BRIEFING

Corporate fleets and the EU Automotive Industrial Action Plan

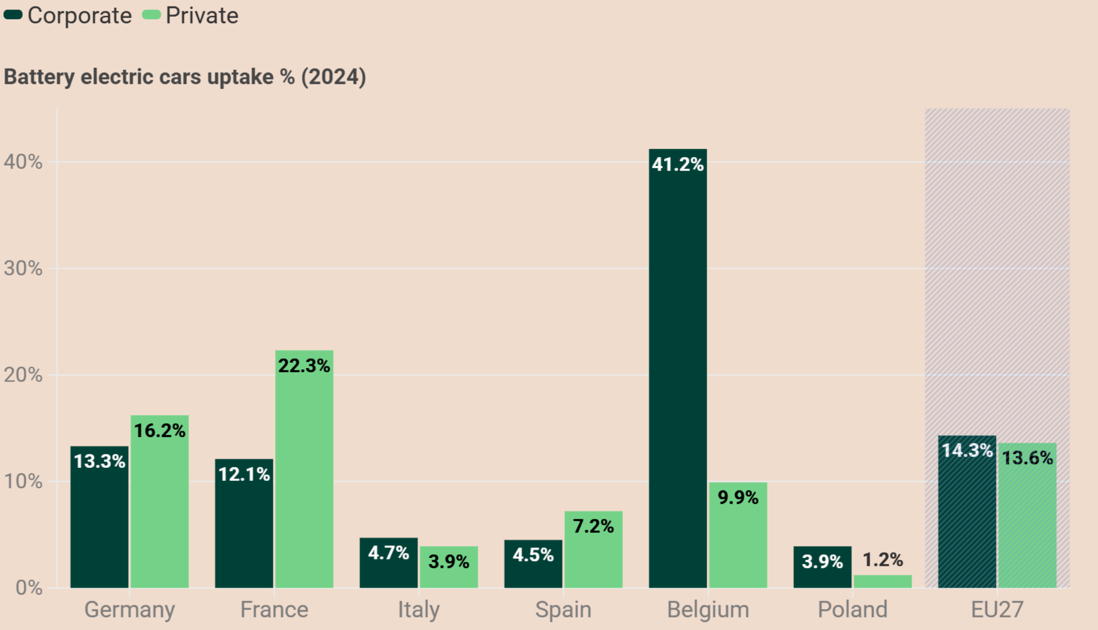
How the European Commission can boost demand for made-in-Europe EVs

Summary

The European car industry is in the midst of a historical transition shifting to electric vehicle (EV) manufacturing. New challenges arise, such as Chinese competition or ensuring a predictable demand. To build a resilient automotive industry, the EU needs to introduce measures that strengthen demand for electric cars that are produced in Europe.

Company cars - which represent 60% of new vehicles - have large potential to boost EV demand. **Although company car drivers receive large tax breaks when leasing an EV, this market is not outpacing the private segment.** In Europe's two biggest markets — Germany and France — the corporate market is even lagging behind.

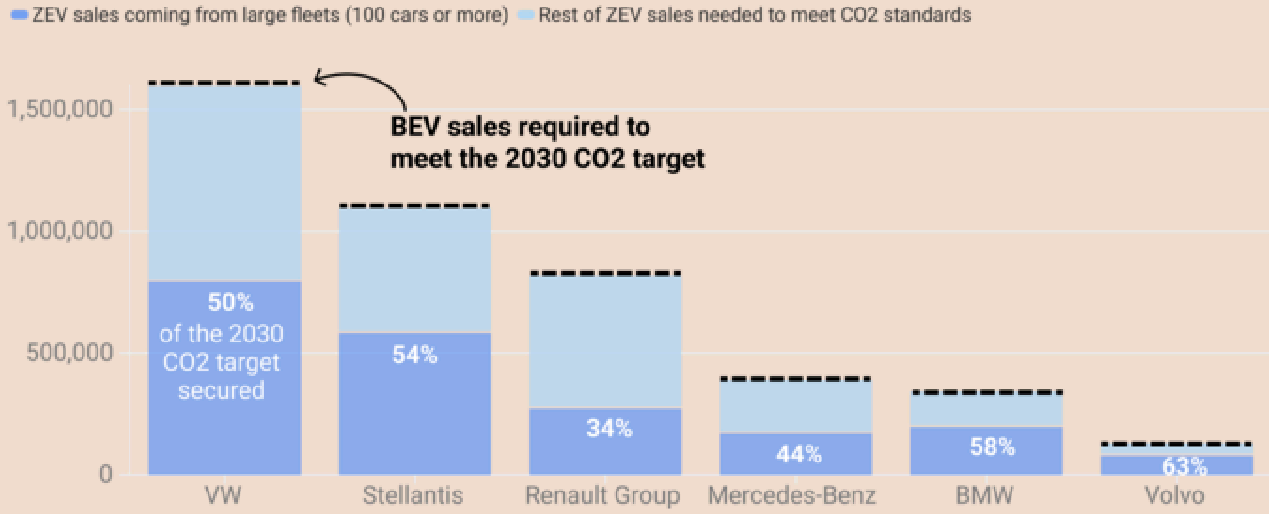
Belgium is the only key market where company cars are clearly leading



