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POSITION OF THE EUROPEAN PARLIAMENT

adopted at first reading on 14 February 2023 with a view to the adoption of Regulation (EU) 2023/... of the European Parliament and of the Council amending Regulation (EU) 2019/631 as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition (EP-PE_TC1-COD(2021)0197)

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(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

¹ OJ C 194, 12.5.2022, p. 81.

² OJ C 270, 13.7.2022, p. 38.

³ Position of the European Parliament of 14 February 2023.

Whereas:

- (1) The Paris Agreement¹, adopted on 12 December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) (the ‘Paris Agreement’), entered into force on 4 November 2016. The Parties to the Paris Agreement have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels. ***That commitment has been reinforced with the adoption under the UNFCCC of the Glasgow Climate Pact on 13 November 2021, in which the Conference of the Parties to the UNFCCC, serving as the meeting of the Parties to the Paris Agreement, recognises that the impacts of climate change will be much lower at a temperature increase of 1,5 °C, compared with 2 °C, and resolves to pursue efforts to limit the temperature increase to 1,5 °C.***
- (2) Tackling climate- and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the communication of the Commission of 11 December 2019 on ‘The European Green Deal’ (***the ‘European Green Deal’***). ***The European Parliament called, in its resolution of 15 January 2020 on the European Green Deal², for the necessary transition to a climate-neutral society by 2050 at the latest and, in its resolution of 28 November 2019 on the climate and environment emergency, declared a climate and environment emergency³.*** The necessity and the value of the European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health and economic well-being of the Union’s citizens.

¹ OJ L 282, 19.10.2016, p. 4.

² OJ C 270, 7.7.2021, p. 2.

³ OJ C 232, 16.6.2021, p. 28.

- (3) The European Green Deal combines a comprehensive set of mutually reinforcing measures and initiatives aimed at achieving climate neutrality in the Union by 2050, and sets out a new growth strategy ***focused on transforming*** the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, ***with vibrant industries that remain world-leaders in their respective segments and global innovation drivers, while securing high-paid quality jobs in the Union***. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. ***In that context, the 8th Environment Action Programme running until 2030 set out in Decision (EU) 2022/591 of the European Parliament and of the Council¹ reinforces the objective of accelerating the green transition to a climate-neutral, sustainable, non-toxic, resource-efficient, renewable-energy based, resilient and competitive circular economy in a just, equitable and inclusive way and of protecting, restoring and improving the state of the environment, while supporting and building upon the set of measures and initiatives announced under the European Green Deal***. At the same time, the transition affects women and men differently and has a particular impact on some disadvantaged groups, such as older people, persons with disabilities and persons with a minority racial or ethnic background. ***In addition, the transition will affect regions of the Union differently, especially structurally disadvantaged, peripheral and outermost regions***. It must therefore be ensured that the transition is just and inclusive, leaving no one behind.

¹ Decision (EU) 2022/591 of the European Parliament and of the Council of 6 April 2022 on a General Union Environment Action Programme to 2030 (OJ L 114, 12.4.2022, p. 22).

- (4) The Union committed to reducing the Union's economy-wide net greenhouse gas emissions by at least 55% compared to 1990 levels by 2030 in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020.
- (5) Through the adoption of Regulation (EU) **2021/1119** of the European Parliament and of the Council¹, the Union has enshrined the objective of ***reducing emissions to net zero at the latest*** by 2050 ***and the aim of achieving negative emissions thereafter*** in legislation. That Regulation also establishes a binding Union domestic reduction target for net greenhouse gas emissions (emissions after deduction of removals) **■** of at least 55 % compared to 1990 levels by 2030.
- (6) All sectors of the economy are expected to contribute to achieving those emissions reductions, including the road transport sector. ***The transport sector is the only sector where emissions have been on the rise since 1990. This includes road transport by light-duty and heavy-duty vehicles, which together account for over 70 % of total transport emissions. To achieve climate neutrality, a 90 % reduction in transport emissions is needed by 2050.***

¹ ***Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).***

- (7) *The digital and green transitions should also address the importance of the social dimension to ensure that mobility is affordable for and accessible to all, especially commuters without access to quality public transport or other mobility solutions. More ambitious CO₂ standards for passenger cars and light commercial vehicles are expected to accelerate the uptake of zero-emission vehicles, increase their affordability and also accelerate the decarbonisation of the second-hand market in all segments, with greater benefits for low- and middle-income consumers. When adopting those standards it is also important to take into account the significant economic and social consequences of the digital and green transitions and the need to safeguard employment and preserve the competitiveness of Union industry.*
- (8) The measures set out in this Regulation are necessary as part of a coherent and consistent framework that is indispensable for achieving the overall objective of the Union to reduce net greenhouse gas emissions, *as well as to reduce the Union's dependence on imported fossil fuels. It is essential that the Commission work together with Member States and industrial stakeholders to secure the supply chain in the critical raw materials needed for zero- and low-emission vehicles. This will also support the competitiveness of Union industry and strengthen the Union's strategic autonomy.*

