



“Fitfor55” - Proposal for new CO2 regulation for passenger cars and light commercial vehicles

Proposal for a Regulation of the European Parliament and Council amending Regulation (EU) 2019/631 as regards the enhancement of CO2 emission performance standards for new passenger cars and light commercial vehicles in line with the European Union's renewed climate ambition COM (2021) 556

Position paper

Representing the Italian automotive supply chain, ANFIA intends to fully support and commit to achieving the decarbonisation targets set out in the "Fit for 55" package.

The transport sector must make highly challenging commitments in a minimal timeframe, impacting businesses that are not necessarily 'large', workers and the general public, who will need to completely change their production methods and transport use as part of the new mobility model. It is primarily for these reasons that we believe it is essential that, in defining medium- and long-term strategies for achieving shared objectives of decarbonisation and environmental protection, we do not overlook the importance of maintaining a globally competitive European automotive industry and supply chain. We should also protect consumers, who are currently completely confused when making purchasing choices, partly because of the market uptake of electric vehicles that is not aligned with infrastructure development.

In a constructive and collaborative spirit, considering the rapid acceleration of manufacturing transition in the automotive sector, notably due to the proposed revision of CO2 targets for passenger cars and light commercial vehicles, we believe it is appropriate to bring to the attention of European and Italian legislators the following **observations and proposals for amendments on this regulatory revision**, in view of **providing further elements to support our overall position on the “Fit for 55” package**.

In line with the overarching decarbonisation objectives, the following observations and proposals are intended to ensure a realistically achievable pathway and an essential mitigation of social and employment impacts.

- The estimated impact on the Italian automotive supply chain resulting from the total and immediate electrification of light vehicle production shows that **30% of component supplier companies and approximately 70,000 direct workers are at risk of losing their jobs.**

Therefore, it will be fundamental to make European regulations sustainable from an industrial and social point of view. At the same time, at a national level, it will be essential to put in place a specific 'automotive package' that includes industrial policy measures and instruments capable of accompanying the supply chain towards production transition and supporting the various needs and specificities of companies belonging to this sector.

Proposals and observations

- **Restoration of the European principle of technological neutrality, which has always characterised EU policies over the years and is overridden by the new targets proposed by the Commission. The exclusive focus on electrical technology to achieve the targets results in an unjustified phasing-out of specific technologies which, by the use and enhancement of renewable and sustainable fuels, can provide a fundamental contribution to decarbonisation.**

- **As currently set out in the proposal, continue to keep the existing 2025 CO² emission reduction targets for cars and light commercial vehicles unchanged**, given the short lead-time for implementation, to ensure reliability and robustness of the regulatory framework.
- **In line with the current proposal, continue to maintain the differentiation of targets for passenger cars and commercial vehicles**, given the technical specific characteristics and different tasks of light commercial vehicles and of the relevant customers, compared to passenger cars.
- **Linking future CO₂ emission reduction targets for passenger cars and light commercial vehicles to Member States achieving their targets to develop a sufficient and widespread recharging infrastructure** in line with the number of low-emission vehicles on the road. These targets for the Member States should be made as binding and mandatory as those for vehicle manufacturers.
- **Maintaining, even beyond 31st December 2029, exemptions for manufacturers of fewer than 10,000 passenger cars and 22,000 light commercial vehicles registered in the European Union per year**, and keeping current exemptions for manufacturers with fewer than 1,000 registrations per year, considering their specific characteristics, which were both granted by the European legislator as recently as on 2019.
- Inclusion of a "crediting system" or "carbon correction factor" to **enhance the contribution of zero- and low-emission renewable fuels in reaching decarbonisation targets**.
- Provide for the possibility of **"pooling" between car and commercial vehicle manufacturers**. At present, the legislation only allows agreements between manufacturers in the same category (cars with cars and commercial vehicles with commercial vehicles).
- **Ensure that the new Euro 7/VII regulation proposal is consistent with the objectives set out in the CO₂ regulation and not tightened in a shorter timeframe**.