Source: T&E calculations based on Dataforce (2025). New passenger car registrations 2024

The European Commission has now announced it will come forward with a legislative proposal to accelerate the electrification of corporate fleets. An EU electrification target for large company car fleets would guarantee a market demand for European carmakers of more than 2.1 million EVs in 2030. **This would deliver on average half of the EVs they need to sell to meet their 2030 CO_2 emission standards and avoid paying penalties.**

Electrification targets for large fleets will secure half of EV sales needed for carmakers to meet their 2030 target



Source: T&E analysis of ZEV sales required for carmakers to meet their 2030 CO2 targets, including expected improvements in ICE efficiency and hybrid sales.

EU carmakers would also benefit more from fleet electrification than their competitors:

- They have a higher corporate share than non-EU brands. For EU carmakers, 62% of their sales are corporate cars while the average for non-EU OEMs is only 49%.
- Compared to private consumers, corporate buyers have a higher tendency to buy European brands when purchasing an electric car.

Accelerating fleet electrification in the EU would also be smart social policy. Due to their shorter ownership period, faster electrification of large company fleets will guarantee almost seven million affordable used EVs for European households by 2035.

Policy recommendations

In the mission letter to Transport Commissioner Tzitzikostas, the EC has announced a legislative proposal to green corporate fleets. But further steps need to be taken:

- In the Clean Industrial Deal and upcoming Automotive Industrial Action Plan, the Commission should announce a **regulation** on Greening Corporate Fleets. Directives take too long to implement and will not provide the timely market signal and predictable demand. **A proposal should be tabled at the latest in Q1 2026.**
- **A regulation that is simple and effective**: Set binding EV targets (100% as of 2030) for large company car fleets (100 cars or more). Looking at data in France, holdings falling under this scope are less than 1% of companies but register 21% of new cars.
- The European Commission should **announce an EU vehicle "eco-score" initiative** as part of its Action Plan for the automotive industry. This eco-score should be linked to this Fleets Regulation to ensure it boosts demand for made-in-EU EVs.

Context

This briefing provides new data and analysis why the corporate car market has big potential to boost demand for made-in-EU electric cars for European carmakers and why the new European Commission - as part of its upcoming Clean Industrial Deal and Action Plan for the automotive sector - should come forward with a Regulation to accelerate electrification of corporate fleets.

