Press Release

European
Automobile
Manufacturers
Association

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CO2 legislation must reflect car production cycles

The European automobile industry urges the EU to shape the upcoming legislation on CO2 from cars realistically and constructively around the industry's manufacturing cycles. "The industry will be short of lead-time ahead of the new legislation and the European Commission has, therefore, principally introduced a phase-in period between 2012 and 2015. This is an important element in the CO2 proposal which needs to be further developed", said Christian Streiff, ACEA President and CEO of PSA Peugeot Citroën at the annual reception of the European Automobile Manufacturers' Association in Brussels.

Significantly, the European Parliament has already voted twice in favour of 2015 as the most appropriate date for new legislation to enter fully into force. Planning certainty and proper "lead-time" are of crucial importance to the automotive industry because of the sectors' long development phases, the extensive investments involved and the corresponding lengthy production cycles required to recover investments. No less than 60% of all cars that will be on the market in 2012 are already in production or in the advanced development stage today.

The auto industry sees, furthermore, a clear opportunity to better reward and encourage 'eco-innovations'. These innovations often go beyond the so-called 'complementary' measures, including gearshift indicators and tyre pressure monitoring, to further reduce CO2 from cars, for which the Commission is preparing a second piece of legislation by June. "The auto industry needs and deserves a framework that promotes the development and market introduction of a broad number of innovative solutions", said Streiff.

Eco-innovations include applications such as energy efficient car lights, tools to personalise engine and transmission management, and systems to tailor driver assistance from board computers and navigation systems. These and many other eco-innovations reduce CO2 emissions and they would often be more cost-effective to install, benefiting both the industry and the consumer. "Legislation should neither prescribe nor exclude technologies but aim for the best overall results", added Streiff.

The level of penalties as proposed by the Commission is exorbitant and disproportionate. "Our industry is committed to reducing CO2. We call for a legislative framework with which we can comply and that safeguards the diversity of our industry as well as the affordability of cars for consumers. Fleet renewal is instrumental to any successful CO2-reduction strategy", said Streiff.

<u>Note to the editor:</u>
The proposed 95 € per excess gramme of CO2 per car, would price a tonne of CO2 emitted by cars at up to 475€ or more than in any other sector. The Emission Trading Scheme price currently floats around 5 € per tonne and may evolve towards around 33 € per tonne, according to Commission estimates. The penalties for the car industry would also be significantly higher than any cartel fine paid in EU competition cases which concern illegal competition law infringements with huge damages for consumers.

The European automobile industry is key to the EU economy. The sector employs 2.3 million people directly and indirectly supports the jobs of another 10 million families. The industry is the largest private investor in research & development in the EU, with R&D expenditure of 20 billion € annually. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT, Ford of Europe, General Motors Europe, MAN Nutzfahrzeuge, Porsche, PSA Peugeot Citroën, Renault, Scania, Toyota Motor Europe, Volkswagen and Volvo.

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