- (9) In order to achieve a reduction in net greenhouse gas emissions by at least 55 % compared to 1990 levels by 2030, it is necessary to strengthen the reduction requirements set out in Regulation (EU) 2019/631 of the European Parliament and of the Council¹ for both passenger cars and light commercial vehicles. A clear pathway also needs to be set for further reductions beyond 2030 to contribute to achieving the climate-neutrality objective by 2050. Without ambitious action on greenhouse gas emissions reductions in road transport, higher emissions reductions would be needed in other sectors, including sectors where decarbonisation is more challenging.
- (10) The strengthened CO₂ emissions reduction requirements should encourage an increasing share of zero-emission vehicles to be deployed on the Union market while providing benefits to consumers and citizens in terms of air quality, ***strengthening energy security and efficiency, and the associated*** energy savings, as well as ensuring that innovation in the automotive value chain can be maintained. Within the global context, the Union automotive value chain must be a leading actor in the ongoing transition towards zero-emission mobility. The strengthened CO₂ emissions reduction standards are technology neutral in reaching the fleet-wide targets that they set. Different technologies are and 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. Zero- and low-emission vehicles, which also include well performing plug-in hybrid electric vehicles, can continue to play a role in the transition pathway. ***In that context, it is important to ensure accurate and complete data on the emission performance of those plug-in hybrid electric vehicles.***

¹ Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO₂ emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011 (OJ L 111, 25.4.2019, p. 13).

- (11) Following consultation with stakeholders, the Commission will make a proposal for registering after 2035 vehicles running exclusively on CO₂ neutral fuels in conformity with Union law, outside the scope of the fleet standards, and in conformity with the Union's climate-neutrality objective.***
- (12) Against that background, new strengthened CO₂ emissions reduction targets should be set for both new passenger cars and new light commercial vehicles from 2030 onwards. Those targets should be set at a level that will deliver a strong signal to accelerate the uptake of zero-emission vehicles on the Union market and to stimulate innovation in zero-emission technologies in a cost-efficient way.

(13) Technological innovation is a prerequisite for decarbonising mobility in the Union, and should therefore be supported. Significant funding is already available for innovation in the mobility ecosystem through different Union funding instruments, in particular Horizon Europe – the Framework Programme for Research and Innovation, established by Regulation (EU) 2021/695 of the European Parliament and of the Council¹, InvestEU, established by Regulation (EU) 2021/523 of the European Parliament and of the Council², the European Regional Development Fund, the Cohesion Fund, the innovation fund, established by Directive 2003/87/EC of the European Parliament and of the Council³, and the Recovery and Resilience Facility, established by Regulation (EU) 2021/241 of the European Parliament and of the Council⁴. The Union and Member States should continue their efforts to support public and private investment in European automotive research and innovation, including through initiatives that promote synergies in the automotive sector, such as the European Battery Alliance. Together with clear regulatory signals, those efforts will support and encourage investment decisions from manufacturers, maintain European technological leadership in that sector, help to develop industrial excellence in the technologies of the future in the Union and ensure the long-term sustainability and competitiveness of its industrial base.

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

² Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30).

³ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

⁴ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

(14) The targets in the revised CO₂ performance standards should be accompanied by a Union strategy to address the challenges posed by the scale-up of the manufacturing of zero-emission vehicles and associated technologies, *while considering the specificities of each Member State*, as well as the need for up- and re-skilling of workers in the sector and the economic diversification and reconversion of activities, *while maintaining automotive employment levels in the Union. Particular attention should be given to the impact that this transition will have on micro, small and medium-sized enterprises (SMEs) along the automotive supply chain and to affected regions and communities which might be more vulnerable due to the presence of an intensive automotive industry*. Where appropriate, financial support should be considered at Union and Member State level to crowd in private investment, including via the European Social Fund Plus, established by Regulation (EU) 2021/1057 of the European Parliament and of the Council¹, the Just Transition Fund, established by Regulation (EU) 2021/1056 of the European Parliament and of the Council², the innovation fund, *the European Regional Development Fund, the Cohesion Fund, the Recovery and Resilience Facility* and other instruments of the multiannual financial framework set out in Council Regulation (EU, Euratom) 2020/2093³ and the European Union Recovery Instrument, established by Council Regulation (EU) 2020/2094⁴, in line with State aid rules *and other available financial instruments, such as from the European Investment Bank*. The communication of the Commission of 18 February 2022 on Guidelines on State aid for climate, environmental protection and energy 2022 enables Member States to support business to decarbonise their production processes and adopt greener technologies in the context of the communication of the Commission of 5 May 2021 on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (the 'updated New Industrial Strategy'). *The Council*

¹ Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).

² Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).

³ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I, 22.12.2020, p. 11).

⁴ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I, 22.12.2020, p. 23).

Recommendation of 16 June 2022¹ is an important tool for Member States to address the employment and social aspects of a just transition towards a climate-neutral economy. The Commission should explore further options to support that transition and, specifically, to mitigate any negative employment impacts of that transition in the automotive sector.

¹ Council Recommendation 2022/C 243/04 of 16 June 2022 on ensuring a fair transition towards climate neutrality (OJ C 243, 27.6.2022, p. 35).

(15) In order to identify any funding gaps in ensuring a just transition in the automotive supply chain, and with particular attention for SMEs and the regions that are most affected by the transition towards a climate-neutral economy, the Commission should, by 31 December 2025, at the date of submission of the first progress report, and building on ongoing initiatives, such as the transition pathway for the mobility ecosystem and the Automotive Regions Alliance of the Committee of the Regions, in cooperation with Member States, regions and local authorities and all relevant stakeholders, present a report with an analysis identifying such funding gaps. That report should be accompanied, where appropriate, by proposals for adequate financial measures to address the needs identified.

