

## 【欧州】 【自動車】

Road/Railway - New legal instruments on environment for vehicles: European Parliament adopts 2035 zero emissions standard for cars and vans - EU Member States intend to add clause for vehicles running on CO<sub>2</sub> neutral fuels

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### 【概要 : Summary】

To prepare the EU's transition toward climate neutrality by 2050, the Commission presented the European Green Deal in 2019 and introduced the European Climate Law to prepare for the net-zero emission target of 2050. This included also to increase the 2030 GHG emission reduction level on at least 55% compared with 1990 levels.

Accordingly, the European Commission presented the "Fit for 55" package on 14 July 2021 to review all relevant policies in all sectors and most importantly in the transport sector. The new proposals include the extension of the EU-ETS to new sectors like maritime transport and buildings, and other laws to incentivise the reduction of GHG emissions in particular in road transport.

On 8 June 2022, the European Parliament's plenary adopted its position on the proposed rules to revise the CO<sub>2</sub> emissions performance standards for new passenger cars and vans. The MEPs supported the European Commission's proposal to reach zero-emission road mobility by 2035 and a 100% reduction of CO<sub>2</sub> emissions of newly registered passenger cars and light commercial vehicles by 2035, compared to 2021.

Meanwhile, on 29 June 2022, also the Council of the European Member States agreed on a general

approach regarding the CO<sub>2</sub> emission performance standards of newly registered passenger cars and vans and agreed to introduce a 100% CO<sub>2</sub> emissions reduction target by 2035. However, they also added a clause for allowing to register vehicles running exclusively on CO<sub>2</sub> neutral fuels such as synthetic fuels (e-fuels), derived from the combination of hydrogen, electricity, and CO<sub>2</sub> captured from industrial processes. The clause would deviate from the target to completely abolish combustion engines from 2035 onward if the fuel used is considered carbon neutral.

While the Council's general approach is closer to the idea to keep an open approach regarding technologies that allow to achieve carbon neutrality, the European Parliament supports a complete ban of combustion engine vehicles from 2035 onwards.

It remains to be seen what final compromise the Council and the European Parliament will be able to find in their trilogue negotiations, with the European Parliament considering a complete electrification of passenger cars and vans on the one hand and the Council favouring an exemption for e-fuel powered cars on the other.

## 【記事 : Article】

## 1. The revision of the Regulation (EU) 2019/631 and the need for new emission standards for new passenger cars and vans

In the past, the GHG emissions from road transport were regulated under Regulation (EU) 443/2009 for passenger cars and under Regulation (EU) 510/2011 for light commercial vehicles. These regulations were replaced by Regulation (EU) 2019/631 as of 1 January 2020 (European Commission n.d.). Regulation (EU) 2019/631 set new CO<sub>2</sub> emission performance standards for newly registered passenger cars and light commercial vehicles (vans) in the EU after the year 2020. (Regulation (EU) 2019/631, European Commission n.d.).

Based on the EU's commitments under the 2015 Paris Agreement and the European Green Deal (COM/2019/640 final) with its net-zero GHG emission target to be reached by 2050 and the target to reduce the transport system's GHG emissions by 90% by 2050, the European Climate Law adjusted the mid-term CO<sub>2</sub> emission reduction target for 2030 to an improved 55% reduction target, compared to 1990 levels (Regulation (EU) 2021/1119). To follow this pathway of the European Climate Law and to deliver on this increased level of ambition for 2030, the European Commission reviewed the entire climate and energy legislation currently in place. As a result, the Commission presented the “Fit for 55” legislative package on 14 July 2021, which aims at implementing the necessary revision of legislation for all economic sectors that will need to make their contribution towards the GHG emission reduction targets (European Commission 2021). Therefore, also the CO<sub>2</sub> emissions performance standards for newly registered passenger cars and light commercial vehicles (vans) under Regulation (EU) 2019/631 had to be revised. Accordingly, the European Commission presented its proposal COM (2021) 556 final for the revision of Regulation (EU) 2019/631 in the “Fit for 55” Package on 14 July 2021.

## 2. The ENVI Committee's vote on new emission standards for new passenger cars and light commercial vehicles

In its proposal COM (2021) 556 final the Commission presented a set of CO<sub>2</sub> emission standards for new passenger cars and light commercial vehicles that are expected to reduce GHG emissions by at least 55% for the fleet-wide CO<sub>2</sub> emissions of passenger cars by 2030 compared to 1990 levels, and 50% for vans.

This 2030 target would be followed by a 100% fleet-wide CO<sub>2</sub> emission reduction target for new passenger cars, and also a 100% reduction target for new vans from 1 January 2035 onwards (COM (2021) 556 final). The incentive for zero and low-emission vehicles would stop to apply from 2030 and by 2035, the CO<sub>2</sub> emissions of new passenger cars and vans would have to be reduced by 100%. With this target of a 100% CO<sub>2</sub> emission reduction by 2035 compared to 2021 levels, all new passenger cars registered as of 2035 would have to be zero-emission vehicles (European Parliament 2022a).

