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## **NOTE**

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	12078/18
No. Cion doc.:	8922/18
Subject:	Proposal for a Regulation of the European Parliament and of the Council setting CO <sub>2</sub> emission performance standards for new heavy-duty vehicles
	- Policy debate

## I. INTRODUCTION

- 1. The <u>Commission</u> adopted its proposal on 17 May 2018. The objective of the proposed Regulation is to contribute to achieving the CO<sub>2</sub> emission reductions required as part of the Effort Sharing Regulation by setting CO<sub>2</sub> emission performance standards for new heavy-duty vehicles.
- 2. The proposal sets an overall CO<sub>2</sub> emission reduction target for the EU's fleet of new heavy-duty vehicles of 15% from 2025 onwards compared to 2019 emission levels. The overall target is translated into manufacturer-specific CO<sub>2</sub> emission targets on the basis of fleet composition and characteristics. The proposal also includes an aspirational reduction target of at least 30% from 2030 onwards. The final target from 2030 onwards will be confirmed pursuant to a review to be carried out in 2022. It is suggested furthermore that, as part of the review, the scope of the standards should be extended to smaller trucks, buses, coaches and trailers. Vocational vehicles, such as construction lorries, garbage lorries, and concrete mixers are exempted from the CO<sub>2</sub> targets.

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- 3. Contrary to cars and vans, zero- and low-emission heavy-duty vehicles are not yet available on the market, except for buses. To provide incentives for the development and deployment on the EU market of zero- and low-emission vehicles, including smaller lorries, buses and coaches that are not subject to CO<sub>2</sub> emission targets under the proposed Regulation, it proposes a dedicated system of "super credits" whereby such vehicles will be counted as more than one vehicle for the purpose of calculating the specific emissions of a manufacturer. In order to avoid a weakening of the environmental objectives of the Regulation, the super credits will be subject to predefined caps.
- 4. In order to promote cost-effective implementation, the proposal provides for banking and borrowing of CO<sub>2</sub> credits. A financial penalty, in the form of an excess emissions premium, is foreseen in case of non-compliance with the CO<sub>2</sub> targets. In addition, the proposal provides for measures to ensure the availability of robust and representative data from manufacturers on CO<sub>2</sub> emissions and fuel consumption.

## II. STATE OF PLAY

5. The proposal and its impact assessment have so far been examined at three meetings of the Working Party on the Environment (WPE). At the latest meeting of the WPE, delegations discussed a first Presidency text (doc. 12078/18), which aimed at clarifying a number of more technical issues. At this stage, delegations are still in the process of preparing their positions and, to that end, have sought additional clarification from the Commission on a number of largely technical issues. The two main political issues emerging from the discussion are the proposed targets and the suggested incentive system for zero- and low-emission vehicles. In their preliminary comments, some delegations have indicated that they are in favour of a more ambitious approach on the targets but do not have a detailed position yet. Delegations are generally in favour of providing incentives for zero- and low-emission vehicles but some of them question whether the proposed system of super credits is ambitious enough and are looking at alternative options.

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6. The <u>European Parliament</u> appointed Mr Bas Eickhout (Greens/EFA) as Rapporteur for the Committee on the Environment, Public Health and Food Safety (ENVI). The vote in ENVI Committee is scheduled to take place on 18 October 2018.

## III. QUESTIONS FOR MINISTERS

- 7. Against this background, Ministers are invited to take part in a policy debate on the proposal at the meeting of the <u>Council</u> (Environment) on 9 October 2018. The Presidency has prepared two questions to guide the debate:
  - Do you agree with the approach of the Commission proposal as regards a binding 2025 target and an aspirational 2030 target combined with the review mechanism? Do you consider that the proposed targets provide the appropriate level of ambition?
  - In your view, is the proposed system of super credits adequate for providing incentives for zero- and low-emission vehicles, including categories of vehicles which are not subject to the CO<sub>2</sub> targets? If not, have you considered alternative approaches?

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