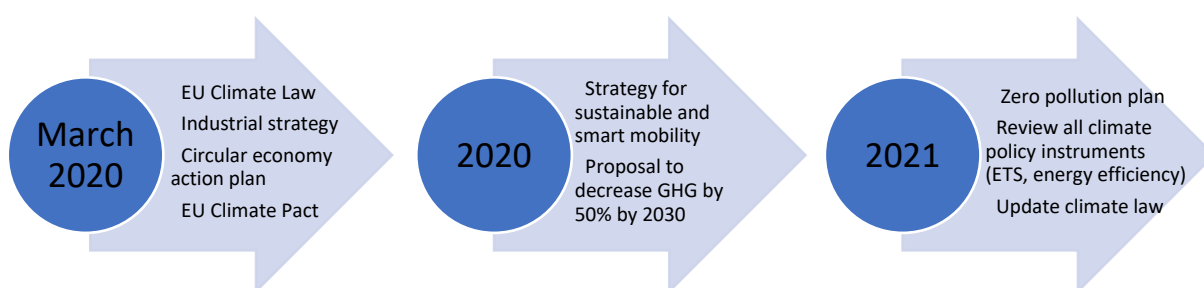


FIA Region I response to the European Commission's Green Deal

The [European Commission's Green Deal](#) outlines a strategy to tackle environmental challenges and for Europe to become *"the world's first climate-neutral continent by 2050"*. The measures foreseen should lead to a decrease of EU GHG emissions by at least 50% by 2030, compared to 1990 levels *"in a responsible way"*. The existing reduction target for road transport is 35%, which is already ambitious. FIA Region I believes that policies should be designed to ensure maximum coherence with the existing measures in road transport and fairly share the burden between the different sectors, based on the cost efficiency of savings.



The Communication highlights how carbon pricing will encourage changes in behaviour with a strong focus on taxation as a key leverage to trigger these changes. The road transport sector is subject to a number of legislative measures, which mostly bear on the costs of mobility, whilst the Commission power to levy taxes or invest in infrastructure is rather limited. The European Commission nevertheless hopes that the Green Deal will *"create the context for broad based taxes reforms"* in the Member States. A strong emphasis is put on decarbonising the energy sector, which emits 75% of greenhouse gas emissions. Such transition for a cleaner energy should *"involve and benefit consumers"*.

In 2020, the European Commission foresees the adoption of an Action Plan on circular economy, to encourage businesses to offer reusable, durable and repairable products (*"right to repair"*). New businesses based on renting and sharing will be supported as long as they are truly sustainable and affordable.

The European Commission will encourage the provision of reliable, comparable and verifiable information against green washing. It will boost the market of secondary raw materials as well as introduce new mandatory recycled content (for example for vehicles). It will support the development of first commercial applications of breakthrough technologies, many of which are linked to mobility (hydrogen, fuel cells). It will strengthen the work of the European battery alliance.

This paper outlines the position of FIA Region I on the Green Deal and the specific measures that would have a direct effect on transport and mobility.



Emission standards for passenger vehicles

The European Commission proposes to re-evaluate existing measures to cut CO₂ emissions from passenger cars that have been put in place until 2030 and to push forward with zero-emission mobility. This is positive in that the 2030 fleet wide CO₂ emissions target needs to be reviewed in order to better understand the suitability of the adopted 37.5% reduction target and what it means for the deployment of low carbon vehicles.

The existing targets are based on a 'tank-to-wheel' assessment method whereby only a part of the life cycle emissions of vehicles are accounted for. This means that vehicles that have zero 'tail-pipe' emissions, such as electric or hydrogen powered vehicles, are not tested for the full array of emissions they generate, for instance, in the production phase or in power generation.

Recommendations:

- The European Commission should develop a methodology for assessing the life cycle emissions of vehicles for the purpose of monitoring CO₂ emissions reductions between 2025 and 2030.
- The European Commission should ensure a technology neutral approach to decarbonisation and support measures to decarbonise all power trains including the use of low carbon liquid fuels in vehicles.

For more information, see the FIA Region I response to the European Commission consultation on CO₂ emissions targets post 2020¹.

Different pricing schemes for road transport

Each European Member State designed a taxation system on road transport, which is both used to fund infrastructure and to contribute to State budgets. They also offer incentives for the take up of vehicles, which emit less pollutants.

In addition to these national schemes, a number of recent European initiatives, such as the Eurovignette directive, seek to incentivise Member States to use charging as a means to foster changes in behaviour. The Green Deal explores two additional options, the inclusion of road transport in ETS and the revision of the Energy Taxation Directive. These proposals can have a significant impact on the price of mobility. Given the low price elasticity of the demand of transport, the actual impact would probably be moderate on transport demand but significant on the cost for consumers, which would lead to a loss of welfare altogether. Only social correcting measures would be insufficient, because they don't target the main differentiator of car-usage-dependency. Rural areas would be affected by increasing the mobility cost much more intensely, than urban areas, due to the lower level service concerning public transport. In addition distances to important points of services are in general longer in rural areas.