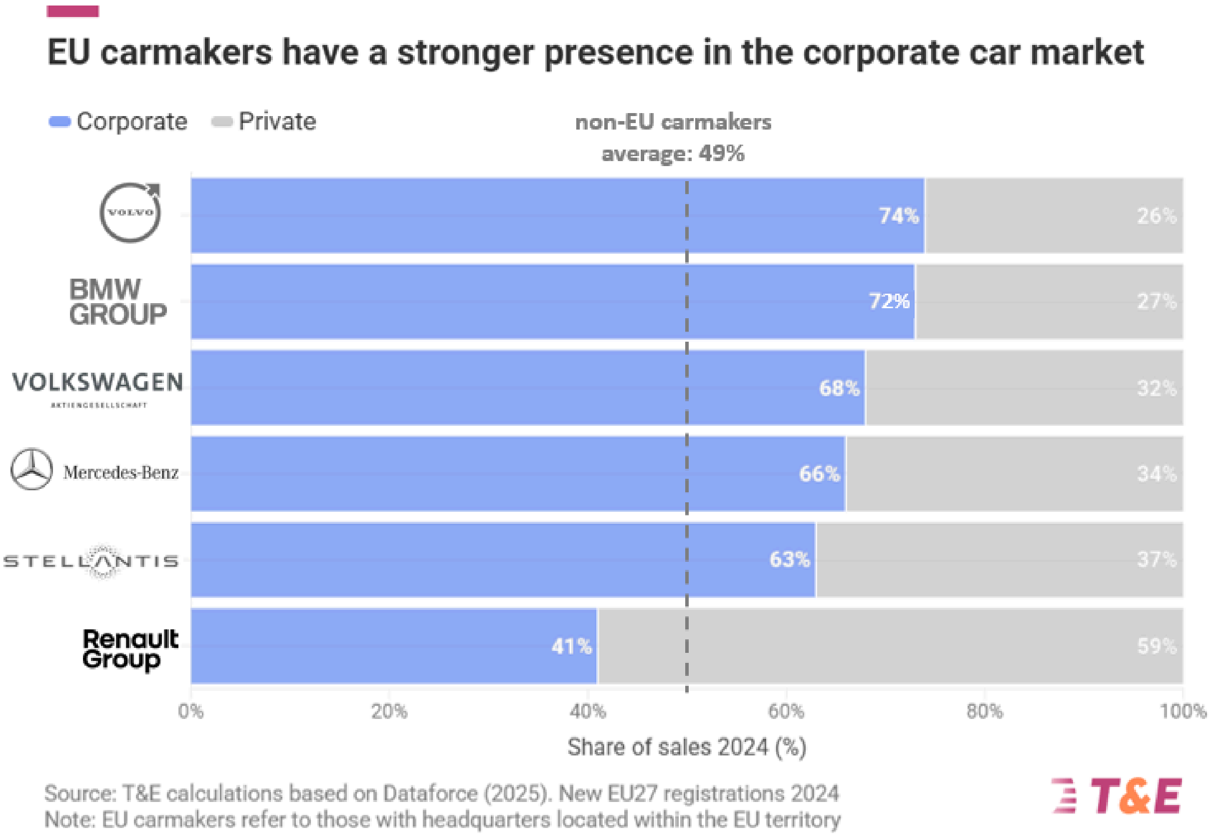
We analyse and model the following:

I. **Market analysis:** The importance and untapped potential of the corporate market for EU carmakers and their shift to electric.
II. **Industrial policy:** How an EU Greening Corporate Fleets Regulation can support carmakers in meeting their binding 2030 CO_2 targets.
III. **Social policy:** How this Regulation can democratise the electric car for private buyers in Europe.

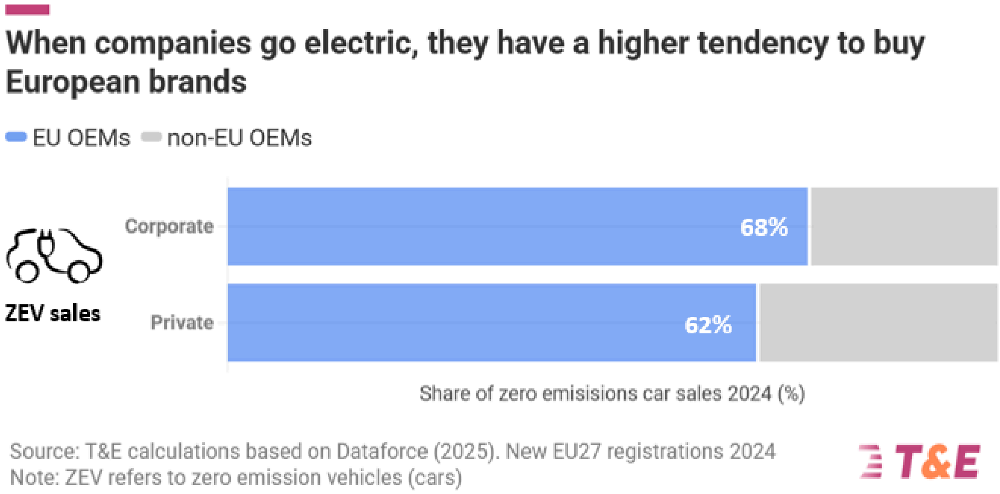
1. Corporate car electrification: Lots of (untapped) potential

1.1 The most important market for EU carmakers

Corporate cars are Europe's biggest automotive market: Today almost 60% of new cars in the EU are registered by companies. **European carmakers - who have headquarters in the EU - have a stronger presence in this market than their competitors**. On average 62% of their sales go into this segment compared to only 49% for non-EU carmakers.



