

Ms Violeta Bulc
Commissioner for Transport
European Commission
Rue de la Loi 200
1049 - BRUSSELS
Belgium



By email and post

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IRU observations on the upcoming Heavy Duty Vehicle CO2 standards

As the representative of road transport hauliers both in the EU and globally, IRU recognises the challenges and opportunities that decarbonisation brings and alongside its members is committed to driving this agenda forward. IRU therefore supports CO₂ standards for Heavy Duty Vehicles as an important way to help the transport sector decarbonise and in order to balance the growing demand for road transport.

Heavy Duty Vehicle CO₂ standards should be sufficiently ambitious in going beyond business-as-usual. Operators have a vested interest in decarbonising and reducing their fuel consumption with fuel representing up to 30% of operators' costs, therefore measures to improve the fuel efficiency of trucks will be of benefit to operators. IRU welcomes CO₂ standards as one way to boost competition on innovation and lead to more fuel efficient trucks.

It is essential that standards take a technology neutral approach, therefore IRU would not support a 'zero emission vehicles' mandate. There must be a recognition that ICE vehicles are not inherently polluting and electrification is not inherently zero emissions. Such an approach would risk masking the benefits of sustainably produced biofuels and could send the wrong message to investors.

It will be important that standards are cost-effective and do not impose unrealistic price increases on vehicles, with 2 years being the maximum viable payback period. While some costs rises are inevitable, given that over 85% of operators are SMEs in a very competitive market, and with margins below 2%, excessive price hikes could damage the sector and the wider economy. Ultimately, standards should lead to more transparency and comparability between brands which should encourage more investments in developing and purchasing more fuel efficient vehicles.

It is also crucial that the baseline for standards is as accurate as possible, therefore IRU recommends that it be set on the first VECTO figures (which will be available through monitoring and reporting as of early 2020). In addition, IRU supports a two-tier approach where a 2021 revision should be used to set a more ambitious 2030 target once an appropriate baseline is known. A mid-term review around 2021 would also be the ideal opportunity to look deeper into going beyond tailpipe emissions.

Ambition should be balanced with a realistic and cost-effective outlook. It is essential that targets are achievable within a reasonable price range and that they allow for manufacturers to choose the most efficient way to reduce emissions. Unrealistic targets implying a much higher vehicle purchasing price could reduce the capacity of operators to invest in other measures to reduce CO₂ emissions. Standards must be viewed as one part of the puzzle of an integrated approach to decarbonising the sector, and other measures, such as use of European Modular System vehicles, should not be discouraged. It will also be important that there is a wider enabling environment to encourage investment by operators. In particular, a link should also be made with demand-side incentives for operators to invest, such as road-user charging differentiation, energy taxation and derogations in the Weights and Dimensions legislation.

There are certain risks in setting the target level too high. This could lead manufacturers to exclude technological innovations as they do not meet the level of ambition. This would be unfortunate, at least running up to the 2025 target, as options that are affordable and desirable could be left aside for more costly options that are not currently feasible for uptake. Equipping vehicles with technology that is not market ready or not demanded by operators, for example due to high maintenance costs or high level of complexity for daily operations, would not help the sector.

IRU does not support a technology mandate as the solution will be in a range of options, including natural gas (CNG, LNG), biofuels, hydrogen and electricity, with suitability differing depending on the mission and operation. A mandate would also restrict manufacturers' options for emissions reductions and may force cost-ineffective decisions for the production of vehicles that are not in demand. Finally, it is crucial that the standards respect the principle of technology neutrality. A super-credit system offering OEMs' extra benefits for the production of low-emission vehicles could be an interesting way to boost decarbonisation, as long as this was offered on a technologically neutral and realistically ambitious basis.

IRU welcomes that this approach is being taken on a European level, but also notes that measures adapted to the national context should not be deterred insofar as they do not fragment the European market. Finally, as standards are expected to encourage a shift to alternative fuels and powertrains, it will also need to be ensured that the alternative fuels infrastructure is fully rolled out across Europe in order to ensure operators have investment confidence.

The commercial road transport sector welcomes the work being carried out by the European Commission to ensure that CO₂ standards are effective in driving decarbonisation and bringing fuel efficient technologies and alternative powertrains to the market. I look forward to continuing dialogue on this important topic for the road transport industry and am available for any questions you may have.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matthias Maedge', written in a cursive style.

Matthias Maedge

General Delegate of the IRU Permanent Delegation to the EU