Targets for reducing CO₂ emissions from passenger cars:

- To ensure a realistic decarbonisation scenario that considers the devastating impacts expected in one of the most critical industrial sectors at the European and national level, and given the considerable diversity of the various Member States, **a target of -45% is proposed for 2030. Furthermore, setting the targets for 2035 and 2040 needs to be postponed up to the 2028 review so that target feasibility can be assessed based on the progress of the infrastructure network and market response and on the level of penetration of the renewables share in the European energy mix.**

Targets for reducing CO₂ emissions from light commercial vehicles:

- Light commercial vehicles play a crucial role in the logistics supply chain and are an essential asset in the operations of SMEs. Essential factors such as loading capacity and transport efficiency contribute to defining the total cost of ownership, which is a decisive factor for the consumer at the time of purchase. In addition, the particular technological make-up of light commercial vehicles, the narrow margins for electrification, and the typically longer development times and production cycles make it necessary to envisage a specific decarbonisation path that differs from that of passenger cars. For this reason and in line with the "medium ambition scenario, TL_Med¹" already

¹ IMPACT ASSESSMENT - Part 1 (p. 26) - Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/631 as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition.



analysed by the Commission, the targets for the years 2030, 2035 and 2040 (compared to the 2021 target) should be formulated as follows:

- by 2030, CO2 emissions reduction of 40%.
 - by 2035, CO2 emissions reduction of 70%.
 - by 2040, CO2 emissions reduction of 100%.
- In order not to compromise the integrity of the Regulation and to ensure predictability and planning of reduction efforts, it is **necessary to confirm**, as in the current legislation, **the 'limit curve' mechanism and its gradient for light commercial vehicles**. This mechanism ensures a fair distribution of efforts among manufacturers of light commercial vehicles and appropriately reflects the peculiarities of heavier vans and their different uses and purposes. The provisions contained in the revision proposal and aimed at changing the slope of the limit curve would result in a further tightening of the proposed new 2030 target with a disproportionate impact for some manufacturers.

AMENDMENT PROPOSALS

Targets for reducing CO2 emissions from passenger cars and light commercial vehicles

Article 1

Regulation (EU) 2019/631 is amended as follows:

(1) Article 1 is amended as follows:

(a) paragraph 5 is amended as follows:

(i) in point (a), the figure “37,5 %” is replaced by ‘55—~~45~~%’,

(ii) in point (b), the figure “31 %” is replaced by ‘50 40%’, (b) the following paragraphs 5a and 5b are inserted:

‘5a. From 1 January 2035, the following EU fleet-wide targets shall apply:

~~for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a 100% reduction of the target in 2021 determined in accordance with Part A, point 6.1.2, of Annex I;~~

(a) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a ~~100%~~ 70% reduction of the target in 2021 determined in accordance with Part B, point 6.1.2, of Annex I.

5b. From 1 January 2040, the following EU fleet-targets shall apply:

(a) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a 100% reduction of the target in 2021 determined in accordance with Part B, point 6.1.2, of Annex I.’

(b) in paragraph 6, the words “From 1 January 2025,” are replaced by ‘From 1 January 2025 to 31 December 2029,’,

(c) paragraph 7 is deleted;

Article 15

Regulation (EU) 2019/631 is amended as follows:

(10) Article 15 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The Commission shall, in 2028, review the effectiveness and impact of this Regulation, building on the two yearly reporting, and submit a report to the European Parliament and to the Council with the result of the review.

The report shall, ~~where appropriate,~~ be accompanied by a proposal for amending this Regulation **by introducing EU fleet-wide targets for passenger cars from 1 January 2035 and from 1 January 2040 as appropriate.’**

(b) paragraph 2 is amended as follows:

‘2. In the report referred to in paragraph 1, the Commission shall consider, inter alia, the real-world representativeness of the CO2 emission and fuel or energy consumption values determined pursuant to Regulation (EC) No 715/2007; the deployment on the Union market of zero- and low-emission vehicles, in particular with respect to light commercial vehicles; the roll-out of recharging and refuelling infrastructure reported under ~~Directive 2014/94/EU~~ **Regulation (xxx) of the European Parliament and of the Council on the deployment of alternative fuels infrastructure, including their financing; the implementation of Directive 2010/31/EU on the Energy Performance of buildings and its foreseen review;** the potential contribution of the use of synthetic and advanced alternative fuels produced with renewable energy to emissions reductions; the CO2 emissions reduction actually observed at the existing fleet level; the functioning of the incentive mechanism for zero- and low-emission vehicles; the potential effects of the transitional measure set out in point 6.3 of Part A of Annex I; the impact of this Regulation on consumers, particularly on those on low and medium incomes; as well as aspects to further facilitate an economically viable and socially fair transition towards clean, competitive and affordable mobility in the Union.

