



**ETUC position on the proposal for a regulation
aimed at reducing CO₂ emissions from new passenger cars (COM(2007)856)**

**Position adopted by the Executive Committee of the ETUC at its
meeting of 4 March in Brussels**

Introduction

1. This document sets out the ETUC's position on the proposal for a regulation aimed at reducing carbon dioxide (CO₂) emissions from cars to an average of 130 g CO₂/km for the entire car fleet by 2012 through improvements to motor vehicle technology.
2. This proposal is an important piece of legislation in the European arsenal for combating climate change, because it tackles greenhouse gas emissions from road transport, a sector responsible for around one fifth of the European Union's CO₂ emissions – of which some 12% is imputable to passenger cars – and one of the rare sectors where emissions are increasing. Although the EU reduced its total emissions by just under 5% for the 1990-2004 period, CO₂ emissions from transport increased by 26%.
3. The initial target proposed in 1995 by the Commission, and endorsed by the Council and the European Parliament, was 120 g CO₂/km. The obvious failure of the voluntary agreement signed by automotive manufacturers in 1998¹, which was meant to bring emissions down to 140 g/km in 2008, prompted the Commission to propose a binding regulation in December 2007.

I. General comments

4. For the ETUC, which supports an ambitious EU climate policy, this proposal responds to the recommendation of its Executive Committee of October 2006² "to share the burden of reducing emissions more fairly between 'domestic' sectors (transport, residential, tertiary) and other sectors, in particular industry".
5. The ETUC Executive Committee had also called at that time for "compliance with the voluntary agreement reached between European automotive manufacturers to limit CO₂ emissions from new vehicles to an average of 140g/km by 2008 and adoption of European legislation setting CO₂ emissions requirements at an average of 120 g/km in 2012".
6. Considering the failure of the voluntary agreement, the ETUC welcomes the Commission's initiative to adopt binding legislation for CO₂ emissions from cars. The Commission calculates that the cumulative CO₂ savings by 2020 of reaching the 120g CO₂/km target in 2012 will be over 400 million tonnes. What is more, significant economic

¹ In 2006, the average for all vehicles was 160 g/km.

² "Tackling Climate Change: A social priority – Avenues for action", *Resolution adopted by the ETUC Executive Committee at its meeting in Brussels on 18 and 19 October 2006*

and social benefits can be expected from such legislation. It should stimulate investments in research and the development of low-carbon technologies, thereby helping to create and maintain long-term jobs in the automotive sector in Europe, which directly and indirectly employs 13 million workers. For users, higher car prices should be offset by fuel savings throughout the life of the vehicle.

7. This regulation should be complemented with a global plan for the reduction of greenhouse gas emissions from transport in Europe, targeting both goods transport and passenger transport. The objective should be to reduce the demand for transport, shift traffic to modes of transport that generate the lowest levels of greenhouse gases (railways, waterways, public transport, cycling, walking), develop technical improvements helping to reduce emissions (tyres, equipments and so on) and biofuels that are socially and environmentally sustainable and promote eco-driving.

II. Specific comments

Impact of the proposed measures on employment

8. The ETUC notes that the impact study carried out by the Commission does not anticipate an overall negative impact on employment in the automotive sector in Europe, but highlights the possibility of there being "winners" and "losers" among automotive manufacturers. Jobs could be created at parts suppliers and equipment manufacturers to meet growing demand for innovative and high value-adding technologies that will contribute to cutting emissions. The Commission considers that meeting the CO₂ targets will result more from the dissemination of processes already available for all vehicles than from technological upheavals that make existing technologies obsolete.
9. The ETUC considers this analysis insufficient. A more serious study of the impact on employment involving trade unions is needed. The points to be reviewed closely include:
 - i. The quantified impact on national and regional industrial bases and employment in the European Union, considering the current location of production sites;
 - ii. The impact of the higher costs for manufacturers on remuneration and working conditions at the different levels in the value chain, considering the nature of the contractual relations by which they are bound.
10. The ETUC calls on the Commission, Parliament and Member States to evaluate attentively the impact that future legislation could have on employment and the industrial bases of numerous regions of Europe and to put in place appropriate support measures to prevent massive disruptions to the sector.
11. Even if the 2012 targets can be achieved in large part thanks to the use of existing technologies, technological breakthroughs will nevertheless be essential in the future to reach the very low emission levels recommended by the IPCC³ experts. Public and private R&D budgets must be increased and redirected to low-carbon technologies. The ETUC therefore urges the European authorities to respect the commitment made in their previous communications with respect to the technological pillar of the Community strategy for the reduction of CO₂ emissions. The ETUC supports in particular the launch of a Joint Technology Initiative, co-financed by the EU budget, containing a training dimension and involving the trade union organisations concerned.

