



European
Automobile
Manufacturers
Association

ACEA Position Paper Principles for potential post-Euro 6 and post-Euro VI emission regulations



May 2020

EXECUTIVE SUMMARY

- The European Automobile Manufacturers' Association (ACEA) makes some key recommendations to focus the work in the European Commission's advisory group (AGVES) on post-Euro 6 / post-Euro VI standards.
- Making a laundry list of what could be part of a possible new regulation ignores the basic requirement to first establish a proportional approach to whatever might come next, based on a proper understanding of the objective and the need.
- The latest Euro 6 and Euro VI regulations have yet to be fully implemented in the EU fleet. New CO₂ targets will push the introduction of more low- and zero-emission vehicles. These vehicles will make a difference regarding the primary **objective** of a new pollutant emission regulation, which is to help improve air quality.
- The **need** for a new EU regulation must be first assessed against what the existing EU measures will deliver for improved air quality to determine if a new EU regulation is needed to close any gap, or other measures might be more proportional.
- Any new regulatory actions taken at EU level must be justified with the balance between additional cost vis-à-vis air quality benefits taken into account.
- Any action taken at EU level must adhere to the principles of proportionality and subsidiarity.
- The auto industry is a global business and the applied emission control technology on new vehicles is becoming similar, especially in the key global markets. Therefore, any action taken at EU level must take into account the benefits of global harmonisation of proportional regulations – this would be highly beneficial to the EU industry operating in many global markets.
- Heavy-duty vehicles are not 'bigger cars'. The heavy-duty vehicle business is very different and with different commercial needs, also for the light-commercial vehicle business that sits somewhat in the middle. Any future EU regulations must be fit for purpose for all vehicles and their business needs.
- Any justified action taken at EU level should address regulatory simplification and regulatory clarity, to help avoid any misunderstanding of what the regulation means and unjustified tests that may have no additional value on the key aim, which is to help improve air quality or help reduce CO₂ emissions.
- Any justified action taken at EU level should lay out a clear roadmap with clear industry lead-time from when all parts of EU regulations are complete.
- In this period of uncertainty for all, the Commission should now make it clear that the technical content of the current Euro 6 and Euro VI regulations are fixed – so industry can get on with recovering from the current crisis.

INTRODUCTION

ACEA represents the 16 major Europe-based car, van, truck and bus manufacturers, so its members will be the ones in the frontline when comes to implementing any potential new Euro 7 and Euro VII regulations. Therefore, ACEA and its members have duly attended all of the Advisory Group on Vehicle Emission Standards (AGVES) meetings held so far by the European Commission and will support the CLOVE consortium and the Commission with their on-going studies, which must evaluate the need for new emission regulations and the potential content.

ACEA contributes to all discussions but, since the material presented by CLOVE and the Commission during the last AGVES meetings was not distributed beforehand, it was quite impractical for all stakeholders to contribute constructively in that meeting.

Therefore, ACEA has prepared this paper to make a number of focused recommendations and, while we have many comments on the documents presented at the February AGVES meeting, this paper also highlights our main comments in the Annex. While ACEA remains committed to support all these discussions in the most constructive way, the way the programme is set-up and some of the assumptions being made require constructive comment.

To improve the overall effectiveness and transparency of the process and to ensure that all stakeholders have the possibility to come up with constructive comments in due time (ie during the AGVES discussions), ACEA would welcome a distribution of all AGVES materials documents sufficiently in advance of the meetings. ACEA commits to proceed in the same way to ensure that other parties can review and constructively criticise our views.

That being said, ACEA proposes the following key recommendations on the development of the work performed in AGVES. These recommendations aim to support the European Commission and the CLOVE consortium in their on-going work in order to improve the effectiveness of this activity that may eventually lead to new robust science-based and cost-effective legislative proposals to deliver a focused and stable long-term regulatory framework that addresses need while effectively supporting the competitiveness of the industry. ACEA will also make similar and further comments to the Commission's consultation on the Euro 7 inception impact assessment.