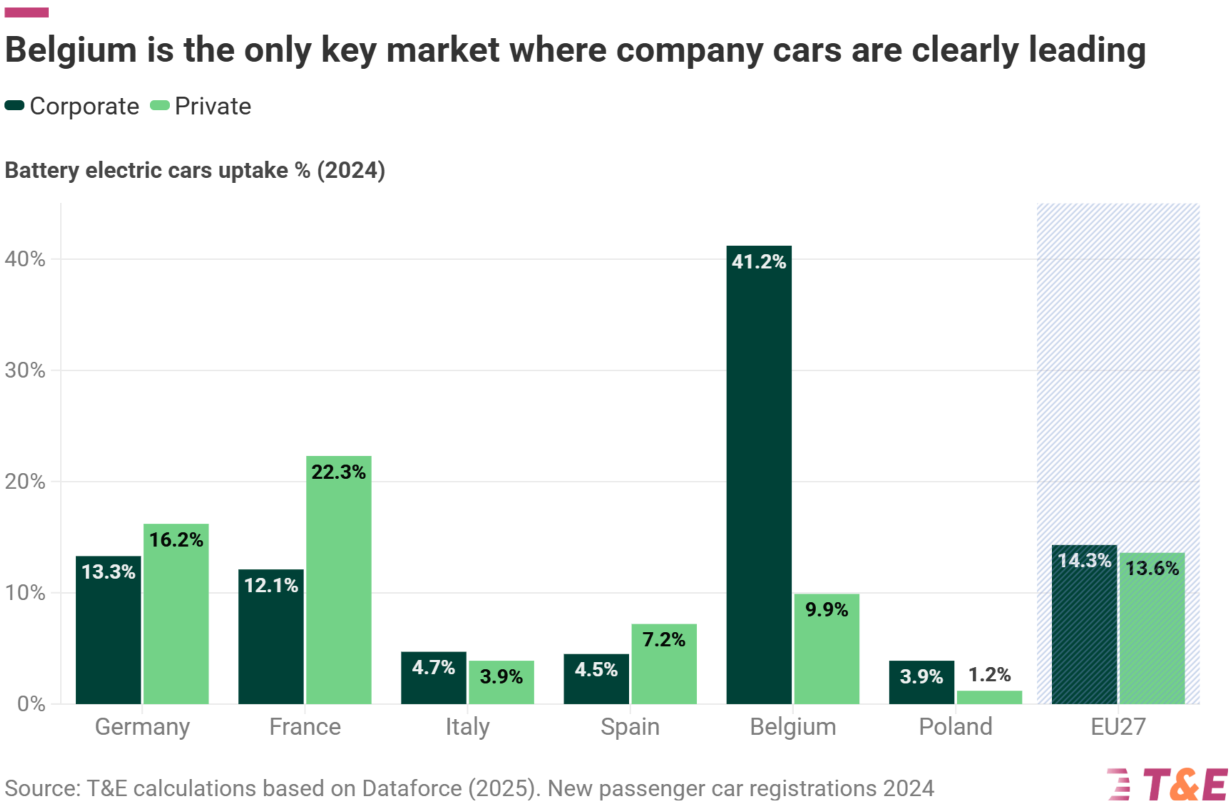
Not only have EU carmakers a stronger presence in this market, data also shows that when buying electric cars, companies are more loyal to EU brands than private consumers.



1.2 Corporate cars receive big tax breaks but go slow on electric

The corporate cars market has large potential to boost EV demand for European carmakers, but at the moment it is not pulling its weight: Companies are only doing marginally better than the private market. When looking at the top six markets, Belgium is the only country where corporate cars are really leading on electrification (41.2% vs. 9.9%).

In large markets such as Germany, France or Spain, corporate cars are even lagging behind, Italy is doing only marginally better. To illustrate the importance of these markets, corporate cars in these **four countries account for 45% and 51% of VW Group and Stellantis' total EU sales.**



Corporate fleets should be far ahead of the rest of the market in terms of electrification. They have more financial resources to invest and are benefiting from generous tax breaks. Companies get tax benefits up to € 8,000 (in Germany) and € 6,300 (in France) when offering an electric car to their employees. **A market that is so heavily subsidised should be leading the green transition.**

Companies get large tax cuts when offering an electric car to their employees

*In Germany, a VW ID.4 company car receives **€8,000 /year** in benefits compared to leasing it privately*

*In France, a Peugeot e-208 company car receives **€6,300 /year** in benefits compared to leasing it privately*

