



**European Federation for  
TRANSPORT and ENVIRONMENT**

Speech by Jos Dings, Director of the European Federation for Transport and Environment to the European Parliament's public hearing on CARS 21

6 October 2005

Members of Parliament, Ladies and gentlemen,

It is a great honour to be invited today to represent T&E, the European Federation for Transport and Environment. We are a Brussels-based NGO and represent some 40 NGOs across Europe that promote sustainable transport.

Over the last 15 years of our existence, EU policies to clean up vehicles and fuels have been a top priority for us. Our view, a view I hope you share, is that such policies are one of the most powerful tools for environmental protection that the EU has.

I want to thank Mr Harbour and Mr Duin who took the initiative for this important public hearing.

I should also clarify one point. My organisation is not represented on the High Level group, but we have participated in one of the three working groups that report to the sherpas.

We share our view on the CARS21 group with the Financial Times. But they say it better than I do. Back in January an editorial on the Cars 21 initiative read:

*"Brussels is right to listen to industry. But it should not roll over, and certainly not on emission controls that are essential to health, climate stability and indeed to innovation..."*

So what is the key environmental priority for the next decade ? To us it's clear – to double the fuel efficiency (and therefore halve the CO<sub>2</sub> emissions) of cars from the average of 160 grammes of CO<sub>2</sub> per kilometre today to 80 grammes per kilometer.

We also believe it should go without saying that the existing community target of 120g of CO<sub>2</sub> per km for new cars sold in the EU by 2010 must be met.

Put another way, new cars should average 1 litre of fuel to go 21 km by the year 2010. Today we get some 15.5 km – that's 25% worse. These, of course, are EU test values - the real world average is usually worse.

I would now like to focus on the 120 g target. Because it is a standing EU target, and because that very target is coming under attack from a number of quarters. I would like to take you through five often-heard objections to legally binding fuel economy rules in general, and to achieving the 120 g/km objective in particular. I hope to show you that, in reality, these objections are based on false premises and that in fact the

standing target is technically feasible, not expensive and it is pro-innovation rather than being anti-competitive.

A first objection says the '120' objective is technically impossible.

The people who use this argument contradict themselves because they also claim that the European car industry is innovative. How can you be innovative and then take a view that something technical is impossible?

In fact, it is extremely easy to prove them wrong. None of the studies on this topic, including those commissioned by the car industry itself, said the target was not feasible.

**End of story. 120g is technically feasible even with current technology.**

A second objection is that such a target is too expensive to reach.

This group does not substantiate its claim properly. Just before the summer break, the first comprehensive study to date on achieving the '120' objective was published. It uses figures from respected automotive consultants such as Ricardo and TNO<sup>1</sup>.

This report concluded that the cost of the 120 target would be €577 per car.

In the early nineties it was claimed that catalysts would cost that much and argued that they should not be made compulsory. The EU made them compulsory anyway and today they cost less than EUR 100 and they work a whole lot better. That is innovation, ladies and gentlemen. Never underestimate it.

But while we're on the subject of things being too expensive, I would like to remind you that the EU spends an extra €80 bn a year on oil imports to keep car wheels rolling. That's almost the entire EU budget. But unlike the budget, oil consumption by cars is on the rise!

On a 'per car' basis, the fuel saving benefits of the 120 g/km target outweigh its costs, even at fuel prices much lower than today<sup>2</sup>.

**Ladies and gentlemen, we are talking a no-regret measure here.**

A third objection goes something like this: 'If it's so cheap, why doesn't the market pick it up automatically? Why don't consumers buy it?' They say that consumers do not automatically want cars like the 3 litre Volkswagen Lupo.

We agree that the market alone does not solve the problem (booming demand for hybrids excepted). There is clearly a strong case for regulatory intervention. You might know some people that consider three or four years of fuel costs when they decide on their purchase in the showroom. But I'm quite sure that you don't know anyone who took fuel savings over the full 14 years of a car's life into account when buying a car. This market imperfection – the short-term view of consumers and industry - is the entire point of energy efficiency policy in general, and cars are no exception. Let's make binding fuel economy standards, reward those that do better

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<sup>1</sup> IEEP/TNO/CAIR 2005, 'Service contract to carry out economic analysis and business impact assessment of CO<sub>2</sub> emissions reduction measures in the automotive sector', the Institute for European Environmental Policy (IEEP), TNO, and CAIR, the Centre for Automotive Industry Research (IEEP 2005).

<sup>2</sup> No regrets, The cost effectiveness of achieving 120 g/km average CO<sub>2</sub> emissions from new cars in Europe by 2012, a note from T&E for the CARS21 Working Party on Integrated Approach, Brussels, September 2005

and penalise those that do worse – so that manufacturers actually get more incentives to manufacture and market efficient cars.

**I can't stress enough: well-designed fuel economy rules make it more attractive to make, sell and buy efficient cars and overcome the consumer barrier.**

A fourth argument says we need an 'integrated approach' to deal with transport and CO<sub>2</sub>, so that we should drive our cars more ecologically, better synchronise our traffic lights, improve our spatial planning, and so on. This argument is particularly popular with the car industry when lobbying in Brussels and seems to make perfect sense at first sight.

But I urge you to take a closer look. Although Brussels might be intrusive every now and then, to the best of my knowledge it does not deal with traffic lights. It is not very likely to issue a regulation on ecodriving. It does not prevent urban sprawl. And, unfortunately, it does not force member states to introduce speed limits, let alone to tighten them. And although EU spending on infrastructure is increasing at a worrying pace, it is fortunately still just a few per cent of what Member States spend themselves.

But Brussels DOES deal 100% with technical standards for vehicles.

The 'integrated approach': we love it, but only in addition to, rather than instead of, the 120 objective.

Ladies and gentlemen, don't be fooled. The '120' objective for cars, and a clear path towards 80 afterwards is the most important step Europe must take in the field of transport, energy and climate. That responsibility is on your shoulders.

Finally, a fifth objection is that Europe is foolish to 'go it alone' and that the Lisbon strategy would lie in tatters if we did.

Ladies and gentleman, it's time to open our eyes – Europe is not alone in favouring emissions regulations. China's fuel economy rules already mean that Ford, DaimlerChrysler, VW and BMW will only be able to sell a quarter of their current models in 2008 if they are not improved.

That aside, it is obviously more '**dynamic**' and '**knowledge-based**' (to coin a phrase) to invest money in fuel-saving technology than to burn it in obsolete engines.

**We must get serious here in Europe, now that others are getting serious with us.**

This Parliament has consistently shown its willingness and ability to strengthen environmental proposals coming from the Commission, and we hope you will continue to do so over the next year when some critical car dossiers will be tackled including the CO<sub>2</sub> issue.

We call on you to make the point that it is feasible, inexpensive, and pro-Lisbon to set legally binding fuel efficiency standards that make cars go twice as far on a litre of fuel.

A well-designed scheme will give the EU climate policy credibility, save us dozens of billions of Euros on oil imports every year, boost innovation, and save the consumer money.

It's time to act responsibly and do what today's energy and climate challenges require. Let's double the fuel efficiency of cars over the next decade. We'll all be better off.

Thank you.