The automotive industry is a key EU industrial sector. It is a key employer, key contributor to EU taxes, key contributor to EU growth and economic output and a key investor in research and development. Industry supports regulatory action where it is justified and needed, but the first questions regulators must now be asking themselves are:

- "What will the full implementation of the Euro 6 and the Euro VI regulations via fleet renewal, plus the gradual uptake of zero- and low-emission vehicles into the EU fleet, do to address European air quality where problems still persist?"
- "How can we now speed-up the renewal of the fleet with the latest very clean Euro 6 and Euro VI vehicles?"

Only when those questions are answered should regulators be considering asking industry to make another substantial effort costing millions of Euros, if not more, and which will impact purchasing costs and total cost of ownership for customers and operators.

Disclaimer

As far as possible, this position paper reflects the views of all ACEA members. However, due to working practices in the ACEA member companies during the COVID-19 crisis, ACEA reserves the right to update this position paper at a later date.

KEY RECOMMENDATIONS

1. Define the objective

Other regions go through similar regulation making activities. For example, the way in which the US Environmental Protection Agency issues an Advanced Notice of Proposed Rulemaking is an effective way to start the regulatory process by defining the issue that may need to be tackled and setting in motion a clear and transparent process that should ultimately deliver robust regulation that is clearly understood and ultimately endorsed by all stakeholders.

The current AGVES process can be improved to better reflect the contributions from all stakeholders and ensure that the timeline set by the Commission in the Green Deal can be met via a sound approach that deliver proposals based on scientific facts vis-à-vis the defined objective and the implications for addressing the target.

Taking into account the advisory nature of AGVES, ACEA has expected that all stakeholders would be able to advise the CLOVE consortium and the Commission on their different questions and findings, putting it into perspective with industrial data and insights.

Industry has decades of experience of automotive legislation, product development and homologation, not only in Europe but globally. Some of the industry experts contributed widely to previous stakeholder discussions that led to previous legislative proposals, even as far back as what could be called 'Euro 1', through to the more recent regulations. We call on the Commission to please use that experience and industry is happy to provide that in a fully transparent process.

2. Assessment of the impact the latest Euro 6d and Euro VI Step E regulations will have on EU air quality

Since AGVES started, industry has kept requesting a proper assessment of the impact that the latest generation of Euro 6 and Euro VI vehicles will have on ambient air quality, especially in European cities (hot spots).

The latest versions of the Euro 6 and Euro VI regulations have yet to be fully applied so the proper picture on expected European air quality is delayed. The contribution of road transport is therefore

still heavily impacted by the older vehicle fleet while other non-transport sources may be the main contributors for some pollutants. It remains imperative to properly assess what the latest vehicles will deliver to improve air quality as fleet renewal grows. This should be the primary basis for assessing the need to develop appropriate Euro 7 and Euro VII regulations.

The focus on the climate has led to very ambitious CO₂ targets towards 2030 for all categories of vehicles. The Commission's Green Deal may even further harden these targets. As a result, an increasingly growing number of zero- and low-emission vehicles will be on EU roads in and outside cities within the next decade and will further contribute to improvements in air quality. This must be considered in the Commission's studies before going further to ensure an adequate understanding and answer to the question:

- “What are the Euro 7 and Euro VII regulations expected to address beyond what the Euro 6 and Euro VI regulations (and the impact of the CO₂ regulations) are yet to fully deliver?”

We take note that several European experts on transport emissions modelling and data collection are in the CLOVE consortium, so the modelling that ACEA calls for appears to be an area of work that should and can be taken up by the CLOVE consortium now.

3. International harmonisation must be a priority consideration

The European automotive industry is composed of global actors that design, manufacture and sell products not only in Europe but also in many other global regions. Therefore, ACEA's members have always supported the need for international harmonisation to at least harmonise global technical regulations to help facilitate a smart rationalisation of a portfolio of products. Our members are therefore very active in all UNECE discussions, providing valuable inputs in order to make efficient progress.

Such global harmonisation has been more efficient for the heavy-duty sector since today many global regions apply European regulations. This enhances the global competitive market, putting the European industry at its core, and supports the European and global competitiveness of ACEA's heavy-duty members.