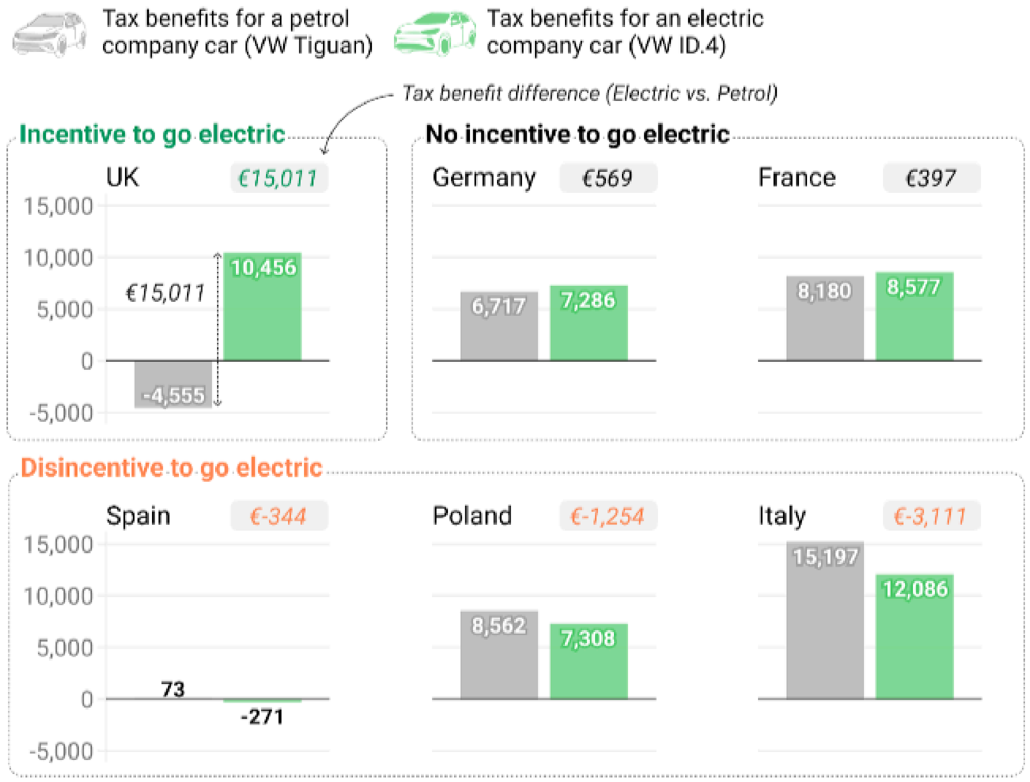
Source: T&E analysis based on ERM 2024 - Fossil fuel subsidies
Note: The comparison is made with a private lease after a corresponding employee salary increase.

1.3 Governments of large EU markets making slow progress on green fiscal reforms

The main reason for Belgium's success is the recent fiscal reform on depreciation write-offs, gradually phasing out the benefits for petrol, diesel and plug-in hybrid corporate cars. We see the same trend in the UK where the government strongly increased benefit-in-kind taxation for petrol, diesel and plug-in hybrids.

But governments of the EU's biggest car markets (Germany, France, Spain, Poland and Italy) **are making slow to no progress in reforming their corporate car tax.** A recent ERM study shows that petrol salary car drivers are receiving the same level or even higher tax benefits than for an EV. **Their fiscal systems are not creating incentives for companies to opt for an electric car**.

The UK is the only country where company car drivers are incentivised to opt for an EV

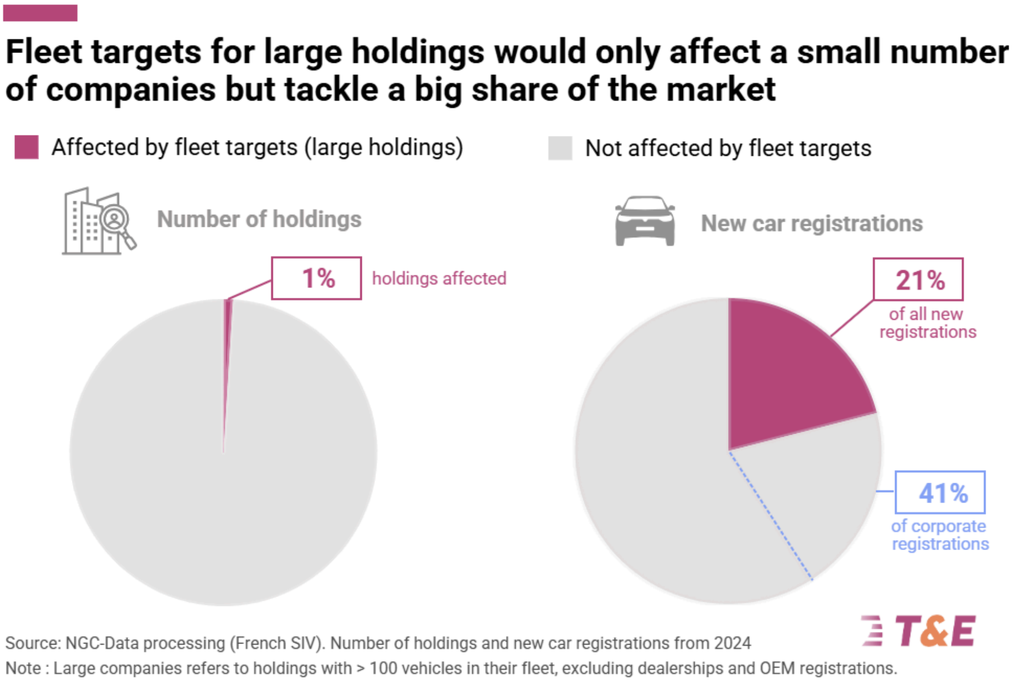


Source: T&E analysis based on ERM (2024)