(16) The updated New Industrial Strategy envisages the co-creation of green and digital transition pathways in partnership with industry, public authorities, social partners and other stakeholders. In that context, a transition pathway should be developed for the mobility ecosystem to accompany the transition of the automotive value chain, ***including by ensuring the continuity of social dialogue involving the sector and its stakeholders, in full transparency.*** The pathway should pay particular attention to SMEs in the automotive supply chain and to the consultation of social partners, including by Member States. It should also build on the communication of the Commission of 1 July 2020 entitled ‘European Skills Agenda for sustainable competitiveness, social fairness and resilience’, which includes initiatives such as the ‘Pact for Skills’ in order to mobilise the private sector and other stakeholders to up-skill and re-skill Europe’s workforce in view of the green and digital transitions. The appropriate actions and incentives at Union and Member State level to boost the affordability of zero-emission vehicles should also be addressed in the pathway.

The progress made on this comprehensive transition pathway for the mobility ecosystem should be monitored every two years as part of a progress report to be submitted by the Commission. That progress report should take into consideration, inter alia, progress in the deployment of **zero- and low-emission vehicles, in particular in the light commercial vehicles segment, as well as the measures at Union, Member State and local level to facilitate Member States' transition to zero- emission light-duty vehicles, developments in their price and energy efficiency, deployment of alternative fuels and progress in the roll-out of public and private recharging and refuelling infrastructure, to be set out in a Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council (the 'Regulation on alternative fuels infrastructure') and in a recast of Directive 2010/31/EU of the European Parliament and of the Council¹**, the potential of innovative technologies to reach climate- neutral mobility, international competitiveness, investments in the automotive value chain, and up-skilling and re-skilling of workers and reconversion of activities, **especially in SMEs**. The progress report should also build on the two-year progress reports that Member States are to submit under the Regulation on alternative fuels infrastructure. The Commission should consult social partners in the preparation of the progress report, including on the results of the social dialogue. Innovations in the automotive supply chain are continuing. Innovative technologies such as the production of electro-fuels with air capture, if further developed, could offer prospects for affordable climate-neutral mobility. The Commission should therefore keep track of progress in the state of innovation in the sector as part of its progress report.

¹ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

- (17) In order to protect the environment and the health of citizens in all Member States it is important to also decarbonise the existing fleet. The market for second-hand vehicles creates the risk of shifting CO₂ emissions, as well as air pollution, to less economically developed regions in the Union. To speed up the reduction of emissions from the existing fleet and to accelerate the transition to zero-emission transport, it is of the utmost importance to encourage the conversion of internal combustion engine vehicles to battery or fuel-cell electric drive, including by assessing how to facilitate the deployment of such solutions in Member States.*
- (18) As stated in the communication of the Commission of 18 May 2022 entitled ‘REPowerEU Plan’, in order to enhance energy savings and efficiencies in the transport sector and to accelerate the transition towards zero-emission vehicles, it is important to increase the share of zero-emission vehicles in public and corporate car fleets above a certain size. To that end, the communication of the Commission of 18 October 2022 entitled ‘Commission work programme 2023’ includes an initiative for greening corporate fleets. When proposing that initiative, the Commission should ensure a level playing field and avoid fragmentation of the internal market.*

- (19) In order to promote the uptake of vehicles that consume less energy, the Commission should investigate the impacts of setting minimum energy efficiency thresholds for new zero-emission passenger cars and light commercial vehicles placed on the Union market.***
- (20) The EU fleet-wide targets are to be complemented by the necessary roll-out of recharging and refuelling infrastructure to be set out in the Regulation on alternative fuels infrastructure and in a recast of Directive 2010/31/EU. In that context, it is vital that investment in the necessary infrastructure deployment is continued and increased. In parallel, it is of utmost importance to ensure a swift deployment of renewable energy, as provided for in Directive (EU) 2018/2001 of the European Parliament and of the Council¹.***

¹ ***Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).***

- (21) Manufacturers should be provided with sufficient flexibility in adapting their fleets over time in order to manage the transition towards zero-emission vehicles in a cost-efficient manner in a way ***which supports their competitiveness and prepares the ground for further innovations***. It is therefore appropriate to maintain the approach of decreasing target levels in five-year steps.
- (22) With the stricter EU fleet-wide targets from 2030 onwards, manufacturers will have to deploy significantly more zero-emission vehicles on the Union market. In that context, the incentive mechanism for zero- and low-emission vehicles would no longer serve its original purpose and would risk undermining the effectiveness of Regulation (EU) 2019/631. The incentive mechanism for zero- and low-emission vehicles should therefore be removed from 1 January 2030. Before that date and therefore throughout this decade, the incentive mechanism for zero- and low-emission vehicles will continue to support the deployment of vehicles with emissions from zero up to 50 g CO₂/km, including battery electric vehicles, fuel-cell electric vehicles using hydrogen and well performing plug-in hybrid electric vehicles. ***However, the zero- and low-emission vehicles' benchmarks should be revised in order to take into account the faster uptake of zero-emission vehicles on the Union market.*** After 1 January 2030, plug-in hybrid electric vehicles continue to count against the EU fleet-wide targets that manufacturers are required to meet.