It was therefore surprising that CLOVE announced that international harmonisation was not part of the mandate received for their tasks because ACEA made this a clear point in very early discussions with the Commission. International harmonisation remains a key need for our industry active in the global market and should also be seen as an issue for the Commission's 2020 work plan for 'A stronger Europe in the world'.

ACEA would therefore request the Commission to either amend the mandate given to CLOVE to ensure that a proper assessment of this consideration takes place or to declare that international harmonisation will be a key point taken into account in the Commission's eventual impact assessment.

4. Light-duty or heavy-duty?

ACEA sees that pretty much all discussions in AGVES are focused on light-duty vehicles and the Commission appears to consider amalgamating heavy-duty vehicles into similar considerations.

ACEA cannot stress strongly enough that heavy-duty vehicles of all types are not simply bigger cars. The heavy-duty industry and also, in many respects, the light-commercial vehicle (vans) industry is a completely different business, with different products, customers, aims and contexts. Clustering such discussions has resulted in some of the conclusions or assumptions by the Commission or CLOVE being simply not true for commercial vehicles.

ACEA strongly recommends that the discussion on light-duty vehicles and the discussion on heavy-duty vehicles remain appropriate to the different businesses and their commercial needs while also, particularly for the light-commercial vehicle business that sits in the middle, finding ways to guarantee that any future regulations would be fit for purpose for light-commercial vehicles, and not to the detriment of light-duty or heavy-duty regulations.

If new Euro 7 and Euro VII regulations are justified through robust and proper impact assessments, they must be separate regulations designed to be appropriate to the different vehicle sectors. We talk many times about the contribution of emissions and CO₂ from 'road transport' but that is merely a grouping of convenience. Therefore, ACEA would request separate proposals from the Commission since the effectiveness of each new regulation has to be demonstrated for those different vehicle sectors and different businesses, not one proposal that would cover both vehicle sectors.

5. Considerations of regulatory simplification outside of CLOVE

There have been a few past attempts to streamline the scope of the Euro 6 and Euro VI regulations to particularly address the specific sector of light commercial vehicles that sometimes fall in the middle of both regulations. ACEA has been looking deeply into this aspect and made some good progress before the COVID-19 crisis enforced lockdowns. This is a subject area where we could already contribute to a perceived simplification of regulation and also help to resolve some of the contradictions in the current legislation that especially impact the light commercial vehicle sector. This issue is something that does not require 'research and analysis' by CLOVE and it could already be discussed with stakeholders.

6. Transparency regarding implementation plan for any new regulations

As always, and especially in the recovery period after the COVID-19 crisis, the automotive industry will need regulatory stability and certainty for their future planning. Any new emission regulations will certainly result in considerable costs for the EU automotive industry, not only for ACEA members but also for all actors across the entire value chain. Therefore, any major new regulations

requiring substantial investments commencing in the recovery period must be properly assessed and fully justified to deliver a measurable benefit beyond what current regulations will deliver as the fleet renews. Here, other non-technical post-recovery measures and schemes can also help deliver measurable benefit.

In order to thoroughly plan for these investments and all other costs that are related to an increasingly wide legislative framework, industry need to know, as soon as possible, how and when such new legislation could enter into force. The Commission should provide clarity on a realistic and guaranteed timescale when any justified new regulations could be expected to enter into force in one regulatory step.

A first helpful step would be for the Commission to confirm there will be no further tightening or changes to the Euro 6 and the Euro VI regulations. This will at least give industry some confidence in a period of regulatory stability, especially since economic recovery post-COVID-19 must be the number one priority for all.

A second step would be for the Commission to come up with a regulatory roadmap as soon as possible. One critical milestone in that roadmap must be a decision if a further emission regulation is needed at all (based on the evaluation of what the Euro 6 and Euro VI regulations and CO₂ regulations will deliver in terms of improved air quality).

Also, the roadmap should at least provide as an indication when a fully justified new regulation would apply for compliance purposes. Of course, a clearly defined period of industry lead-time must start from when all of the political and technical regulations necessary to apply new regulations have been completed. It is not a matter of knowing what the politically agreed target is; industry must also know how to measure and plan compliance with the target.