On 11 May 2022, the European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI) adopted with 46 votes in favour, 40 against and two abstentions, their position on the proposed rules to revise the CO<sub>2</sub> emission performance standards for new passenger cars and vans in line with the EU's increased climate ambitions. The ENVI Committee supported the Commission's position that only zero-emission passenger cars and light commercial vehicles would be permitted from 2035 onwards. Therefore, the ENVI Committee MEPs voted in favour of a zero-emission road mobility and to cut 100% of CO<sub>2</sub> emissions by these vehicles by 2035.

As a matter of fact, it would make it impossible to sell new fossil fuel-powered vehicles in the EU from 2035 onwards and it would mean to phasing out new vehicles running on combustion engines in the EU by 2035 (Rankin 2022). However, the ENVI Committee also rejected proposals for further

cutting CO<sub>2</sub> emissions targets for passenger cars within this decade until 2030, e.g., to increase the cut in CO<sub>2</sub> emissions from passenger cars from 55% by 2030 to 70% by 2030 versus 2021 levels (European Parliament 2022b). Also, an interim target for 2027 was rejected in the ENVI Committee's vote. However, the Committee also rejected the efforts to water down the proposed legislation, with an amendment that would have required automobile manufacturers to reduce emissions only by 90% by 2035, rather than 100% (European Parliament 2022b). Consequently, the ENVI Committee mainly followed the targets set in the European Commission's proposal on new and stricter CO<sub>2</sub> standards for new passenger cars and light-duty commercial vehicles and rejected any possible compromise on stricter or weaker amendments of targets. This underlined that there was not much margin to deviate from the European Commission's original proposal.

### 3. European Parliament approves new standards for passenger cars and vans

After the ENVI Committee's vote the European Parliament had to approve its position in its June 2022 plenary session. On 8 June 2022 and after the rejection of the EU-ETS reform, the European Parliament's MEPs adopted their position on proposed rules to revise the CO<sub>2</sub> emissions performance standards for new passenger cars and vans with 339 votes in favour, 249 against and 24 abstentions (European Parliament 2022c). The MEPs support the European Commission's proposal to reach zero-emission road mobility by 2035 with an EU fleet-wide target of a 100% reduction of the CO<sub>2</sub> emissions produced by new passenger cars and light commercial vehicles by 2035, compared to 2021.

The intermediate CO<sub>2</sub> emissions reduction targets for 2030 would be set at 55% for passenger cars and 50% for vans (European Commission 2022c). The adopted text of the revised CO<sub>2</sub> emissions standards for new passenger cars and vans

constitutes the European Parliament's position in the trilogue negotiations with the EU Member States. According to the file's rapporteur Jan Huitema, these standards create clarity for the automobile industry and can stimulate innovation and investments for automobile manufacturers (European Parliament 2022c). The ambitious revision of the targets for 2030 and the support of the 100% target for 2035 by the European Parliament is seen as a crucial step to reach climate neutrality by 2050 (European Parliament 2022c). In addition, purchasing and driving zero-emission cars would become cheaper for consumers. Also in the European Parliament, there had been attempts by the conservative European People's Party (EPP), the Parliament's biggest group of lawmakers, to push through a compromise that would have diluted the proposals and allowed sales of hybrid vehicles, besides the attempt to weaken the 2035 target from a 100% to a 90% cut of CO<sub>2</sub> emissions. However, this attempt was rejected. In practice this voting result in the European Parliament's plenary supports to limit the future sales of new passenger cars and vans to 100% emissions-free all-electric models.

After the voting in the European Parliament, the European Automobile Manufacturers' Association (ACEA) commented on the outcome of the voting result by urging the MEPs and EU Ministers to consider all the uncertainties the automobile industry would have to face, although ACEA also welcomed that the Parliament maintained the European Commission's proposal for 2025 and 2030 targets, which according to ACEA are already extremely challenging (ACEA 2022).

ACEA President and CEO of BMW Oliver Zipse stated that "The automobile industry will fully contribute to the goal of a carbon-neutral Europe in 2050... [the] industry is in the middle of a wide push for electric vehicles, with new models arriving steadily." However, given the uncertainties, ACEA is concerned that MEPs voted to set in stone a -100% CO<sub>2</sub> target for 2035 (ACEA

2022). However, he also emphasised that any long-term regulation going beyond this decade is premature at this early stage. Instead, Zipse stated to prefer a transparent review halfway to define post-2030 targets (ACEA 2022).

After the European Parliament's approval of the position on the COM (2021) 556 final in its June 2022 plenary session, the text of the future law has still to be negotiated and agreed on in the trilogue negotiations between the European Parliament and the Council of the European Union and the European Commission. The Parliament's vote of 8 June 2022 confirms the MEPs position on the file for these upcoming negotiations with EU Member States with the aim to agree on a compromise text. The objective will be to speed up Europe's shift towards zero emission vehicles and to encourage the automobile manufacturers to invest in the electrification of passenger cars and vans (European Parliament 2022c).