2. The industrial potential of faster fleet electrification: Support EU carmakers in meeting their 2030 CO_2 targets

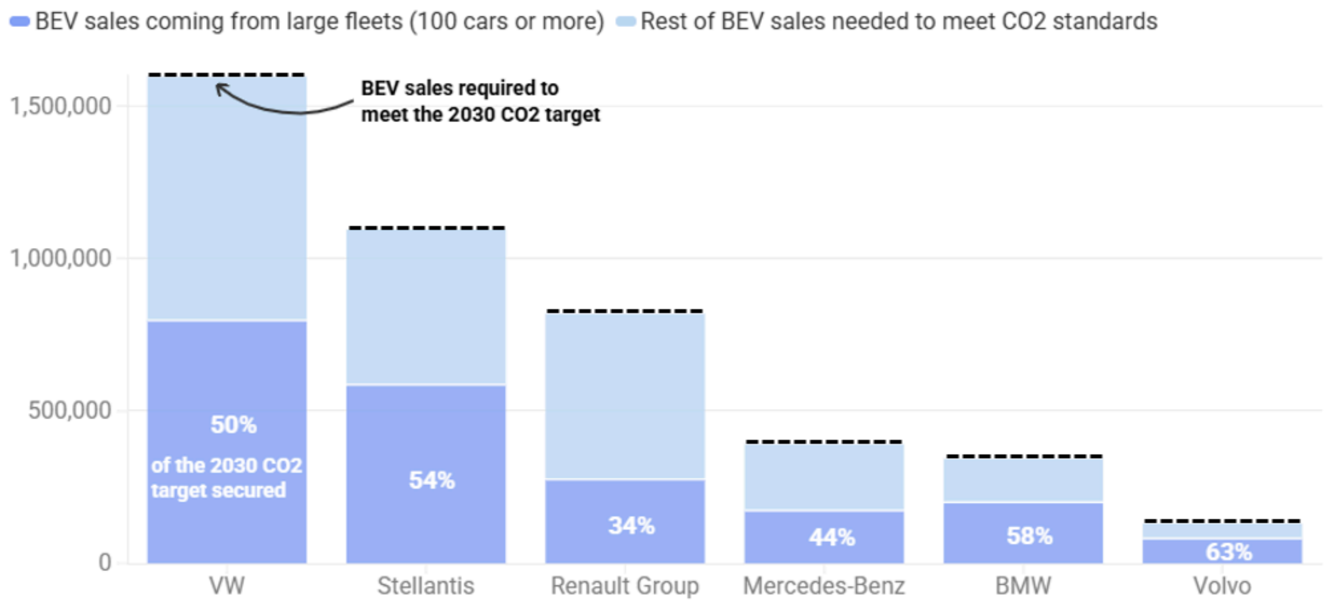
In President von der Leyen's [mission letter to Transport Commissioner Tzitzikostas](), the European Commission has committed to come forward with a legislative initiative on Greening Corporate Fleets. In the section below we calculate the guaranteed demand EU electric vehicle targets for fleets could generate for European carmakers and how it can support them in meeting their binding 2030 car CO_2 emission standards.

The policy scenario that we apply is the following: As of 2030, 100% of all new cars registered by large fleets (holdings that are purchasing or leasing 100 cars or more) need to be zero emission. In order to assess the market size of large fleets, we use data from the French market ([NGC data]()). **Companies falling under this scope are less than 1% of all businesses owning or leasing a car. This small number of companies register 41% of all new corporate cars and 21% of all new cars.**



For calculating the number of zero emission vehicles (ZEV) this will bring for EU carmakers, we use the fleet structure in France and apply it to their sales in the corporate market in the EU. Our results show that setting EV targets for large company fleets would create a guaranteed demand of 2.1 million ZEVs for European carmakers. **It would deliver on average half of the EVs they need to sell to meet their binding 2030 CO_2 emissions target of minus 55%.**

Electrification targets for large fleets will secure half of EV sales needed for carmakers to meet their 2030 target



Source: T&E analysis of BEV sales required for carmakers to meet their 2030 CO2 targets, including expected improvements in ICE efficiency and hybrid sales.
Note: Electrification targets refers to 100% BEV registrations in 2030 for large companies (holdings with more than 100 vehicles in their fleet, excluding dealerships and OEM registrations). The share of new registrations of these large fleets comes from NGC data in France and it is applied to the total sales of these carmakers in the EU.