~~(b)~~ paragraphs 3 to 5 are deleted,

(ed) the following paragraph 9 is added:

‘9. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to amend the formulae set out in Part B of Annex I, where such amendments are necessary in order to take into account the procedure for multi-stage N1 vehicles set out in Part A of Annex III.’;

ANNEX I Part A (Passenger Cars)

~~(a) in point 6.1, the heading is replaced by the following:~~

~~‘EU fleet-wide targets for 2025 onwards’,~~

~~(b) in point 6.1.2, the heading is replaced by the following:~~

~~‘EU fleet-wide target for 2030 to 2034’~~

~~(c) the following point 6.1.3 is added:~~

~~‘6.1.3 EU fleet-wide target for 2035 onwards~~

~~EU fleet-wide target₂₀₃₅ = EU fleet-wide target₂₀₂₁ · (1 - reduction factor₂₀₃₅)~~

~~where:~~

~~EU fleet-wide target₂₀₂₁ is as defined in point 6.0;~~

~~Reduction factor₂₀₃₅ is as defined in Article 1(5a), point (a).’~~

~~(a) (d) in point 6.2 the heading is replaced by the following:~~

~~‘Specific emissions reference targets’~~

~~(b) (e) point 6.2.2 is deleted.~~

~~(c) (f) point 6.3 is replaced by the following:~~

~~‘6.3 Specific emissions targets for 2025 onwards~~

~~6.3.1 Specific emissions targets for 2025 to 2029:~~

~~Specific emissions target = specific emissions reference target · ZLEV factor~~

~~where:~~

~~specific emissions reference target is the specific emissions reference target of CO₂ determined in accordance with point 6.2.1;~~

~~ZLEV factor is (1 + y - x), unless this sum is larger than 1,05 or lower than 1,0 in which case the ZLEV factor shall be set to 1,05 or 1,0, as the case may be;~~

~~where:~~

~~y is the share of zero- and low-emission vehicles in the manufacturer's fleet of new passenger cars calculated as the total number of new zero- and low-emission vehicles, where each of them is counted as ZLEV_{specific} in accordance with the following formula, divided by the total number of new passenger cars registered in the relevant calendar year:~~

~~ZLEV_{specific} = 1 - (specific emissions of CO₂ · 0,750)~~

~~For new passenger cars registered in Member States with a share of zero- and low-emission vehicles in their fleet below 60% of the Union average in the year 2017 and with less than 1 000 new zero- and low-emission vehicles registered in the year 2017*, ZLEV_{specific} shall, until and including 2029, be calculated in accordance with the following formula:~~

~~ZLEV_{specific} = (1 - (specific emissions of CO₂ · 0,750)) · 1,85~~

Where the share of zero- and low-emission vehicles in a Member State's fleet of new passenger cars registered in a year between 2025 and 2028 exceeds 5 %, that Member State shall not be eligible for the application of the multiplier of 1,85 in the subsequent years;

x is 15 % in the years 2025 to 2029.

6.3.2 Specific emissions targets for 2030 to 2034 onwards

Specific emissions target = EU fleet-wide target₂₀₃₀ + a₂₀₃₀ · (TM-TM₀)

Where,

EU fleet-wide target₂₀₃₀ is as determined in accordance with point 6.1.2;

a₂₀₃₀ is $a_{2021} \cdot \text{EU fleet-wide target}_{2030} \text{average emissions}_{2021}$

where,

a₂₀₂₁ is as defined in point 6.2.1

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1

6.3.3 Specific emissions targets for 2035 onwards

Specific emissions target = EU fleet-wide target₂₀₃₅ + a₂₀₃₅ · (TM-TM₀)

Where,

EU fleet-wide target₂₀₃₅ is as determined in accordance with point 6.1.3;

a₂₀₃₅ is $a_{2021} \cdot \text{EU fleet-wide target}_{2035} \text{average emissions}_{2021}$

where,

a₂₀₂₁ is as defined in point 6.2.1

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1

* The share of zero- and low-emission vehicles in the new passenger car fleet of a Member State in 2017 is calculated as the total number of new zero- and low-emission vehicles registered in 2017 divided by the total number of new passenger cars registered in the same year.*;

Extension of derogations for Small Volume Manufacturers

Article 1

Regulation (EU) 2019/631 is amended as follows:

[...]