- (23) *The eco-innovation credits that can be claimed by a manufacturer are currently capped at 7 g CO₂/km. That cap should be adjusted downwards in line with the target levels, in order to ensure a balanced proportion of the level of that cap in relation to the average specific emissions of CO₂ of manufacturers.*
- (24) The implementation of the CO₂ emission performance standards is strongly linked to that of the type-approval legislation. Following the repeal and replacement of Directive 2007/46/EC of the European Parliament and of the Council¹ on 1 September 2020 by Regulation (EU) 2018/858 of the European Parliament and of the Council², it is appropriate, in order to ensure continued consistency between the two sets of instruments, to further align the definitions and to update references in Regulation (EU) 2019/631 to the type-approval framework legislation.

¹ Directive 2007/46/EC of the European Parliament and of the Council of 5 September 2007 establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (Framework Directive) (OJ L 263, 9.10.2007, p. 1).

² Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (OJ L 151, 14.6.2018, p. 1).

(25) The emissions reduction effort required to achieve the EU fleet-wide targets is distributed amongst manufacturers by using a limit value curve based on the average mass of the EU fleet of new vehicles and of the manufacturer's new vehicle fleet. While it is appropriate to maintain that mechanism, it is necessary to prevent a situation where, with the stricter EU fleet-wide targets, the specific emissions target for a manufacturer would become negative. For that reason, it is necessary to clarify that where such a situation occurs, the specific emissions target should be set to 0 g CO₂/km.

- (26) The values used for the calculation of the specific emissions targets and the average specific emissions of CO₂ of a manufacturer are based on data recorded in the type-approval documentation and in the certificates of conformity of the vehicles concerned. It is essential for ensuring the effectiveness of the CO₂ emission performance standards that the data used for those purposes be correct. If, nevertheless, errors are identified in the data, it may not be possible, based on the type-approval legislation, to correct the type-approval documentation or the certificates of conformity that have already been issued, where the data refers to type-approvals that have ceased to be valid. In such situations, the Commission should have the power to request that the relevant type-approval authorities or, where applicable, manufacturers, issue a statement of correction on the basis of which the values used for determining manufacturers' performance in meeting their targets can be corrected.
- (27) The reporting of data for vehicles of categories M₂ (buses) and N₂ (medium-sized lorries) falls within the scope of Regulation (EU) 2018/956 of the European Parliament and of the Council¹ and it is therefore appropriate to remove that reporting requirement from Regulation (EU) 2019/631.

¹ Regulation (EU) 2018/956 of the European Parliament and of the Council of 28 June 2018 on the monitoring and reporting of CO₂ emissions from and fuel consumption of new heavy-duty vehicles (OJ L 173, 9.7.2018, p. 1).

- (28) In view of the increased overall greenhouse gas emissions reduction objective and to avoid potential market distorting effects, the reduction requirements for all manufacturers present in the Union market should be aligned, except for those responsible for less than 1 000 new vehicles registered in a calendar year. Consequently, the possibility for manufacturers responsible for between 1 000 and 10 000 passenger cars or between 1 000 and 22 000 light commercial vehicles newly registered in a calendar year to apply for a derogation from their specific emissions targets should cease from 1 January **2036**.
- (29) In order to ensure legal clarity and consistency with current practice, it is appropriate to clarify that the adjustments of the M_0 and TM_0 values should be done by way of delegated acts amending Annex I to Regulation (EU) 2019/631 instead of by delegated acts supplementing that Regulation.
- (30) The progress made under Regulation (EU) 2019/631 towards achieving the reduction targets set for 2030 and beyond should be reviewed in 2026. For that review, all aspects in the two-yearly reporting should be considered.

- (31) Several Member States have declared plans to accelerate the introduction of zero-emission vehicles by setting a date for phasing-out CO₂-emitting new passenger cars and new light commercial vehicles prior to 2035. The Commission should identify options to facilitate that transition and consider the need for additional measures in line with such plans.***
- (32) The possibility to assign the revenue from the excess emission premiums to a specific fund or relevant programme has been evaluated as required pursuant to Article 15(5) of Regulation (EU) 2019/631, with the conclusion that this would significantly increase the administrative burden, while not directly benefiting the automotive sector in its transition. Revenue from the excess emission premiums should therefore continue to be considered as revenue for the general budget of the Union in accordance with Article 8(4) of Regulation (EU) 2019/631.
- (33) It is important to assess the full life-cycle CO₂ emissions of light-duty vehicles at Union level. To that end, the Commission should develop a methodology for the assessment and the consistent data reporting of the full life-cycle CO₂ emissions of light-duty vehicles that are placed on the Union market.***

(34) In order to set out a common Union methodology for the assessment and the consistent data reporting of the full life-cycle CO₂ emissions of passenger cars and light commercial vehicles and to ensure that the calculation of the specific emissions targets for manufacturers responsible for the CO₂ emissions of multi-stage light commercial vehicles can be adjusted to take into account changes in procedure for determining the CO₂ emissions and mass of such vehicles, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of supplementing Regulation (EU) 2019/631 by setting out such a common Union methodology and amending, where necessary, the calculation formulae set out in Part B of Annex I to that Regulation, respectively. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

¹ OJ L 123, 12.5.2016, p. 1.

