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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Draft 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 (**first reading**)
- Adoption of the legislative act
= Statements

Statement by Italy

Italy shares and is fully committed to the objective of decarbonising the road transport sector, since reducing the sector's CO₂ emissions, in particular those deriving from passenger cars and light commercial vehicles, is key to achieving the Union's climate objectives.

In our view, decarbonisation in the road transport sector should be pursued in accordance with the principles of an economically sustainable and socially fair transition to zero emissions and of technological neutrality.

We are certainly in favour of the electrification of light vehicles. We do not believe, however, that during the transition phase this should be the only route to achieving zero emissions.

Electrification requires significant changes across the automotive sector, which need to be planned and guided with due care in order to avoid undesirable economic, industrial and social impacts. Cars with combustion engines are owned by low-income citizens and will remain in circulation beyond 2035. The success of electric cars will depend very much on how they become accessible to these citizens.

In the meantime, technological neutrality will allow Member States to use all solutions at their disposal to decarbonise the transport sector, depending on national circumstances and starting points. The use of renewable fuels which are compatible with combustion engines will ensure an immediate reduction in emissions without requiring disproportionate economic sacrifices from citizens. Forcing electrification may, on the contrary, entail the risk of non-acceptance by the market, which could harm car and van producers. It would also prevent the technological development of hybrid engines with a very low environmental impact.

From an industrial point of view, increasing demand for renewable fuels will give the petrochemical sector an important opportunity to adapt.

In setting a 100 % emission reduction objective for 2035 and providing no incentive for the use of renewable fuels, the proposed Regulation is not in line with the principle of technological neutrality. Consequently, Italy cannot support it.

We would point out that achieving a 100 % emission reduction objective depends on several conditions, including:

- the development of a value chain for electric motors and batteries in the Union;
- a sustainable and diversified supply of the necessary raw materials;
- adequate recharging and refuelling infrastructure;
- an upgrade of the electricity grid so that it can cope with increased demand;
- adaptation of the entire automotive sector, including by providing the necessary skills;

- market acceptance of new vehicles, which should be available at an affordable price, in particular for the most vulnerable households and consumers.

If these conditions, the fulfilment of which does not depend solely on the implementation of Regulation (EC) No 2019/631 and will require significant investment and compensation measures, were not to be achieved, the impact of the objective would be serious, in economic, social and environmental terms, as well as for the Union's strategic autonomy.

We note, in this regard, that to date the Union's approach to the automotive sector has been predominantly regulatory, while the United States (with the IRA) and China have also adopted stimulus plans.

We therefore believe that the Commission should:

- support the transition of the automotive sector, in particular its SMEs, using all available legislative and financial means;
- monitor and report in a timely and comprehensive manner on progress towards zero-emission road mobility, considering all factors contributing to a fair and cost-efficient transition, including an assessment of possible funding gaps, as set out in the Regulation (Article 14a);
- ensure, on the basis of the monitoring, assessment and reporting referred to above, a rigorous and credible review of the targets in 2026, as provided for by the Regulation (Article 15);
- follow up on the provision for the registration, after 2035, of vehicles exclusively fuelled with zero CO₂ emission fuels (recital 11);
- make a proposal to include in the Regulation mechanisms to account for the benefits, in terms of CO₂ emissions reduction, of renewable fuels.

Statement by Poland

Poland firmly opposes the adoption of this legislative act.

It is not in favour of the new fees and burdens being passed on to citizens, e.g. by increasing the cost of access to fuels. Any additional costs resulting from the new burdens should be borne by manufacturers and not passed on to citizens. EU legislation should provide an incentive for car manufacturers to offer zero-emission vehicles at the lowest possible cost to citizens. It should also take into account the differing circumstances of the individual Member States so as to avoid exacerbating social stratification, poverty or exclusion.

Trends aimed at reducing vehicle emissions should take account of the market potential in terms of both the technological particularities of vehicle or vehicle equipment manufacturers and the economic aspects, with due regard for the financial capacity of the country's citizens.

Furthermore, Poland cannot accept the inclusion of exemptions for manufacturers of certain luxury brands; this is incompatible with the general principle that emissions should be reduced by all sectors in a manner which is socially fair. In times of crisis, derogations should be directed at the poorest citizens rather than at luxury car manufacturers. Poland therefore expresses its opposition to this legislative act.

Statement by Finland

We fully support the ambitious Fit for 55 package and welcome the outcome of voting on the Commission proposal in the European Parliament which reflects the compromise agreement reached between the institutions in the trilogues.

While we agree with the aims of the Regulation of reducing emissions from road transport in line with Union's climate goals, we regret that gas-fuelled vehicles are not taken into account in the Regulation. For us, promoting the utilisation of biomethane in transport is important and during the negotiations we made a proposal for an incentive for gas-fuelled vehicles. We would also like to emphasize to the Commission the recital regarding registering vehicles running on CO2 neutral fuels after 2035.

Finally, we find it vital that in the revision of the CO2 standards for heavy-duty vehicles, technology neutrality is maintained.

Statement by the Commission

The European Commission is committed to a technologically neutral climate regulation in particular with respect to the regulation of CO2 emission standards for cars and light duty vehicles. The Commission acknowledges and confirms the decision of the European Parliament and the Council to include recital 11 in the agreed compromise text of the revision of the Regulation setting CO2 emission performance standards for new cars and vans. The Commission will take this recital as a starting point for respective legislative initiatives.

As a first step, immediately upon the adoption of the Regulation by the European Parliament and by the Council, the Commission submits an Implementing Regulation for type approvals of these vehicles, thereby setting up a robust and evasion-proof type approval process for vehicles that are fuelled exclusively, in a permanent manner, with RFNBOs. The Commission will work for swift proceedings within the Technical Committee on Motor Vehicles (TCMV) and devote itself within the legal framework to a successful finalisation of the decision process.

The Commission also will work without delay on the further implementation of recital 11. Following the consultation of stakeholders, the Commission also will propose in line with the legal empowerment in autumn 2023, a Delegated Act specifying how E-Fuels-only vehicles would contribute to the CO2 emission reduction targets, in relation to the regulation of CO2 emission standards for cars and light duty vehicles. In the case the co-legislators reject the proposal, the Commission will follow another legislative path such as a revision of the CO2-regulation to at least implement the legal content of the Delegated Act.