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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft REGULATION 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 **(first reading)** - Adoption of the legislative act = Statements

Statement by Italy

Italy shares and is fully committed to the objective of decarbonising the road transport sector, since reducing the sector's CO_2 emissions, in particular those deriving from passenger cars and light commercial vehicles, is key to achieving the Union's climate objectives.

In our view, decarbonisation in the road transport sector should be pursued in accordance with the principles of an economically sustainable and socially fair transition to zero emissions and of technological neutrality.

We are certainly in favour of the electrification of light vehicles. We do not believe, however, that during the transition phase this should be the only route to achieving zero emissions.

Electrification requires significant changes across the automotive sector, which need to be planned and guided with due care in order to avoid undesirable economic, industrial and social impacts. Cars with combustion engines are owned by low-income citizens and will remain in circulation beyond 2035. The success of electric cars will depend very much on how they become accessible to these citizens.

In the meantime, technological neutrality will allow Member States to use all solutions at their disposal to decarbonise the transport sector, depending on national circumstances and starting points. The use of renewable fuels which are compatible with combustion engines will ensure an immediate reduction in emissions without requiring disproportionate economic sacrifices from citizens. Forcing electrification may, on the contrary, entail the risk of non-acceptance by the market, which could harm car and van producers. It would also prevent the technological development of hybrid engines with a very low environmental impact.

From an industrial point of view, increasing demand for renewable fuels will give the petrochemical sector an important opportunity to adapt.

In setting a 100 % emission reduction objective for 2035 and providing no incentive for the use of renewable fuels, the proposed Regulation is not in line with the principle of technological neutrality. Consequently, Italy cannot support it.

We would point out that achieving a 100 % emission reduction objective depends on several conditions, including:

- the development of a value chain for electric motors and batteries in the Union;
- a sustainable and diversified supply of the necessary raw materials;
- adequate recharging and refuelling infrastructure;
- an upgrade of the electricity grid so that it can cope with increased demand;
- adaptation of the entire automotive sector, including by providing the necessary skills;

- market acceptance of new vehicles, which should be available at an affordable price, in particular for the most vulnerable households and consumers.

If these conditions, the fulfilment of which does not depend solely on the implementation of Regulation (EC) No 2019/631 and will require significant investment and compensation measures, were not to be achieved, the impact of the objective would be serious, in economic, social and environmental terms, as well as for the Union's strategic autonomy.

We note, in this regard, that to date the Union's approach to the automotive sector has been predominantly regulatory, while the United States (with the IRA) and China have also adopted stimulus plans.

We therefore believe that the Commission should:

- support the transition of the automotive sector, in particular its SMEs, using all available legislative and financial means;

- monitor and report in a timely and comprehensive manner on progress towards zero-emission road mobility, considering all factors contributing to a fair and cost-efficient transition, including an assessment of possible funding gaps, as set out in the Regulation (Article 14a);

- ensure, on the basis of the monitoring, assessment and reporting referred to above, a rigorous and credible review of the targets in 2026, as provided for by the Regulation (Article 15);

- follow up on the provision for the registration, after 2035, of vehicles exclusively fuelled with zero CO_2 emission fuels (recital 11);

- make a proposal to include in the Regulation mechanisms to account for the benefits, in terms of CO_2 emissions reduction, of renewable fuels.

Statement by Poland

Poland firmly opposes the adoption of this legislative act.

It is not in favour of the new fees and burdens being passed on to citizens, e.g. by increasing the cost of access to fuels. Any additional costs resulting from the new burdens should be borne by manufacturers and not passed on to citizens. EU legislation should provide an incentive for car manufacturers to offer zero-emission vehicles at the lowest possible cost to citizens. It should also take into account the differing circumstances of the individual Member States so as to avoid exacerbating social stratification, poverty or exclusion.

Trends aimed at reducing vehicle emissions should take account of the market potential in terms of both the technological particularities of vehicle or vehicle equipment manufacturers and the economic aspects, with due regard for the financial capacity of the country's citizens.

Furthermore, Poland cannot accept the inclusion of exemptions for manufacturers of certain luxury brands; this is incompatible with the general principle that emissions should be reduced by all sectors in a manner which is socially fair. In times of crisis, derogations should be directed at the poorest citizens rather than at luxury car manufacturers. Poland therefore expresses its opposition to this legislative act.