(35) Since the objective of this Regulation, namely to strengthen the CO₂ emissions reduction requirements for both new passenger cars and new light commercial vehicles, cannot be sufficiently achieved by the Member States, but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

(36) Regulation (EU) 2019/631 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) 2019/631 is amended as follows:

(1) Article 1 is amended as follows:

(a) paragraph 5 is amended as follows:

(i) in point (a), the figure ‘37,5 %’ is replaced by ‘55 %’;

(ii) in point (b), the figure ‘31 %’ is replaced by ‘50 %’;

(b) the following paragraph is inserted:

‘5a. From 1 January 2035, the following EU fleet-wide targets shall apply:

(a) for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a 100 % reduction of the target in 2021 determined in accordance with Part A, point 6.1.3, of Annex I;

(b) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a 100 % reduction of the target in 2021 determined in accordance with Part B, point 6.1.3, of Annex I.’;

(c) paragraph 6 *is replaced by the following:*

‘6. From 1 January 2025 to 31 December 2029, a zero- and low-emission vehicles' benchmark equal to a 25 % share of the fleet of new passenger cars and equal to a 17 % share of the fleet of new light commercial vehicles shall apply in accordance with points 6.3 of Parts A and B of Annex I, respectively.’;

(d) paragraph 7 is deleted;

(2) Article 2 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) in point (a), the reference to ‘Annex II to Directive 2007/46/EC’ is replaced by ‘Article 4(1), point (a)(i), of Regulation (EU) 2018/858’;

(ii) point (b) is replaced by the following:

‘(b) category N₁ as defined in Article 4(1), point (b)(i), of Regulation (EU) 2018/858 and falling within the scope of Regulation (EC) No 715/2007 (“light commercial vehicles”), which are registered in the Union for the first time and which have not previously been registered outside the Union (“new light commercial vehicles”); in the case of zero-emission vehicles of category N with a reference mass exceeding 2 610 kg or 2 840 kg, as the case may be, they shall, from 1 January 2025, for the purposes of this Regulation and without prejudice to Regulation (EU) 2018/858 and Regulation (EC) No 715/2007, be counted as light commercial vehicles falling within the scope of this Regulation if the excess reference mass is due only to the mass of the energy storage system.’;

(b) in paragraph 3, the reference to ‘point 5 of Part A of Annex II to Directive 2007/46/EC’ is replaced by ‘Part A, point 5, of Annex I to Regulation (EU) 2018/858’;

- (3) in Article 3, paragraph 1 is amended as follows:
- (a) the introductory sentence is replaced by the following:
- ‘1. For the purposes of this Regulation, the definitions in Regulation (EU) 2018/858 shall apply. The following definitions shall also apply.’;
- (b) points (b) to (g) and (i) and (n) are deleted;
- (4) in Article 4(1), the following subparagraph is added:
- ‘For the purposes of the first subparagraph, point (c), where the specific emissions target determined in accordance with point 6.3 of Part A or B of Annex I is negative, the specific emissions target shall be 0 g/km.’;

(5) Article 7 is amended as follows:

(a) the following paragraph is inserted:

‘6a. Where the Commission finds that the provisional data submitted by Member States in accordance with paragraph 2, or the data notified by the manufacturers in accordance with paragraph 5, is based on incorrect data in the type-approval documentation or in the certificates of conformity, the Commission shall inform the type-approval authority or, where applicable, the manufacturer, and shall request the type-approval authority or, where applicable, the manufacturer to issue a statement of correction specifying the corrected data. The statement of correction shall be transmitted to the Commission and the corrected data shall be used to amend the provisional calculations under paragraph 4.’;

(b) paragraphs 10 and 11 are deleted;

(6) the following Article is inserted:

‘Article 7a

Life-cycle CO₂ emissions

- 1. The Commission shall by 31 December 2025 publish a report setting out a methodology for the assessment and the consistent data reporting of the full life-cycle CO₂ emissions of passenger cars and light commercial vehicles that are placed on the Union market. The Commission shall submit that report to the European Parliament and to the Council.***
- 2. By 31 December 2025, the Commission shall adopt delegated acts in accordance with Article 17 in order to supplement this Regulation by laying down a common Union methodology for the assessment and the consistent data reporting of the full life-cycle CO₂ emissions of passenger cars and light commercial vehicles.***
- 3. From 1 June 2026, manufacturers may, on a voluntary basis, submit to the Commission the life-cycle CO₂ emissions data for new passenger cars and new light commercial vehicles using the methodology referred to in paragraph 2.’;***

(7) Article 10 is amended as follows:

(a) in paragraph 2, the first sentence is replaced by the following:

‘A derogation applied for under paragraph 1 may be granted from the specific emissions targets applicable until and including the calendar year **2035**.’;

(b) *in paragraph 4, the first subparagraph is replaced by the following:*

‘4. An application for a derogation from the specific emissions target calculated in accordance with points 1 to 4 and 6.3 of Part A of Annex I may be made for the years until and including the calendar year 2028 by a manufacturer which is responsible, together with all of its connected undertakings, for between 10 000 and 300 000 new passenger cars registered in the Union per calendar year.’;

(8) in Article 11, paragraph 1 is replaced by the following:

‘1. Upon application by a supplier or a manufacturer, CO₂ savings achieved through the use of innovative technologies or a combination of innovative technologies (“innovative technology packages”) shall be considered.

Such technologies shall be taken into consideration only if the methodology used to assess them is capable of producing verifiable, repeatable and comparable results.

The total contribution of those technologies to reducing the average specific emissions of CO₂ of a manufacturer may be up to:

- 7 g CO₂/km until 2024;

- 6 g CO₂/km from 2025 until 2029;

- 4 g CO₂/km from 2030 until and including 2034.