#### 4. The Council of the European Union's general approach favours e-fuel solution

Meanwhile, at their Council meeting on 29 June 2022, the European Member States' Environment ministers reached a general approach on the CO<sub>2</sub> emission performance standards of passenger cars and vans by 2035. The Council agreed to raise the targets for reducing CO<sub>2</sub> emissions for new passenger cars and new vans by 2030 to 55% for cars and to 50% for vans. The EU's environment ministers agreed on a general approach regarding the proposal for setting new standards of CO<sub>2</sub> emissions for passenger cars and vans from 2035 onward and to introduce a 100% CO<sub>2</sub> emissions reduction target by 2035 for new passenger cars and vans (Council of the EU 2022). The agreement effectively means that no new passenger cars with internal combustion engines would be allowed to be sold in the EU starting from 2035.

However, a clause is added that the Commission would make a proposal for registering vehicles running exclusively on CO<sub>2</sub> neutral fuels after

2035 in conformity with EU law, outside the scope of the fleet standards, and in conformity with the EU's climate neutrality objective (Conseil de l'Union européenne 2022). In fact, the EU environment ministers agreed that the strengthened CO<sub>2</sub> emission reduction standards should be technology neutral in reaching the fleet-wide targets that they set. Different technologies are, and are expected to remain, available to reach the zero-emission fleet wide target. Zero-emission vehicles currently include battery electric vehicles, fuel-cell and other hydrogen powered vehicles, and technological innovations are continuing (Conseil de l'Union européenne 2022). Accordingly, the environment ministers' agreement includes a compromise on the phasing out of the new fossil fuel passenger cars by 2035 (Conseil de l'Union européenne 2022). The Council agreed on allowing e-fuels, also known as synthetic fuels, derived from the combination of hydrogen, electricity, and CO<sub>2</sub> captured from industrial processes, as a solution for passenger cars and vans beyond 2035 (Council of the EU 2022). These e-fuels are considered being climate neutral if renewable energy is used for their production and cars that use e-fuels would still be allowed after 2035.

The general approach obliges the European Commission to prepare a report by 2026 and to consider technologies such as "plug-in hybrids" and "CO<sub>2</sub> neutral fuels" (Council of the EU 2022). Paragraph 9a states that "Following consultation with stakeholders, the Commission will make a proposal for registering after 2035 vehicles running exclusively on CO<sub>2</sub> neutral fuels in conformity with EU law, outside the scope of the fleet standards, and in conformity with the Union's climate neutrality objective" (Conseil de l'Union européenne 2022). The phrase "outside the scope of the fleet standards" is being interpreted as an allowance for specialty vehicles to use CO<sub>2</sub> neutral fuels (Conseil de l'Union européenne 2022).

This is a clause tabled by Germany and supported by some other EU Member States, which were reluctant to accept the 2035 deadline for combustion engines (Council of the EU 2022). In the view of the Council, if renewable energy is used for producing e-fuel, the fuel is considered carbon neutral.

After the EU Member States have agreed on their general approach, a final compromise must be negotiated with the European Parliament, which supports a complete ban on the sale of combustion engine vehicles by 2035, and which had not planned any exemption for e-fuels powered cars (Council of the EU 2022).

## 5. Conclusion

The European Parliament supports the limiting of future sales of passenger cars and vans to emissions-free all-electric models. It would lead to a complete abolition of sales of new passenger cars and vans with combustion engines from 2035 onwards. However, the final version of the future law has still to be agreed on between the Parliament and the Council of the European Union. In fact, in its general approach on 29 June 2022, the Council agreed on allowing “CO<sub>2</sub> neutral fuels” or e-fuels also beyond 2035 while also confirming the 100% CO<sub>2</sub> emission reduction for new passenger cars and vans. The Council’s general approach obliges the European Commission to prepare a report by 2026 and to consider technologies such as “plug-in hybrids” and “CO<sub>2</sub> neutral fuels”. Thereby, the Council underlines the potential of hybrid vehicles, e-fuels and renewable fuels for passenger cars and vans beyond 2035. In this respect, the Council’s general approach is closer to the original idea of finding technology-neutral carbon reduction solutions in the transport sector. In fact, there might exist a potential to scale up the production of sustainable advanced biofuels and synthetic fuels towards 2035 and beyond.

However, the idea to use e-fuels for passenger cars or vans could be considered being suboptimal, because for these vehicles there already exist other climate neutral options like the full electrification with a replacement of internal combustion engine by electric engines.

Considering the needs of the entire transport sector with all different transport means, it would probably be more target oriented to reserve CO<sub>2</sub> neutral and sustainable e-fuels for transport means, which are more difficult to decarbonize, like aircraft or heavy-duty vehicles.

It remains to be seen what compromise the Council and the European Parliament will be able to negotiate and what role e-fuels will play in case of new passenger cars and vans beyond 2035.

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