ACEA refers to other regional rule-making processes that provide satisfactory clarity for industry lead-time. For example, the United States Clean Air Act provides four years lead-time from when regulations are completed – industry expects the EU to follow a similar example.

However, industry cannot accept that regulators would define today a future date for the application of new standards in case regulators fail, in a timely manner, to deliver all regulatory elements and give industry proper lead-time.

ANNEX:

ACEA COMMENTS TO MATERIALS PRESENTED AT FEBRUARY AGVES MEETING

a. CLOVE Presentation Part A – Slide 31 “Testing regime is underway”

ACEA understands the need to carry out a relevant number of tests to properly assess the effect of the current emission regulations but the few vehicles indicated could hardly be seen as representative of the whole EU fleet and certainly not as ‘state of the art’. At least such initial testing may help guide the need for further studies.

To realise these tests and in order to have a proper assessment of the performance of Euro 6 and Euro VI vehicles, all tests must be performed on vehicles approved to the latest regulations, meaning Euro-6d for light-duty vehicles and Euro VI Step E for heavy-duty vehicles. Vehicles meeting these regulations have already demonstrated very good emissions performance and, as the latest incarnations of the Euro 6 and Euro VI regulations, these must be the basis for tests to show the potential for improved air quality as the fleet renews, not tests carried out on vehicles meeting earlier steps of the Euro 6 and Euro VI regulations.

Regarding the proposed list of vehicles to be tested – cf slide 32 – ACEA would definitely like to see some light commercial vehicles also being tested since they represent a relatively high share of road vehicles in the EU and they constitute a separate and critical business for many EU manufacturers.

With respect to heavy-duty vehicles, ACEA is surprised that four buses (we assume all would be city buses) are being tested but only two trucks. The list should better reflect the actual balance of buses and trucks in the EU market.

Lastly and aside from a brief mention that laboratory chassis-dynamometer testing for light-duty vehicles and engine-dynamometer testing for heavy-duty vehicles would be the basis for CO₂ measurement, so far no information has been shared on the test procedures for measuring currently regulated and potentially new pollutants. We understand the focus will be on on-road testing for pollutant emissions but will they include the on-road regulatory tests applied to light-duty and heavy-duty vehicles today (against which type-approval and in-service conformity is assessed) or will they be a new type of test.

So far there has been no opportunity for stakeholders to have an input on how such new tests are being prepared or to have the chance to challenge the technical validity of such new tests, that could be deliberately designed to show that the latest ‘state-of-the-art vehicles’ do not perform, using the old maxim ‘as legislators intended’.

Indeed, when it comes to RDE our concern is you could build an RDE test containing practically all modes of vehicle operation from the bottom up, but (a) the proportion of those modes must be

realistic to their statistical presence in normal driving, (b) trip validity criteria must be valid to avoid lots of failed tests and (c) boundary conditions must remain appropriate to represent normal driving. A bottom-up approach risks merely adding complexity and burden without first determining what the objective is.

The Commission told all stakeholders that AGVES was the forum to discuss all of this in a transparent way.

b. CLOVE Presentation Part A – Slide 14 “Main findings”

ACEA asks that stakeholders be regularly updated on the main findings of CLOVE. However, ACEA cannot understand how some of the findings presented on 4 February could have been obtained already without further justification.

For example, ACEA doesn't understand how the “need to decrease emissions limits” could already be presented as a finding. The need for lower emission limits can only be demonstrated after a thorough environmental cost-benefit assessment that includes the impact of the latest Euro 6 and Euro VI vehicles will deliver, as fleet renewal escalates and taking into account the expected increase in shares of zero- and low-emission vehicles in the near future.

ACEA would expect that CLOVE would refrain from issuing ‘findings’ that pre-empt the outcome of the overall study.

c. Commission presentation Part B – Slide 8 “The current Euro 6/VI emission standards for new vehicles insufficiently contribute to the necessary decline in pollutant emissions emerging from road transport”

ACEA favours a top-down approach where the objective would be defined (ie what needs to be done to alleviate remaining air quality issues) and the Commission would then outline (for scrutiny) how it intends to address the objective. Instead, the Commission is working on a bottom-up approach and we believe the roots of the presented problem tree are in many cases wrong and misleading.

