HEAVY-DUTY FLEET RENEWAL SCHEME
‘Emergency Package’

17 April 2020
KEY MESSAGES

- Road freight transport and truck manufacturers massively affected by Covid-19 crisis
- Short-term fleet renewal scheme for heavy-duty vehicles aimed at transport operators to restart demand and industry production
- Replace old Euro III/ IV/ V vehicles by Euro VI vehicles
- Significant environmental benefits on fleet level
  - more than 80% NOx reduction and
  - more than 98% of pollutant emissions
TRUCK MILEAGE INDICATES ECONOMIC TREND

• Truck mileage on German motorways fell by 5.9% in March 2020 (compared to Feb 2020)

• Largest month-on-month decline since introduction of tolls 2005; similarly marked decrease only recorded during global financial crisis when index fell by 4.3% (Jan 2009 compared to Dec 2008)

• Index provides early indications of short-term economic trends as there is a strong connection between truck mileage and industrial production.

**HDV FLEET RENEWAL SCHEME**

- **Commercial transport operators currently out of business**
  - Large numbers of <5 years old, heavy-duty vehicles are being returned to OEMs due to bankruptcies, operators being unable to pay rates, early termination of leasing contracts etc
  - Current vehicle stock of OEMs in Europe ('in the books') ~70,000 units, projected to ‘explode’ within two months to ~ 140,000
  - Moreover, the average age of heavy-duty trucks has already significantly increased to 12.4 years.

- **For truck manufacturers to restart production, transport operators must be enabled and incentivised to resume investments**
  - Currently, more than 6.0 million trucks (>3.5t) in use in Europe
  - In 2020 heavy-duty fleet estimated at 2.0 million trucks (>6t, annual mileage > 25,000 km per year).
  - Euro III, Euro IV, Euro V vehicles estimated to be 30 - 35% of total rolling fleet in Europe, annual mileage of EURO V trucks about the same as EURO VI
  - approx. 450,000 trucks could qualify for rapid renewal scheme
**TRUCKS 12.4 YEARS OLD ON AVERAGE**

- Average age of HDV fleet has already increased significantly over the last years
- Heavy-duty vehicles (>3.5t) in use

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<th>2018 - 2014 (Euro VI)</th>
<th>2013 - 2009 (Euro V)</th>
<th>&gt;10 years older</th>
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<td>~1.5 mill vehicles</td>
<td>~1.0 mill vehicles</td>
<td>~3.6 mill vehicles</td>
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<td>~25%</td>
<td>~17%</td>
<td>~59%</td>
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- Euro III, Euro IV, Euro V vehicles estimated to be 30 - 35% in relevant vehicle segment
- Annual mileage of EURO V trucks about the same as EURO VI
HOW?

Objective and scope

• **Short-term target → replace old Euro III/ IV/ V vehicles by newer Euro VI vehicles**
  - Take older (5+ years) heavy-duty trucks off of the European roads
  - Replace by newer Euro VI vehicles (1 - 5 years old, second hand or new)
  - Qualifying vehicles must be registered in EU
  - Support only granted for replacement of Euro V, IV and III vehicles

• **Beneficiaries: transport operators via EU-coordinated funding**
  - Not truck manufacturers but transport companies would receive support to re-invest in vehicles
  - Market-based allocation of funds not a ‘quota’-system
  - Focus should be on ‘high-mileage’ market segments (= higher impact on CO2, pollutant emissions)
HOW?

Funding

• Currently, there are no dedicated EU-level programmes for the proposed measure.

• Financial incentives for fleet renewal schemes have traditionally been governed by Member States authorities.

• The new economic efforts established by the European Commission/ European Investment Bank to face the COVID-19 crises could be an effective platform under which new funding schemes to support the transport sector could be implemented.
European program strongly recommended

• A EU-level program would be strongly recommended.

• Member state administration would risk an unsynchronized approach and potentially entail market distortions in different countries.

• At the very least, Member states should follow EU-level guidelines.

• However, timing is critical for a short-term implementation.
HOW?

Program details

Start & Duration

- Start: ASAP, mid-May 2020
- Duration: approx. 12 months, at least until end 2020

Proposed allocation of funds

- Heavy-duty vehicles (with GTW) <16t (~10%)
- Heavy-duty vehicles (with GTW) >16t (~90%)

- Support for Euro V = 15k EUR, Euro III/ IV = < 10k EUR
- Higher incentives possible for alternative fuels and alternatively-powered vehicles
- Total support package for transport operators: EUR 15k/ 10K * 70,000 units ~ EUR 1.000 mill
ADDITIONAL BENEFITS

Pollutant emissions

Rapid fleet renewal will lead to significant reductions of pollutant/ CO2 emissions

![Graph showing NOx and PM emissions](image)
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