Taxes account for a significant share of the final prices that consumers pay for energy around within the European Union and can have a significant impact on consumption and investment patterns, the type of energy consumed and their use². Taxation policy is an important instrument for governments

¹ [FIA Region I response](#) to the European Commission consultation on CO₂ emissions targets post 2020 (2018)

² OECD [Taxing Energy Use 2018](#) (2019)



to ensure achievement of the energy union objectives, and in particular to facilitate the clean energy transition, while respecting the principle of subsidiarity and proportionality.

In order to benefit most from the market mechanism, carbon emissions should be priced equally, wherever they are generated. However, the inclusion of transport into the EU Emissions Trading Scheme address an objective currently covered by energy taxation framework, which would need to be adapted accordingly for the reform to be financially neutral for the consumer³.

Current EU rules for taxing energy products and electricity are laid down in the Energy Tax Directive 2003/96/EC. EU excise duty rules cover all energy products used for heating and transport, as well as electricity. The Energy Taxation Directive establishes the minimum excise duty rates⁴ that Member States must apply to energy products for fuel and transport.

Recommendations:

- The European energy taxation framework should remain the main financial tool to incentive motorists to save fuel.
- Additional measures on taxation of private mobility should be carefully weighted and introduced progressively, in order to ensure their acceptability and efficiency.
- Should the inclusion of road transport in ETS be considered, the energy taxation framework should be adapted accordingly, in order to remain cost neutral for consumers.
- Any subsequent increase should be progressive, carefully weighted to maximise its impact and stay coherent with all the measures aimed at road transport, whilst making sure vulnerable consumers are not unduly penalised.
- Avoid placing added financial burden on consumers for road tolls, external costs or congestion charging.
- Efficiently mitigate the negative impacts of transport at the source and avoid making mobility more expensive by charging environmental and congestion costs.
- Keep Member States discretion regarding the introduction and structure of car tolls also in the future.

Cutting air pollutant emissions

The European Commission proposes to set more stringent standards for cutting air pollutant emissions in passenger vehicles. Today, the latest Euro standards appear to be delivering petrol and diesel cars in line with the European Union efforts to cut air pollution. New standards could lead to further cuts in air pollutant emissions. This should ensure that mobility users can continue to use their vehicles in urban areas and have strong consumer choice in the passenger vehicle market.

Recommendation:

- The European Commission should fully evaluate the potential of stricter post Euro 6 limits to cut air pollutant emissions that are technologically viable and do not have a significant effect on the cost of motoring.

³ [Damert et al. \(2018\)](#) [Cambridge Econometrics](#) (2014)

⁴ [Excise duty rates](#) applicable in the EU (on 1 January 2019)



Revision of the AFI Directive and funding for public recharging and refuelling points

The Communication announces EU support for the deployment of charging and refuelling infrastructure as well as a potential revision to the alternative fuels infrastructure directive. Demand for alternatively fuelled vehicles is growing across Europe and is expected to continue to do so over the coming decades ahead. FIA Region I supports the deployment of alternatively fuelled vehicles, but believes actions are needed to ensure motorists have the same level of comfort and convenience as they do with traditionally fuelled vehicles.

Recommendations:

- Motorists should have easy access to information about the location, condition, operation and availability of charging stations
- Consumers should have the possibility to compare the different pricing schemes for ad-hoc contract-based charging. In order to make the contracts comparable, they should be based on the electricity received and not on the time the vehicle is plugged in. In addition, to prevent operators from charging excessive fees for ad-hoc charging, a relative tariff cap should be set to ensure that rates are not disproportionately higher than the contract-based pricing options.
- Information about vehicle running costs, taxation benefits and emissions performance should be improved at the point of sale.
- Alternative fuels should be supported through legislation where they are truly sustainable and can offer significant emissions reductions.

For more information, see the FIA Region I position paper on alternatively fuelled vehicles⁵.

Mobility as a Service (MaaS)

The European Commission wants to help develop smart systems for traffic management and 'Mobility as a Service' solutions. For the user, MaaS offers added value through the use of a single application to provide access to mobility, with a single payment channel instead of multiple ticketing and payment operations. One of the key challenges for MaaS operators is being able to access public transport ticketing and scheduling information. The European Commission should take measures to unlock the potential here and allow for a more competitive marketplace, where MaaS operators can sell public transport tickets directly to end users.

Recommendation:

- The European Commission should support measures to advance 'Mobility as a Service' initiatives such as open access to ticketing and scheduling information of public transport

⁵ FIA Region I position paper on alternatively fuelled vehicles (2020)