, an overly ambitious target would have a negative impact on SMEs and the people they employ.
3. **No penalising zero- or low-emission vehicle (ZEV/LEV) mandate**. ACEA welcomes any system supporting the market uptake of alternatively-powered vehicles, provided that it:
   - Offers positive stimuli, instead of imposing penalties.
   - Remains technology neutral (ie threshold for defining low-emission vehicles should remain at the current level of 50g CO_2/km under NEDC (≈65g WLTP).
   - Is accompanied by an ambitious plan for the deployment of the necessary recharging and refuelling infrastructure across the European Union.

I remain at your disposal for any questions you might have and would welcome further discussions.

Yours sincerely,

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Erik Jonnaert
ACEA Secretary General