(6) in Article 10(2), the first sentence is replaced by the following:

‘A derogation applied for under paragraph 1 may be granted from the specific emission targets applicable until and including calendar year 2029.’;

Justification: As stated in the Regulation's text agreed only two years ago, it is not appropriate to use the same method to determine the emissions reduction targets for large-volume manufacturers as for small-volume manufacturers that are considered as independent. Removing SVM derogations from 2030 would

mean asking for a reduction of more than 80% in 2030 compared to 2021. This level of improvement has never been required and is highly disproportionate.

To comply with provisions on CO₂ average fleet emissions, small volume manufacturers must intervene on substantial elements related to primary characteristics of their vehicles. These actions shall necessarily be coherent with the business model and investments sustainability. Moreover, SVM's are key contributors to technological innovation, therefore, removing the derogations means damaging a top-rated European business.

For these considerations, the efforts requested by the European Commission should be proportionate to the CO₂ emissions share for which each stakeholder is responsible, also considering that registrations of vehicles which benefit of current flexibilities represent less than 0,2% of the whole European circulating fleet. The real impact of SVM's fleet on CO₂ emissions would be even less considering the negligible contribution of high-performance vehicles registered in Europe due to the reduced typical average mileage (about 5 000 km / year), which should be a third of what is forecasted for a daily use vehicle.

Targets for reducing CO2 emissions from light commercial vehicles

ANNEX I Part B (Light Commercial Vehicles)

(a) in point 6.1, the heading is replaced by the following:

'The EU fleet-wide targets for 2025 onwards',

(b) in point 6.1.2, the heading is replaced by the following:

'The EU fleet-wide targets for 2030 to 2034',

(d) the following points 6.1.3 and 6.1.4 are added:

'6.1.3 The EU fleet-wide targets for 2035 onwards to 2039

EU fleet-wide target₂₀₃₅ = EU fleet-wide target₂₀₂₁ · (1- reduction factor₂₀₃₅) where:

EU fleet-wide target₂₀₂₁ is as defined in point 6.0;

Reduction factor₂₀₃₅ is as defined in Article 1(5a), point (b).

(New) 6.1.4 The EU fleet-wide target for 2040 onwards

EU fleet-wide target₂₀₄₀ = EU fleet-wide target₂₀₂₁ · (1- reduction factor₂₀₄₀) where:

EU fleet-wide target₂₀₂₁ is as defined in point 6.0;

Reduction factor₂₀₄₀ is as defined in Article 1(5b), point (a).'

Gradient of the limit curve for light commercial vehicles

6.2.2 Specific emissions reference targets for 2030 to 2034

Specific emissions reference target = EU fleet-wide target₂₀₃₀ + α · (TM-TM₀)

Where,

EU fleet-wide target₂₀₃₀ is as determined in accordance with point 6.1.3.2

α is $\frac{a_{2030,L} - a_{2021}}{TM_0 - TM}$ where the average test mass of a manufacturer's new light commercial vehicles is equal to or lower than

TM₀, and $\frac{a_{2030,H} - a_{2021}}{TM_0 - TM}$ where the average test mass of a manufacturer's new light commercial vehicles is higher than TM₀;

where:

$a_{2030,L}$ is $\frac{a_{2021} \cdot EU \text{ fleet - wide target } 2030}{EU \text{ fleet - wide target } 2025}$

Average emissions 2021

$a_{2030,H}$ is $\frac{a_{2021} \cdot EU \text{ fleet - wide target } 2030}{EU \text{ fleet - wide target } 2025}$

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1',

α is $\frac{a_{2030}}{a_{2021}}$ where the average test mass of a manufacturer's new light

commercial vehicles is equal to or lower than TM_0 determined in accordance with point (d) of Article 14(1) and a_{2021} where the average test mass of a manufacturer's new light commercial vehicles is higher than TM_0 determined in accordance with point (d) of Article 14(1);

where:

a_{2030} is $a_{2021} \cdot \text{EU fleet-wide target}_{2030} / \text{Average emissions}_{2021}$

a_{2021} is as defined in point 6.2.1;

average emissions₂₀₂₁ is as defined in point 6.2.1;

TM is as defined in point 6.2.1;

TM_0 is as defined in point 6.2.1.

