

## Context

Cars are responsible for an eighth<sup>1</sup> of Europe’s carbon dioxide (CO<sub>2</sub>) emissions. The amount of CO<sub>2</sub> produced is directly related to the amount of fuel the vehicle consumes – lower carbon vehicles are therefore more fuel efficient and cheaper to run. In 2009, the EU set legally-binding targets for new cars to emit 130 grams of CO<sub>2</sub> per kilometre (g/km) by 2015 and 95g/km in 2020.<sup>2</sup> In July 2012, the Commission announced the outcome of its review of the modalities (ways) of achieving the 2020 target,<sup>3</sup> and in June 2013,<sup>4</sup> a first reading agreement was reached on the proposal. Following the agreement a coalition of Member States led by Germany successfully delayed a vote in Council<sup>5</sup> and then overturned the deal in Environment Council.<sup>6</sup> Lithuania has now developed a new proposal it has provided to Parliament in an unofficial paper. This briefing describes how the Lithuanian proposal will delay meeting the 2020 target until 2024.

## What is Lithuania Proposing?

Lithuania has proposed that:

- The 95g, 2020 target is phased-in so that it will not apply to all vehicles sold until the end of 2022, effectively as of January 2023.
- That manufacturers should be allowed to use 7.5g of supercredits over the period 2020-23 (4 years instead of 3 years at present).

This proposal is slightly different to that outlined in a previous T&E briefing. A comparison of the Lithuanian proposal and current agreement is shown below:

Year	Lithuanian Proposal	Current proposal
2020	Only 90% of new cars must meet 95g/km and up to 7.5g of supercredits may be used	100% of new cars must meet 95g/km, up to 2.5g of supercredits may be used
2021	Only Y% of new cars must meet 95g/km and up to 7.5g of supercredits may be used	100% of new cars must meet 95g/km up to 2.5g of supercredits may be used
2022	Only Y% of new cars must meet 95g/km but up to 7.5g of supercredits may be used	100% of new cars must meet 95g/km up to 2.5g of supercredits may be used
2023	100% of new cars must meet 95g/km but up to 7.5g of supercredits may be used	100% of new cars must meet 95g/km
2024	100% of new cars must meet 95g/km	No proposal
2025	No proposal	No proposal

NB: Lithuania have not specified what percentage of vehicles must apply in 2021 and 2022 only that 100% apply from the end of 2022.

## What is the effect of the proposal?

The key implication of the Lithuanian proposal is that carmakers would be able to delay achieving 95g until 2024 undermining both the 2020 target and any future 2025 target. Lithuania has not stated

<sup>1</sup> European Environment Agency, 2011, Transport sector contribution to total GHG emissions, 2009 (EEA-32)

<sup>2</sup> Regulation (EC) No 443/2009 of the European Parliament and of the Council of 23 April 2009 ....

<sup>3</sup> European Commission Climate Action 2012, COM/2012/393, Proposal for a Regulation to define the modalities for reaching the 2020 target for reducing CO<sub>2</sub> emissions from new passenger cars

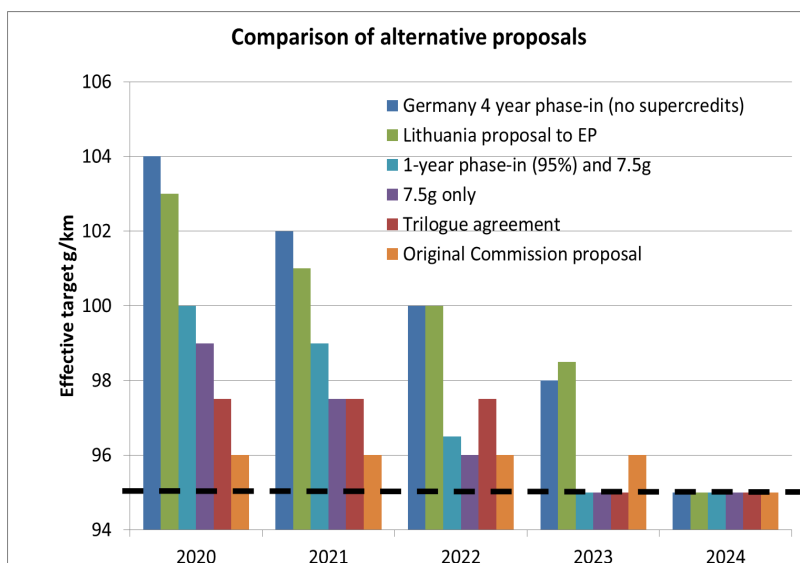
<sup>4</sup> [http://ec.europa.eu/clima/news/articles/news\\_2013062501\\_en.htm](http://ec.europa.eu/clima/news/articles/news_2013062501_en.htm)

<sup>5</sup> <http://www.europeanvoice.com/article/imported/emissions-impossible-/77774.aspx>

<sup>6</sup> <http://www.consilium.europa.eu/policies/council-configurations/environment.aspx>

precisely how the phase-in would work and carmakers would be able to choose when to use the flexibility of aggregating supercredits (up to a maximum of 7.5g). However, it is reasonable to assume most carmakers will try to delay achieving 95g for as long as possible and produce a steady reduction trajectory towards this target.

Assuming that the Lithuanian phase-in proposal is for 90% of vehicles to comply in 2020-22, the effective target in these years is estimated to rise to 100g/km.<sup>7</sup> In addition to this, some supercredits will be used increasing the 2020 fleet average to around 103g/km. This compares to 97.5g/km in the trilogue agreement (95 + 2.5 g/km supercredits) and 96g/km for the original Commission proposal that allowed around 1g/km of supercredits in 2020-2023.



The outcome of the Lithuanian proposal is likely to be similar as for the German four-year phase-in suggestion, which received minimal support in Council. The Lithuanian proposal would also make any meaningful 2025 target impracticable since 2025 will be only one year after 95g is met. It will cost the average new car driver over €100 per year in fuel<sup>8</sup> as a result of new cars being less fuel efficient.

### The Lithuanian proposal does not respect the environmental integrity of the deal

In the worst case scenario, the Lithuanian proposal enables carmakers to use 7.5g of supercredits and a phase-in taking the maximum possible level in 2020 to 107.5g/km.

### What should happen next?

The Lithuanian proposal is scheduled for discussion at a further trilogue on the 5<sup>th</sup> November. To date there has been minimal discussion or agreement in the Council about the Lithuanian proposal that has not received a negotiating mandate. Rather than holding discussions in Council meetings, Lithuania has chosen to only hold bilateral talks with a small number of Member States. Its proposal does not respect the position of Member States expressed at the Environment Council. At that meeting, environment ministers made clear a first-reading agreement should be reached that both respected the environmental integrity of the previous deal and would involve only small changes.

### Parliament should reject this discredited proposal and insist Lithuania holds meaningful discussions in Council to secure a balanced mandate before starting new negotiations

Parliament should also insist that that changes are limited to improving flexibility, NOT weakening the agreement. Any weakening of the regulation should be complemented by strengthening in other areas – specifically the confirmation within the Review Clause that there will be a 2025 target.

### Further information<sup>9</sup>

<sup>7</sup> T&E 2013, Effect of the German phase-in proposal to the 2020 target; <http://www.transportenvironment.org/publications/effect-german-phase-proposal-2020-target>

<sup>8</sup> Assumes 20k km pa; fuel costs of €1.6/l and real world emissions 23% higher than test results

<sup>9</sup> Greg Archer, Vehicles Programme Manager, Transport and Environment