EU fleet targets should promote made-in-Europe electric vehicles via a new eco-score

A new EU demand instrument for electric cars, should include incentives that promote locally produced EVs. **This is why the European Commission should develop a vehicle eco-score mirroring the French ecobonus.**


Bonus écologique : quels sont les véhicules neufs éligibles ?

Publié le 09 février 2024 - Mise à jour le 23 avril 2024 - Direction de l'information légale et administrative (Premier ministre)

Depuis le 10 octobre 2023, un nouveau critère s'applique sur les voitures neuves pour l'éligibilité au bonus écologique : le score environnemental. Un nouvel arrêté du 15 avril 2024 fournit la liste actualisée des véhicules concernés. Score environnemental, bonus écologique, *Service-Public.fr* fait le point sur ces deux notions.

This EU eco-score should become a rating system that rewards the production of vehicles using low-carbon materials, while promoting energy and resource efficiency. As a result, vehicles made in Europe would be better rated thanks to cleaner energy used in the manufacturing process.

To ensure simplicity and swift implementation, the score would initially focus on the three key parameters that define the vehicle embedded emissions: *steel, aluminum and batteries.*

This EU eco-score should be applied to an upcoming Greening Corporate Fleets Law, for example by introducing a requirement that corporate cars under this fleets law need to meet a certain EU eco-score level.

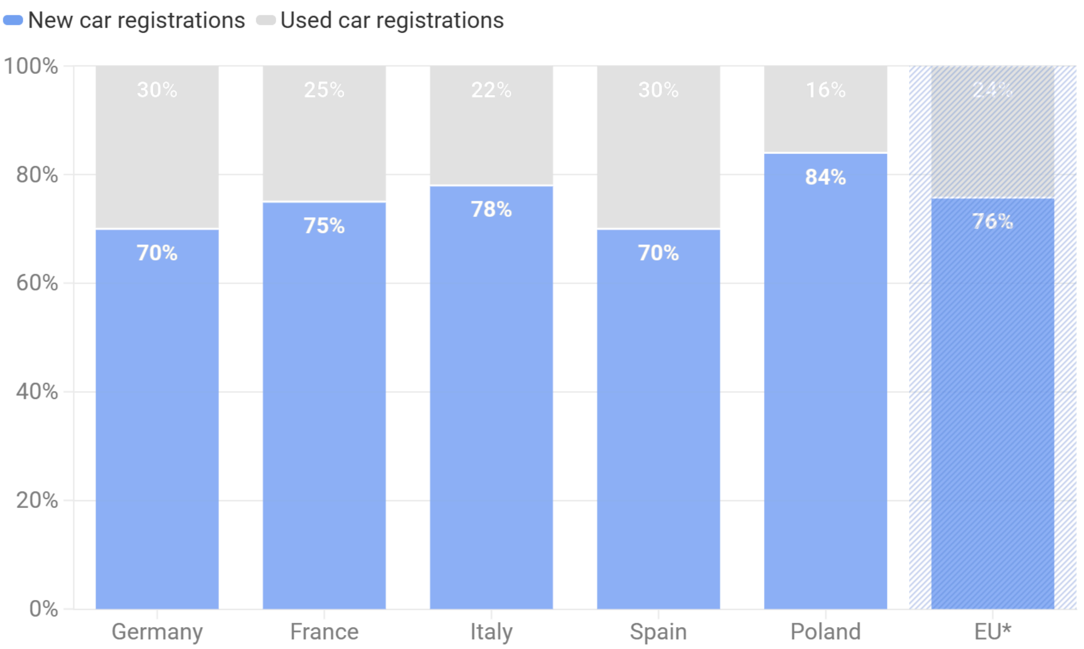
In terms of next steps, we call on the European Commission to come forward with the following:

- Announce a vehicle **"eco-score" initiative as part of the Automotive Industrial Deal** in the second quarter of 2025.
- By December 31, 2025: Adopt delegated acts to **establish a common methodology** for the assessment and consistent reporting of the eco-score for cars. This should include clear guidelines on how the score will be used.
- By June 2026: **Carmakers report on the eco-scores** using the developed methodology.