The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to amend this Regulation by adjusting downwards the values of the cap referred to in the third subparagraph of this paragraph with effect from 2025 onwards to take into account technological developments while ensuring a balanced proportion of the level of that cap in relation to the average specific emissions of CO₂ of manufacturers.’;

(9) *in Article 12, paragraph 3 is replaced by the following:*

‘3. In order to prevent the real-world emissions gap from growing, the Commission shall, no later than 1 June 2023, assess how real-world fuel and energy consumption data collected pursuant to Commission Implementing Regulation (EU) 2021/392 may be used to ensure that the vehicle CO₂ emissions and fuel or energy consumption values determined pursuant to Regulation (EC) No 715/2007 remain representative of real-world emissions over time for each manufacturer.*

The Commission shall monitor and report annually on how the gap referred to in the first subparagraph evolves from 2021 onwards and shall, as soon as sufficient data is available, and no later than 31 December 2026, publish a report setting out a methodology for a mechanism to adjust the average specific emissions of CO₂ of the manufacturer as of 2030 using real-world data collected pursuant to Implementing Regulation (EU) 2021/392, and assessing the feasibility of such a mechanism.

The Commission shall submit that report to the European Parliament and to the Council, including, where appropriate, proposals for follow-up measures, such as legislative proposals to put such a mechanism in place.

* *Commission Implementing Regulation (EU) 2021/392 of 4 March 2021 on the monitoring and reporting of data relating to CO₂ emissions from passenger cars and light commercial vehicles pursuant to Regulation (EU) 2019/631 of the European Parliament and of the Council and repealing Commission Implementing Regulations (EU) No 1014/2010, (EU) No 293/2012, (EU) 2017/1152 and (EU) 2017/1153 (OJ L 77, 5.3.2021, p. 8).’;*

(10) in Article 13(3), the following sentence is added:

‘Where the data in the type-approval documentation may not be corrected under Regulation (EU) 2018/858, the responsible type-approval authority shall issue a statement of correction with the corrected data and transmit that statement to the Commission and the parties concerned.’;

(11) in Article 14, paragraph 2 is replaced by the following:

‘2. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to amend Annex I as provided for in paragraph 1 of this Article.’;

(12) the following Article is inserted:

‘Article 14a

Progress report

1. By 31 December 2025, and every two years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the progress towards zero-emission road mobility. The report shall in particular monitor and assess the need for possible additional measures to facilitate *a just* transition, including through financial means.

2. In the report, the Commission shall consider all factors that contribute to a cost-efficient progress towards climate neutrality by 2050, including:
 - (a) *progress in the deployment of zero- and low-emission vehicles, in particular in the light commercial vehicles segment, as well as the measures at Union, Member State and local level to facilitate Member States' transition to zero- emission light-duty vehicles;*
 - (b) *progress in the energy efficiency and affordability of zero- and low-emission vehicles;*
 - (c) *the impacts on consumers, particularly on low- and medium-income households, including on electricity prices;*
 - (d) *analysis of the market for second-hand vehicles;*
 - (e) *the potential contribution in terms of CO₂ savings of additional measures aimed to lower the average age and thus the emissions of the light-duty vehicles fleet, such as measures to support the phase out of older vehicles in a socially just and environmentally sound manner;*

- (f) impacts on employment in the automotive sector, especially on micro, small and medium-sized enterprises (SMEs), and the effectiveness of measures to support retraining and upskilling of the workforce;*
- (g) the effectiveness of existing financial measures and the need for further action, including adequate financial measures, at Union, Member State or local level to ensure a just transition and to mitigate any negative socioeconomic impacts, in particular in the regions and the communities most affected;*
- (h) progress in social dialogue, as well as aspects to further facilitate an economically viable and socially fair transition towards zero-emission road mobility;*
- (i) progress in the roll-out of **public and private** recharging and refuelling infrastructure, **including progress** under a Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council **and a recast of Directive 2010/31/EU of the European Parliament and of the Council***;*

- (j) the potential contribution of innovation technologies and sustainable alternative fuels, *including synthetic fuels*, to reach climate neutral mobility;
 - (k) *life-cycle emissions of new passenger cars and new light commercial vehicles placed on the market, as reported in accordance with Article 7a;*
 - (l) *the impact of this Regulation on the achievement of the Member States' targets under Regulation (EU) 2018/842 and a recast of Directive 2008/50/EC of the European Parliament and of the Council**.*
3. *At the date of submission of the first progress report referred to in paragraph 1, the Commission shall also, in cooperation with Member States and all relevant stakeholders, submit a report to the European Parliament and to the Council which includes an analysis to identify any funding gaps in ensuring a just transition in the automotive supply chain, with particular attention for SMEs and the regions that are most affected by the transition. The report shall, where appropriate, be accompanied by proposals for adequate financial measures to address the needs identified.*

* *Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).*

** *Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe (OJ L 152, 11.6.2008, p. 1).';*

(13) Article 15 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The Commission shall, in **2026**, review the effectiveness and impact of this Regulation, building on the *two-yearly* reporting, and submit a report to the European Parliament and to the Council with the result of the review. ***The Commission shall in particular assess progress made under this Regulation towards achieving the reduction targets set out in Article 1(5a), taking into account the technological developments, including as regards plug-in hybrid technologies, and the importance of an economically viable and socially fair transition towards zero-emission mobility. Based on that assessment, the Commission shall assess the need to review the targets set out in Article 1(5a). The Commission shall also assess the impacts of establishing minimum energy efficiency thresholds for new zero-emission passenger cars and light commercial vehicles placed on the Union market.***

