



Why the car industry will not pay €15 billion in penalties in 2025

Analysis has been circulating in the European Parliament estimating that car manufacturers would pay €15 billion in fines for not meeting the EU's car CO₂ targets in 2025. This echoes similar claims made by the automotive [industry](#) as far back as September.

However, this analysis is fundamentally flawed because it estimates 2025 sanctions based on the first half of 2024 car sales.

The industry has been preparing for the 2025 target since 2017, when it was first announced. There has been little incentive for carmakers to sell more EVs this year, especially if doing so means that they can't sell those EVs again to consumers in 2025.

The situation mirrors 2019, when OEMs improved CO₂ performance by up to 20 gCO₂/km in a single year. Privately, carmakers have since acknowledged they were holding back sales in the year before new targets to shift volumes into the compliance year.

Using 2024 car sales data to calculate the 2025 penalty is like judging an athlete's performance in a championship based on their practice sessions the year before. The athlete reserves their best effort for the actual event, just as carmakers strategically align sales and compliance measures to meet regulatory deadlines.

As with [past car CO₂ targets](#), carmakers are expected to close their compliance gap in the target year, rather than ahead of time. As a result, the year 2024 is [unrepresentative](#) of the state of the market. The majority of models designed to comply with the target, notably more affordable EV models, have not yet rolled off production lines.

It is deeply concerning that critical debates on the future of one of the [EU's most important climate regulations](#) are being driven by such flawed arguments.

OEM GROUPS	Units	AVG CO ₂ g/km	TGT CO ₂ g/km	Delta CO ₂ g/km	Estimate sanctions
	2024 Jan-Jun	2024 Jan-Jun	2025	2024 Jan-Jun	2025
Volkswagen Group	1.478.052	123	95	28	7.863.236.267,60 €
Stellantis	1.024.079	113	95	18	3.502.350.180,00 €
R-N-M	771.043	114	95	19	2.783.465.230,00 €
Hyundai Group	443.909	108	95	13	1.096.455.230,00 €
Ford	165.771	125	95	30	944.894.700,00 €
Toyota Group	446.127	105	95	10	847.641.300,00 €
BMW Group	360.149	106	95	11	752.710.566,66 €
Mercedes-Benz	283.129	108	95	13	699.328.630,00 €
Volvo Cars	154.098	56	95	-39	-1.141.865.957,70 €
Tesla	125.791	0	95	-95	-2.270.521.052,00 €
TOTALE					15.077.695.094,56 €

Table: Flawed calculations circulated in the European Parliament. Source unknown.



T&E [analysis](#) shows that the EU's 2025 car CO2 target is both achievable and realistic, and carmakers are unlikely to face any penalties in 2025. Manufacturers are expected to comply using a wide range of strategies. The compliance options include increasing sales of full electric cars, mild and full hybrids and plug-in hybrids, as well as various compliance flexibilities like pooling (or buying EV credits from other carmakers), and both the zero and low-emission vehicle bonus, and eco-innovation credits.

Even in the worst-case scenario, where carmakers fail to meet their production plans, total penalties are projected to remain below €1 billion, with Volkswagen Group accounting for the lion's share of the total. This projection is based on conservative EV sales estimates from GlobalData with Volkswagen selling around 15% EVs in 2025 and pooling with Tesla. By increasing EV sales to 17%, Volkswagen could completely avoid the penalty (while still pooling) and 22% EV sales would allow it to fully meet its target without pooling.

The analysis also wrongly assumes a fixed target of 95 gCO2/km for all manufacturers in 2025. In reality, each carmaker's target varies, as it is adjusted based on: 1) the average mass of the cars sold in 2025; 2) bonuses from the zero and low-emission benchmark, which weakens targets for carmakers who sell a certain number of EVs.

As shown in the table to the right, expected targets range from 90 gCO2/km for Volvo to 97 gCO2/km for Stellantis (without pooling).

OEM	2025 target (gCO2/km)
BMW	92
Ford	93
Hyundai	93
Kia	97
Mercedes	91
Renault pool	95
Stellantis	97
Subaru-Suzuki	94
Volvo	90
Volkswagen	92

More resources:

- [The drive to 2025: Carmakers' progress towards their EU CO2 target](#) - analysis on car manufacturers' compliance with the 2025 CO2 targets showing that all carmakers can comply with the target
- [This is not a crisis](#) - explains why the year 2024 is unrepresentative of the state of the market and that the industry is in transition, not crisis.
- [Stagnation and growth: the European EV market](#) - explains how the EU's car CO2 targets shapes the EU's EV market.
- [Why the 2035 zero-emission car target is crucial](#)
- [Fuels for cars: a dead end for industry, consumers and the environment](#)
- Industry joint initiative calling for regulatory stability: Industry for 2035: <https://industryfor2035.org>

Further information

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