³ Intergovernmental Panel on Climate Change

12. The ETUC and the metalworkers' unions must be involved in the review of the progress made to implement the Community's Integrated Approach to reduce the CO₂ emissions from light-duty vehicles planned for 2010.

Support for the target of 130g CO₂/km and the 2012 deadline

13. The ETUC supports the target of an average of 130 g CO₂/km by 2012, considering that it represents a sufficient easing of both the original EU objective of 120 g/km⁴ and the goal of the manufacturers' voluntary agreement (140g/km in 2008). The proposed directive also gives manufacturers a certain degree of flexibility to help them reach their assigned targets (calculation of emissions on average sales, pooling of manufacturers).
14. Another argument in support of the 2012 deadline is that road transport must play its part in achieving the Kyoto Protocol objectives in 2012, failing which the effort will have to be borne by other industries, their workers and their customers.
15. Studies show that improvements can be made by reducing the size and power of cars or by bringing into general use the technical processes already in use on certain vehicles. The vehicle technology improvements that have been developed in recent years have been offset to a large extent by increases in the weight and power of cars, which amounted to 15% and 28% respectively for the 1995-2004 period.

Sharing the effort

16. The Commission proposes a system of limit values for CO₂ emissions based on vehicle weight. The ETUC underlines that alternative parameters such as "shadow" (the vehicle surface) and "footprint" (trackwidth or space between the wheels) could also be used to define CO₂ standards.
17. These limit values must also be set in such a way as to oblige the vehicles that currently have the highest emissions to make the greatest reduction effort – even if all manufacturers and all classes of vehicles have to make an effort if the target of an average of 130g is to be reached.

Penalties

18. The ETUC supports a system of financial penalties for those manufacturers that do not meet reduction targets. While being progressive in time, this system should be incentive enough.
19. The proceeds from financial penalties should be pooled in a fund (managed either at national level or at European level) and be used to:
 - i. Be reinvested in research and development, to contribute to a further reduction of CO₂ emissions. These new R&D investments should be accessible to all companies keeping their production in the EU;
 - ii. Be reinvested in employees' training and skills-building to enable them to adapt to new, more energy-efficient and CO₂-efficient manufacturing processes;
 - iii. Help finance strong incentive measures offered to modest income owners of older, more polluting vehicles who wish to get rid of their cars.

⁴ Proposed by the Commission in its 1995 communication, then restated in the sustainable development strategy.

Long-term CO2 targets for a genuine "low carbon" technological breakthrough

20. The ETUC also wishes to see social partners, and in particular the trade union organisations, involved in the definition of ambitious targets for the reduction of emissions by 2020 and 2025. Such targets will encourage companies to start preparing now the radical innovations that will lead to cars with very low emissions. They will also give companies and workers enough time to adapt to the new changes.

Complementary measures required

21. The ETUC calls on the Commission to propose at an early date measures to encourage the purchase of the least polluting cars with the lowest CO₂ emissions ("supply side" measures), noting that these will lower the cost of achieving the target of 130 g CO₂/km. The Commission should specifically:

- i. Encourage the Member States once again to adopt the proposal for a directive on passenger car related taxes⁵ which is currently before the Council and Parliament, and to adapt their vehicle taxation in such a way as to promote the purchase of fuel-efficient vehicles;
- ii. Improve the effectiveness of the directive on CO₂ labelling of cars⁶, in line with the commitment made by the Commission;
- iii. Ask automotive manufacturers to sign a binding code of conduct, at an early date, on vehicle marketing and advertising in view of promoting fuel-efficient cars;
- iv. Propose a ban on advertising for car models whose CO₂ emissions are 50% above the fleet average.

Light commercial and heavy duty vehicles

22. The ETUC also calls on the Commission to propose without delay appropriate regulatory proposals for limiting CO₂ emissions from light commercial vehicles, heavy duty vehicles and two-wheel vehicles.

⁵ COM(2005)261

⁶ Directive 1999/94/EC