The report shall, where appropriate, be accompanied by a proposal to amend this Regulation.’;

(b) paragraphs 2 to 5 are deleted;

(c) *paragraph 6 is replaced by the following:*

‘6. By 31 December 2024, the Commission shall review Directive 1999/94/EC considering the need to provide consumers with accurate, robust and comparable information on the fuel and energy consumption, CO₂ emissions and air pollutant emissions of new passenger cars placed on the market, including under real-world conditions, as well as evaluate the options for introducing a fuel economy and CO₂ emissions label for new light commercial vehicles. The review shall, where appropriate, be accompanied by a legislative proposal.’;

(d) the following paragraph is added:

‘9. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to amend the formulae set out in Part B of Annex I, where such amendments are necessary in order to take into account the procedure for multi-stage N₁ vehicles set out in Part A of Annex III.’;

- (14) Article 17 is amended as follows:
- (a) in paragraph 2, the reference to ‘Article 7(8), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(4), Article 14(2) and Article 15(8)’ is replaced by ‘Article 7(8), Article 7a(2), Article 10(8), Article 11(1), fourth subparagraph, Article 13(4), Article 14(2) and Article 15(8) and (9)’;
 - (b) in paragraph 3, the reference to ‘Article 7(8), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(4), Article 14(2) and Article 15(8)’ is replaced by ‘Article 7(8), Article 7a(2), Article 10(8), Article 11(1), fourth subparagraph, Article 13(4), Article 14(2) and Article 15(8) and (9)’;
 - (c) in paragraph 6, the reference to ‘Article 7(8), Article 10(8), the fourth subparagraph of Article 11(1), Article 13(4), Article 14(2) and Article 15(8)’ is replaced by ‘Article 7(8), Article 7a(2), Article 10(8), Article 11(1), fourth subparagraph, Article 13(4), Article 14(2) and Article 15(8) and (9)’;
- (15) Annex I is amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament

The President

For the Council

The President

ANNEX

Annex I to Regulation (EU) 2019/631 is amended as follows:

(1) Part A is amended as follows:

(a) in point 6.1, the heading is replaced by the following:

‘EU fleet-wide targets for 2025 onwards’;

(b) in point 6.1.2, the heading is replaced by the following:

‘EU fleet-wide target for 2030 to 2034’;

(c) the following point is added:

‘6.1.3 EU fleet-wide target for 2035 onwards

$$\text{EU fleet-wide target}_{2035} = \text{EU fleet-wide target}_{2021} \cdot (1 - \text{reduction factor}_{2035})$$

where:

EU fleet-wide target₂₀₂₁ is as defined in point 6.0;

reduction factor₂₀₃₅ is as defined in Article 1(5a), point (a).’;

(d) in point 6.2, the heading is replaced by the following:

‘Specific emissions reference targets’;

(e) point 6.2.2 is deleted;

(f) point 6.3 is replaced by the following:

‘6.3 Specific emissions targets for 2025 onwards

6.3.1 Specific emissions targets for 2025 to 2029:

Specific emissions target = specific emissions reference target · ZLEV
factor

where:

specific emissions reference target is the specific emissions reference
target of CO₂ determined in accordance with point 6.2.1;

ZLEV factor is $(1 + y - x)$, unless this sum is larger than 1,05 or lower
than 1,0 in which case the ZLEV factor shall be set to 1,05
or 1,0, as the case may be;

where:

y is the share of zero- and low-emission vehicles in the manufacturer's fleet of new passenger cars calculated as the total number of new zero- and low-emission vehicles, where each of them is counted as $ZLEV_{\text{specific}}$ in accordance with the following formula, divided by the total number of new passenger cars registered in the relevant calendar year:

$$ZLEV_{\text{specific}} = 1 - \left(\frac{\text{specific emissions of CO}_2 \cdot 0,7}{50} \right)$$

For new passenger cars registered in Member States with a share of zero- and low-emission vehicles in their fleet below 60% of the Union average in the year 2017 and with less than 1 000 new zero- and low-emission vehicles registered in the year 2017*, $ZLEV_{\text{specific}}$ shall, until and including 2029, be calculated in accordance with the following formula:

$$ZLEV_{\text{specific}} = \left(1 - \left(\frac{\text{specific emissions of CO}_2 \cdot 0,7}{50} \right) \right) \cdot 1,85$$

Where the share of zero- and low-emission vehicles in a Member State's fleet of new passenger cars registered in a year between 2025 and 2028 exceeds 5 %, that Member State shall not be eligible for the application of the multiplier of 1,85 in the subsequent years;

x is **25 %** in the years 2025 to 2029.

6.3.2 Specific emissions targets for 2030 to 2034

$$\text{Specific emissions target} = \text{EU fleet-wide target}_{2030} + a_{2030} \cdot (\text{TM} - \text{TM}_0)$$

where:

EU fleet-wide target₂₀₃₀ is as determined in accordance with point 6.1.2;

$$a_{2030} \quad \text{is} \quad \frac{a_{2021} \cdot \text{EU fleet - wide target}_{2030}}{\text{average emissions}_{2021}}$$

where:

a_{2021} is as defined in point 6.2.1

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1

6.3.3 Specific emissions targets for 2035 onwards

Specific emissions target = EU fleet-wide target₂₀₃₅ + a₂₀₃₅ · (TM-TM₀)

where:

EU fleet-wide target₂₀₃₅ is as determined in accordance with point 6.1.3;

a₂₀₃₅ is $\frac{a_{2021} \cdot \text{EU fleet - wide target}_{2035}}{\text{average emissions}_{2021}}$

where:

a₂₀₂₁ is as defined in point 6.2.1

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1.