3. Social just transition: How EU fleet targets can democratise EVs in Europe

Almost 8 out of 10 EU citizens buy their car on the used market. This segment is particularly important for low- and middle-income households, where affordability is often a major concern when purchasing a car. The used car market helps in this regard, offering a diverse range of vehicles with lower upfront cost. **If the EU wants to make EVs accessible to the wider population, Europe has to accelerate the electrification of the used car market.**

Almost 8 out of 10 EU citizens buy their car on the used car market

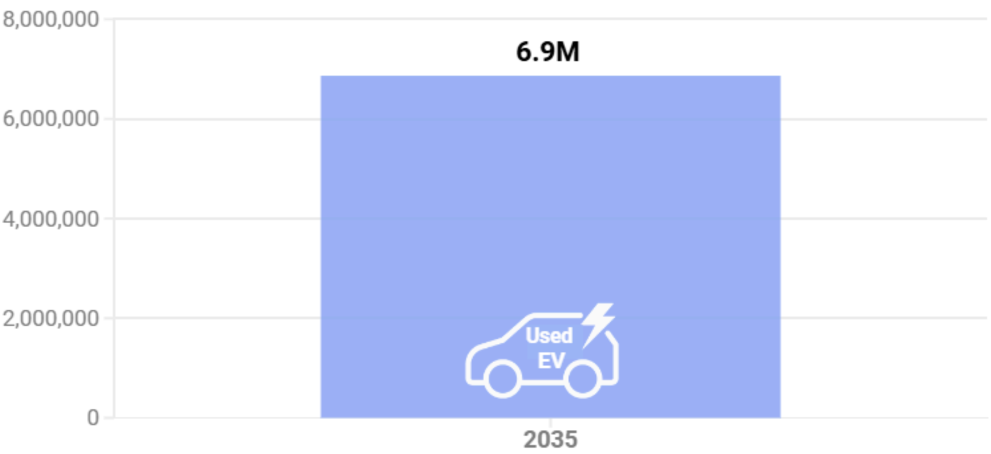


Source: Faconauto, UNRAE, KBA, SMMT, PZPM, Bain & Company, Dataforce, NGC Data
Note: Figures for the EU refer to the countries shown in the graph

Given the much shorter ownership period of corporate cars (three to four years), the electrification of these cars will rapidly accelerate the supply of more affordable second-hand ZEVs for private buyers. **By requiring large companies to only register electric vehicles from 2030** (see section 2), **nearly seven million families will have access to more affordable used EVs by 2035.**

Electrification targets for large companies will guarantee almost 7 million used electric vehicles for EU households

Number of ZEVs available to households since implementation of fleet targets in 2030



Source: T&E calculations
Note: The results show the number of ZEVs that will be available on the second-hand market from companies affected by the fleet regulation. The turnover of company cars to the second-hand market is 3 years.

4. Policy recommendations

The European Greening Corporate Fleets Initiative has been discussed at the European Commission level already for several years without a formal decision being taken. The announcement of a legislative proposal in [Commissioner's Tzitzikostas mission letter] is therefore an important step forward.

But further actions need to be taken in the coming weeks and months to finally create clarity and investment certainty for corporate fleets, carmakers, the charging infrastructure industry and other related sectors such as battery manufacturing plants.

T&E's policy recommendations are the following:

- As part of the Clean Industrial Deal and the upcoming Automotive Industrial Action Plan, the European Commission should announce a **regulation** on Greening Corporate Fleets. Directives take too long to implement and will not provide the timely market signal and predictable demand that we need already in the next years. **A proposal should be tabled latest in Q1 2026.**

- This Regulation can be done simple and effective: **The European Commission should set a binding 100% ZEV target for large corporate fleets (new cars as of 2030).** The market data in France show that fleets with 100 cars or more can be a good threshold striking a balance between efficiency (less than 1% of holdings) and effectiveness (21% of all new registrations). The upcoming impact assessment should provide more granular data to assess the suitable threshold.

- The European Commission should **announce a vehicle "eco-score" initiative** as part of its Action Plan for the automotive industry, and prioritise the development of the methodology in 2025-6. This EU eco-score should be applied to an upcoming Greening Corporate Fleets Law, for example by introducing a sub-target for corporate cars that need to meet a certain EU eco-score level.

- **This EU Greening Corporate Fleets Regulation should go beyond cars and also set ZEV targets for large shippers and freight forwarders** to boost demand for zero emission vans and trucks. Shippers and freight forwarders were not part of the public consultation and should therefore be included in the upcoming EC impact assessment.

Further information

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