First of all, the latest Euro 6 and Euro VI regulations are not fully implemented yet and fleet renewal is at the early stages, so it appears difficult to draw any firm conclusions on the magnitude of their positive impact without a traditional air quality impact study. It remains surprising that the Commission has not yet done such a study. As other stakeholders have already mentioned, ACEA stresses again the urgent need for such a study.

That being said, while recent history may have brought up some weaknesses in the earlier Euro 6 regulation for passenger cars – weaknesses that have now been resolved – the effectiveness of the Euro VI heavy-duty regulation has never been questioned and has been praised by many

stakeholders including NGOs. Therefore statements in a Commission document such as “The current Euro 6/VI emission standards for new vehicles insufficiently contribute to the necessary decline in pollutant emissions emerging from road transport” are unwelcome and seek to diminish the massive efforts that vehicle manufacturers have made to comply with the latest Euro 6 and Euro VI regulations.

ACEA completely disagrees with statements such as this and asks the Commission to avoid making such provocative statements without first determining what fleet renewal by the latest Euro 6 and Euro VI vehicles will deliver to air quality.

In addition, the Commission should avoid putting cars, vans and heavy-duty vehicles into the same pot. As noted above, there were some problems with the early Euro 6 passenger cars so it is unfair to paint the Euro VI regulation with the same brush.

ACEA needs a clear distinction between the light-duty and heavy-duty sectors in the AGVES and CLOVE work – but so far we don't see that. Only such a clear distinction can ensure that we don't try to fix elements that are already working well and effectively.

d. Commission presentation Part B – Slide 12 “Coherence”

ACEA fully supports the need to properly assess the coherence of Euro 6 and Euro VI as part of the wider EU legislative framework. Today, the legislative burden on the automotive industry is high so an improved level of coherence must aim to prevent double legislation and would be with the EU better regulation principles.

Also, we believe it is necessary to put road transport into context regarding its contribution to air quality issues across the EU. A comparison of road transport with other emission sources would help put the role of road vehicle pollutant emission regulations into context and would help ensure that any future actions are adequate, proportionate and coherent.

e. CLOVE presentation Part B – Slide 12 “Proposal on limits, for all pollutants, including those not regulated”

ACEA does not understand why task 1 already pre-empts, with no justification, that limits should be proposed for a range of new pollutants presently not regulated. We believe that the need should be first demonstrated before suggesting a set of limits appropriate to any justified problem. For example, data suggests that some unregulated pollutants are already indirectly controlled, as they correlate with regulated pollutants. Unless the work to assess and justify is done, new limits may potentially show no benefit but result in efforts and costs.

f. CLOVE presentation Part B – Slide 22, Task 3.2 “Retrospective assessment of Euro 6/VI vehicle emission standards”

The Euro 6 and the Euro VI regulations are not yet fully implemented so the beneficial assessment of the impact of the latest Euro 6 and Euro VI regulations as the fleet is renewed has to be done – that means the impact of the Euro 6d regulation in the case of light-duty vehicles and the Euro VI Step E regulation for heavy-duty vehicles.

As far as ACEA is concerned, such an assessment cannot be ‘retrospective’. The assessment must be forward looking. The only issue that might be looked at retrospectively would be the way the regulations have been developed by regulators and the way they are implemented (by member states). However, for industry that is the lesser question compared to what has industry invested and introduced to achieve future improvements in air quality, which is the reason for having the regulations in the first place.

Determining the actual need for any new Euro 7 and Euro VII regulations (which is the key interest of industry and society overall) must be the overriding priority compared to, for example, any simplification of the regulations.



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ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.8 million Europeans work in the auto industry (directly and indirectly), accounting for 6.1% of all EU jobs.
- 11.4% of EU manufacturing jobs – some 3.5 million – are in the automotive sector.
- Motor vehicles account for €440.4 billion in taxes in the EU15 countries alone.
- The automobile industry generates a trade surplus of €84.4 billion for the EU.
- The turnover generated by the auto industry represents over 7% of EU GDP.
- Investing €57.4 billion in R&D annually, the automotive sector is Europe's largest private contributor to innovation, accounting for 28% of total EU spending.

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