* The share of zero- and low-emission vehicles in the new passenger car fleet of a Member State in 2017 is calculated as the total number of new zero- and low-emission vehicles registered in 2017 divided by the total number of new passenger cars registered in the same year.³;

(2) Part B is amended as follows:

(a) in point 6.1, the heading is replaced by the following:

‘EU fleet-wide targets for 2025 onwards’;

(b) in point 6.1.2 the heading is replaced by the following:

‘EU fleet-wide targets for 2030 to 2034’;

(c) the following point is added:

‘6.1.3 EU fleet-wide targets for 2035 onwards

$$\text{EU fleet-wide target}_{2035} = \text{EU fleet-wide target}_{2021} \cdot (1 - \text{reduction factor}_{2035})$$

where:

EU fleet-wide target₂₀₂₁ is as defined in point 6.0;

reduction factor₂₀₃₅ is as defined in Article 1(5a), point (b).’;

(d) point 6.2.2 is replaced by the following:

‘6.2.2 Specific emissions reference targets for 2030 to 2034

Specific emissions reference target = EU fleet-wide target₂₀₃₀ + α · (TM - TM₀)

where:

EU fleet-wide target₂₀₃₀ is as determined in accordance with point **6.1.2**;

α is a_{2030} where the average test mass of a manufacturer’s new light commercial vehicles is equal to or lower than TM₀, and a_{2021} where the average test mass of a manufacturer’s new light commercial vehicles is higher than TM₀;

where:

$$a_{2030} \text{ is } \frac{a_{2021} \cdot \text{EU fleet - wide target}_{2030}}{\text{Average emissions}_{2021}}$$

■

a_{2021} is as defined in point **6.2.1**

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1’;

(e) the following point is added:

‘6.2.3 Specific emissions reference targets for 2035 onwards

Specific emissions reference target = EU fleet-wide target₂₀₃₅ + α · (TM - TM₀)

where:

EU fleet-wide target₂₀₃₅ is as determined in accordance with point 6.1.3;

α is $a_{2035,L}$ where the average test mass of a manufacturer’s new light commercial vehicles is equal to or lower than TM₀, and $a_{2035,H}$ where the average test mass of a manufacturer’s new light commercial vehicles is higher than TM₀;

where:

$a_{2035,L}$ is $\frac{\text{EU fleet-wide target}_{2035}}{\text{average emissions}_{2021}}$

$a_{2035,H}$ is $\frac{\text{EU fleet-wide target}_{2035}}{\text{EU fleet-wide target}_{2021}}$

average emissions₂₀₂₁ is as defined in point 6.2.1

TM is as defined in point 6.2.1

TM₀ is as defined in point 6.2.1.’;

(f) *point 6.3 is replaced by the following:*

‘6.3. Specific emissions targets from 2025 onwards

6.3.1 Specific emissions targets for 2025 to 2029

*Specific emissions target = (specific emissions reference target – (θ_{targets}
– EU fleet-wide target₂₀₂₅)) · ZLEV factor*

where:

*specific emissions reference target is the specific emissions
reference target of CO₂ determined in accordance
with point 6.2.1;*

*θ_{targets} is the average, weighted on the number of new light
commercial vehicles of each individual manufacturer,
of all the specific emissions reference targets
determined in accordance with point 6.2.1;*

*ZLEV factor is (1 + y – x), unless this sum is larger than 1,05 or
lower than 1,0 in which case the ZLEV factor shall be
set to 1,05 or 1,0, as the case may be;*

where:

y is the share of zero- and low-emission vehicles in the manufacturer's fleet of new light commercial vehicles calculated as the total number of new zero- and low-emission vehicles, where each of them is counted as $ZLEV_{specific}$ in accordance with the following formula, divided by the total number of new light commercial vehicles registered in the relevant calendar year:

$$ZLEV_{specific} = 1 - \left(\frac{\text{specific emissions of CO}_2}{50} \right)$$

x is 17 % in the years 2025 to 2029.

6.3.2 Specific emissions targets for 2030 to 2034

Specific emissions target = specific emissions reference target – ($\varnothing_{\text{targets}}$ - EU fleet-wide target₂₀₃₀)

where:

specific emissions reference target is the specific emissions reference target for the manufacturer determined in accordance with point 6.2.2;

$\varnothing_{\text{targets}}$ is the average, weighted on the number of new light commercial vehicles of each individual manufacturer, of all the specific emissions reference targets determined in accordance with point 6.2.2;

EU fleet-wide target₂₀₃₀ is as determined in point 6.1.2.

6.3.3 Specific emissions targets for 2035 onwards

Specific emissions target = specific emissions reference target – ($\varnothing_{\text{targets}}$ - EU fleet-wide target₂₀₃₅)

where:

specific emissions reference target is the specific emissions reference target for the manufacturer determined in accordance with point 6.2.3;

$\varnothing_{\text{targets}}$ is the average, weighted on the number of new light commercial vehicles of each individual manufacturer, of all the specific emissions reference targets determined in accordance with point 6.2.3;

EU fleet-wide target₂₀₃₅ is as determined in point 6.1.3.’