

Analysis and Feedback: Proposed Amendments to EU Regulation 2019/1242 for CO₂ Emission Standards in New Heavy-Duty Vehicles, Reporting Obligations, and Repeal of EU Regulation 2018/956

Introduction and foreword

ANFIA has represented the entire Italian automotive industry for more than 110 years. This industry includes vehicle designers, component manufacturers, light and heavy vehicle manufacturers, trailer manufacturers, and coachbuilders. The industrial vehicle industry in Italy is one of the country's most significant sectors.



In line with European commitments to decarbonisation, climate neutrality, and air quality improvement, the Italian industrial vehicle industry is a pioneer in using alternative fuels in road transport. It is dedicated to developing technologies that reduce polluting and climate-changing emissions. The industry will continue to contribute to reducing climate-changing emissions from trucks and buses in the future.

As there are ongoing discussions on the new Euro 7 standards and the specific requirements for industrial vehicles covered by these regulations, we would like to provide some comments and suggestions to improve the proposal.

Executive Summary

This proposal enhances the CO₂ reduction goals for heavy-duty vehicles, which were approved in 2019 (-30% by 2030) and also sets new targets specifically for buses.

Riduzione delle emissioni di CO₂: i target proposti per i veicoli pesanti

	2020	2025	2030	2035	2040	
			urbani 100% elettrici			} Proposta CE febbraio 2023
		- 15% sui livelli 2019	- 45% sui livelli 2019	- 65% sui livelli 2019	- 90% sui livelli 2019	

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To maximise the contribution of heavy-duty vehicles to the decarbonisation of road freight and passenger transport and the achievement of the 2050 carbon neutrality targets, ANFIA proposes that the following be carried out:

1. Enhance the importance of renewable fuels (**CO₂ Neutral Fuels**) and their contribution to meeting reduction targets.
2. Review the new **reduction targets for 2030** (-45% of the entire HDV fleet and 100% electric for city buses) as they are **unrealistic**.
3. Make the definition of **post-2030 targets conditional** on the adequate availability of **enabling conditions**.
4. **Differentiate reduction targets for new classes** included in the regulation **with a 2025 baseline**.
5. Remove the possibility of **transferring vehicles only between manufacturers of the same industrial group** and **open the possibility of inter-class (Truck & Bus) transfer for vehicles produced by the same manufacturer**.

The importance of assessing carbon-neutral fuels

Highly positive for the Italian supply chain is the consideration of H2 ICE (hydrogen with internal combustion engine) technologies as "zero emissions". However, it is unreasonable that the Commission's proposal does not consider the contribution of CO₂ Neutral Fuels towards meeting the targets. In our opinion, especially in heavy-duty transportation, the role of CO₂ Neutral Fuels cannot be overlooked.

→ To ensure the effective decarbonisation of energy, the Regulation must incorporate a **mechanism** that evaluates and acknowledges the **essential role of biofuels and synthetic fuels**. This mechanism, known as the **Carbon Correction Factor (CCF)**, should be **appropriately assessed and considered**.

Connecting the definition of targets to enabling conditions.

Based on the current state of the electric charging and hydrogen refuelling network in Europe and at the national level, as well as the most optimistic predictions for growth in the near future, it is evident that the conditions for achieving the existing goal of reducing emissions by 30% by 2030 are insufficient.

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In order to establish a market for zero-emission commercial vehicles, it is necessary to have a uniform and widespread implementation of charging and refuelling infrastructure across all Member States.

The burden of decarbonisation cannot solely fall on the business sector (automotive, freight transport, public transport). Member States need to step up and implement significant and speedy actions to expand the charging and hydrogen refuelling network for both public and private sectors. It's worth mentioning that the targets set by AFIR need to be revised and aligned with the ones proposed for vehicles.

→ It is necessary to define the targets based on the **actual availability of the essential enabling conditions.**

Target 2030: -30% difficult and -45% unrealistic

As mentioned above, it will be challenging to define a sufficiently suitable ecosystem to support the circulation of zero-emission heavy-duty vehicles in 2030, as envisaged by the current -30% target.

→ The proposal to increase the target to -45% by 2030 is seen as outdated and unrealistic. It is suggested to **maintain the current target of -30% by 2030.**

Post-2030 targets: to be defined based on the review.

At this point, it is **premature to evaluate** whether the goals for **2035 and 2040 are feasible.**

→ It is proposed to **advance the review clause to 2027** (currently set for 2028) and establish that **post-2030 targets be defined as "indicative" and subsequently revised based on concrete data emerging during the review.** Therefore, the **2035 and 2040 objectives should be set at -50% and -70% respectively, in line with the Commission's TL-Low scenario.**

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Rethinking targets for new classes with a 2025 baseline

The new regulation requires trucks and coaches to reduce their CO2 emissions, but the baseline for these vehicles won't be established until 2025. So it seems unrealistic to expect them to achieve the same reduction rates as already regulated vehicles, especially since they make up a small portion of the market.

→ It is proposed that the **targets for the new classes be revised** to follow the same trajectory as the regulated classes in 2019. This means a **reduction of 3% per year and a target of no more than -15% by 2030.**

All-electric city buses by 2030 - the risk is a boomerang effect.

Given the market data of the different Member States, it is evident that the **replacement of bus fleets is not advancing uniformly throughout the EU. The progress depends mainly on the financial resources available to public transportation companies and government funding.**

Requiring all operators to only purchase electric city buses within seven years is highly complex, especially since the current price difference with equivalent internal combustion engine vehicles (including those running on carbon-neutral fuels) is 5 to 1.

Such a requirement could also have adverse effects, particularly in countries like Italy. It could prolong the use of older vehicles and slow down the renewal of the current fleet.

→ We propose to **decrease the target to -80%**, already predicted in the Commission's alternate hypothesis during the impact assessment.

→ **Exclude from the target the bus classes with a predominantly intercity profile (classes 31-L2 and 33-L2):** these vehicles cannot be equated with urban buses.

Rethinking flexibilities: Truck & Bus

According to the Regulation, manufacturers within the same industrial group can transfer an unlimited number of vehicles to each other. However, ensuring that this provision does not create unfair advantages that could harm fair competition is crucial.

→ We propose **eliminating the current limitation where only manufacturers within the same group can use the transfer for zero-emission vehicles. Additionally, we suggest expanding the opportunity for transfer between truck and bus classes for vehicles made by the same manufacturer.**

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Further considerations

To ensure consistency, the **proposed regulations for CO2 emissions from heavy-duty vehicles should match the ambition and targets of the Euro 7 proposal.**

We propose:

- Coordinating regulations because the Euro 7 forecast was based on an unrealistically low assumption of zero-emission vehicle (ZEV) market uptake required by the CO regulation.
- Reassessing the premises of the IA Euro 7 HDV.
- Reviewing the proposed standards and test procedures to ensure they are fair and reasonable in achieving the desired CO targets² without imposing excessive effort and investment.

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