6.2.3 Specific emissions reference targets ~~for 2035 onwards~~ **for 2035 to 2039**

Specific emissions reference target = EU fleet-wide target₂₀₃₅ + $\alpha \cdot (TM - TM_0)$

Where,

EU fleet-wide target₂₀₃₅ is as determined in accordance with point 6.1.3

α is $a_{2035,L}$ where the average test mass of a manufacturer's new light commercial vehicles is equal to or lower than TM_0 , and $a_{2030,H}$ where the average test mass of a manufacturer's new light commercial vehicles is higher than TM_0 ;

where:

$a_{2035,L}$ is $a_{2021} \cdot \text{EU fleet - wide target}_{2035}$

Average emissions₂₀₂₁

$a_{2035,H}$ is $a_{2021} \cdot \text{EU fleet - wide target}_{2035}$

$\text{EU fleet - wide target}_{2025}$

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM_0 is as defined in point 6.2.1',

α is a_{2035} where the average test mass of a manufacturer's new light commercial vehicles is equal to or lower than TM_0 determined in accordance with point (d) of Article 14(1) and a_{2021} where the average test mass of a manufacturer's new light commercial vehicles is higher than TM_0 determined in accordance with point (d) of Article 14(1);

where:

a_{2035} is $a_{2021} \cdot \text{EU fleet-wide target}_{2035} / \text{Average emissions}_{2021}$

a_{2021} is as defined in point 6.2.1;

average emissions₂₀₂₁ is as defined in point 6.2.1;

TM is as defined in point 6.2.1;

TM_0 is as defined in point 6.2.1.

(New) 6.2.4 Specific emissions reference targets for 2040 onwards

Specific emissions reference target = EU fleet-wide target₂₀₄₀ + $\alpha \cdot (TM - TM_0)$

Where,

EU fleet-wide target₂₀₄₀ is as determined in accordance with point 6.1.4

α is a_{2040} where the average test mass of a manufacturer's new light commercial vehicles is equal to or lower than TM_0 determined in accordance with point (d) of Article 14(1) and a_{2021} where the average test mass of a manufacturer's new light commercial vehicles is higher than TM_0 determined in accordance with point (d) of Article 14(1);

where:

a_{2040} is $a_{2021} \cdot \text{EU fleet-wide target}_{2040} / \text{Average emissions}_{2021}$
 a_{2021} is as defined in point 6.2.1;
 $\text{average emissions}_{2021}$ is as defined in point 6.2.1;
 TM is as defined in point 6.2.1;
 TM_0 is as defined in point 6.2.1.

Pooling between car and light commercial vehicle manufacturers

Article 4 and 6

Article 4

Manufacturers, other than manufacturers which have been granted a derogation, may form a pool or may trade credits for the purposes of meeting their obligations. For the purposes of determining each manufacturer's average specific emissions of CO₂, a potential over-achievement of a manufacturer's CO₂ target in one category (M1 or N1) could be combined with an exceedance in the other category (M1 or N1) by the same or another manufacturer.

Due to the different target definitions of M1 & N1, this specific credit transfer mechanism option can only combine the difference between a manufacturer's specific emission target and its specific emissions in one category (M1 or N1) with the difference between a manufacturer's specific emission target and its specific emissions in the other category (M1 or N1). When the credit trading in one category allows to compensate the exceedance of the other category, the combination shall be considered to have met the two specific emissions targets.

For fleet compliance, the maximum amount of grammes that can be traded between M1 and N1 segments of the same or a different manufacturer is capped to 7g WLTP.

Article 6, para 6

Paragraph 5 shall not apply where all the manufacturers included in the pool are part of the same group of connected manufacturers or where the credit transfer consists of only one manufacturer transferring respective credits between the passenger car and light commercial vehicle fleets.

6a. The respective individual manufacturer(s) targets shall be replaced by a modified target for the manufacturer(s) where there is credit transfer of passenger and light commercial vehicles differences between specific targets (M& or N1) and specific emissions (M1 or N1). The modification is defined as follows:

the difference between a manufacturer's specific emission target and its specific emissions in one category (M1 or N1) with the difference between a manufacturer's specific emission target and its specific emissions in the other category (M1 or N1). When the credit trading in one category allows to compensate the exceedance of the other category, the combination shall be considered to have met the two specific emissions targets.