



European
Automobile
Manufacturers
Association

HEAVY-DUTY FLEET RENEWAL SCHEME

'Emergency Package'

17 April 2020

KEY MESSAGES

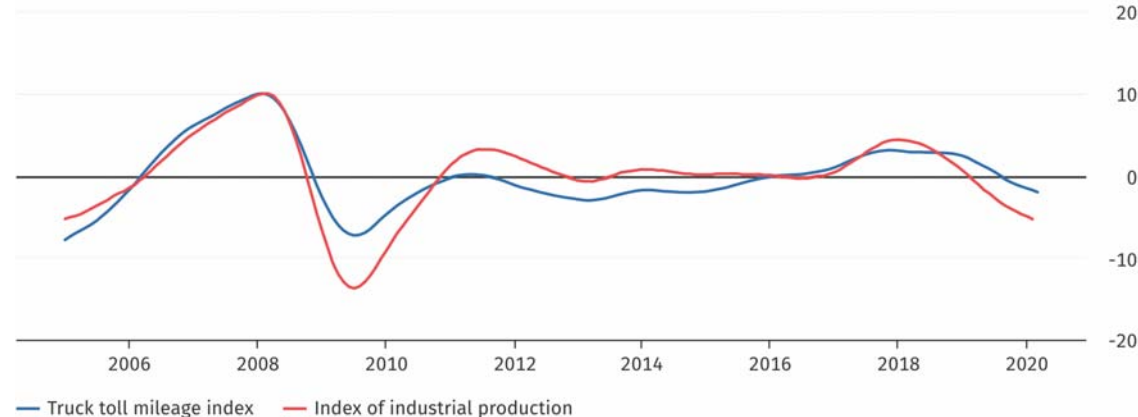
- **Road freight transport and truck manufacturers massively affected by Covid-19 crisis**
- **Short-term fleet renewal scheme for heavy-duty vehicles aimed at transport operators to restart demand and industry production**
- **Replace old Euro III/ IV/ V vehicles by Euro VI vehicles**
- **Significant 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.

Cyclical economic development

Deviation of the medium-term trend from the long-term trend



Source: Federal Statistical Office (Destatis) Germany, March 2020.

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

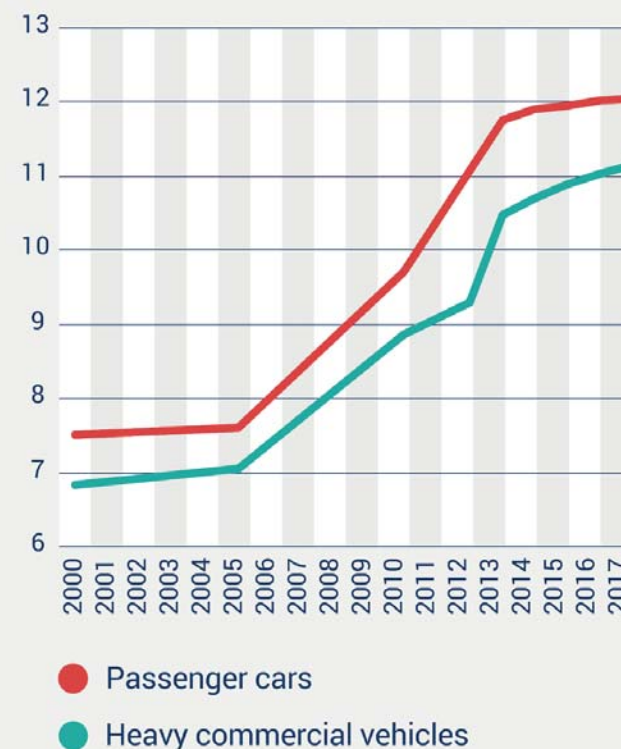
TRUCKS 12.4 YEARS OLD ON AVERAGE

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

2018 - 2014 (Euro VI)	2013 - 2009 (Euro V)	>10 years older
~1.5 mill vehicles	~1.0 mill vehicles	~3.6 mill vehicles
~25%	~17%	~59%

- 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

AVERAGE VEHICLE AGE IN YEARS, 2000-2017*



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.**

HOW?

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

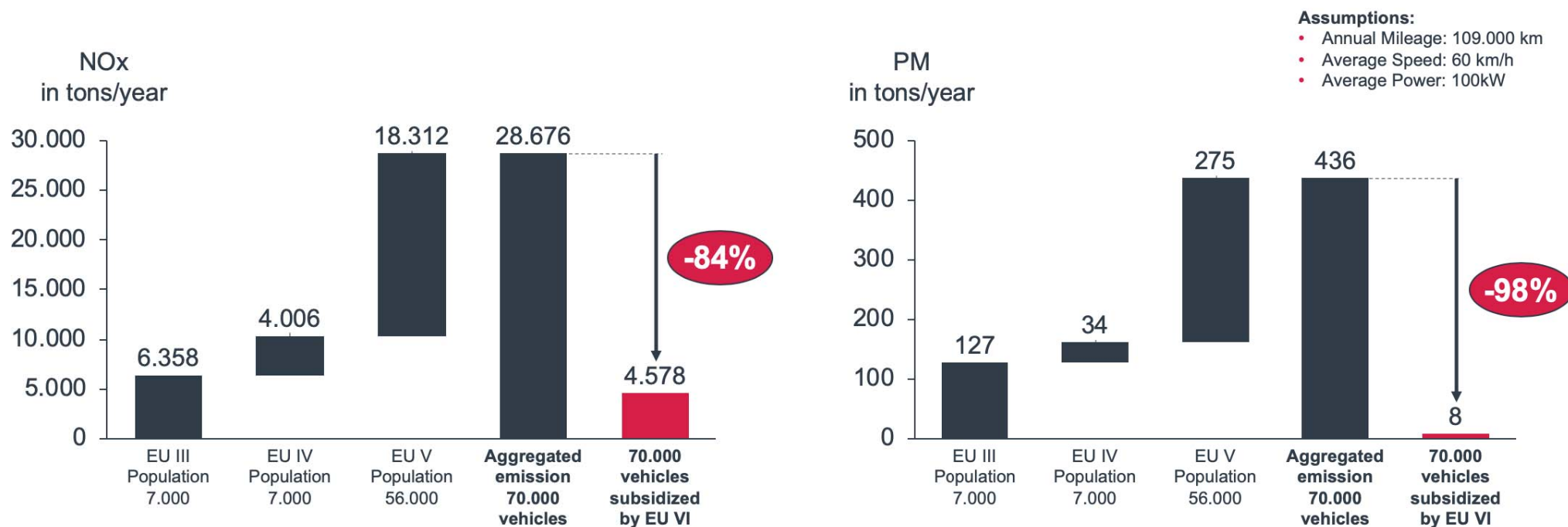
Proposed allocation of funds

- 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





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