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| From: | European Economic and Social Committee |
| To: | Delegations |
| Subject: | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/631 as regards CO2 emission performance standards for new light duty vehicles and vehicle labelling and repealing Directive 1999/94/EC<br>- Opinion of the European Economic and Social Committee |

Delegations will find enclosed the opinion of the European Economic and Social Committee.[1]

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[1] https://dmsearch.eesc.europa.eu/search/opinion

European Economic and Social Committee

# OPINION

European Economic and Social Committee

## $CO_2$ standards for cars and vans/Revision

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Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/631 as regards $CO_2$ emission performance standards for new light duty vehicles and vehicle labelling and repealing Directive 1999/94/EC
(COM(2025) 995 final - 2025/420 (COD))

**INT/1115**

Rapporteur: **Matteo BORSANI**

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| Advisor | Eleonora TRENTO (to the rapporteur) |
| Legislative procedure | EU Law Tracker |
| Referral | European Parliament, 2/2/2026<br>Council of the European Union, 19/2/2026 |
| Legal basis | Article 192(1) of the Treaty on the Functioning of the European Union |
| European Commission documents | COM(2025) 995 final<br>Summary of COM(2025) 995 final |
| Relevant Sustainable Development Goals (SDGs) | SDGs 8 – 9 – 12 – 13 |
| Section responsible | Single Market, Production and Consumption |
| Adopted in section | 15/4/2026 |
| Adopted at plenary session | 29/4/2026 |
| Plenary session No | 605 |
| Outcome of vote (for/against/abstentions) | 171/3/8 |

## 1. RECOMMENDATIONS

The European Economic and Social Committee (EESC):

1.1 calls on the co-legislators to ensure consistency across the four proposals of the automotive package by recognising, in a cross-cutting manner, some essential elements: maintaining a clear signal for zero and low-emission vehicles while ensuring a technology-neutral approach, strengthening the 'Made in the EU' dimension of the automotive value chain, and safeguarding quality employment, industrial capacity and innovation across Europe during the transition period;

1.2 recommends that the co-legislators revise the regulation on $CO_2$ standards for cars and vans in a way that can restore the sector's competitiveness, without compromising the final policy objective of the regulation, in line with the EU climate law. To this end, it is essential to guarantee a pragmatic, predictable and technology-neutral approach, with $CO_2$ standards being consistent with both market conditions and the 2040 climate target, so as to safeguard growth, quality employment and innovation in Europe;

1.3 welcomes, in principle, the recognition of technological neutrality, noting that its impact remains partial and limited. Bearing in mind the central role of electrification in the decarbonisation of road transport, the EESC calls on the co-legislators to incorporate the role of transitional technology-neutral solutions, including sustainable renewable fuels, low-emission 'Made in the EU' steel, and hybrid vehicles under certain conditions of use (i.e. HEV, PHEV, REEV, etc.);

1.4 recommends reducing the share of emissions compliance based solely on tailpipe emissions, in order to ensure a genuinely neutral and effective decarbonisation framework, and recognising the role of sustainable renewable fuels. At the same time, the Committee points out that this approach would provide companies and workers with the time needed to invest, innovate and reskill, thereby facilitating an orderly transition towards electrification while safeguarding Europe's industrial and social fabric;

1.5 welcomes the introduction of flexibility measures to meet the 2030 targets, in particular multi-year compliance for the 2030–2032 period, and proposes that the co-legislators preserve these provisions during the legislative negotiations, while pointing out that this must not impact the decarbonisation path, as the targets' trajectory should remain unchanged;

1.6 recommends that the co-legislators set the revised 2030 $CO_2$ reduction target for light commercial vehicles, in view of the still limited market uptake of zero-emission vans, and that they provide support for the roll-out of charging infrastructure and for the electrification of corporate fleets, in order to ensure a realistic transition and safeguard manufacturers' investment capacity;

1.7 welcomes the introduction of credits for low-emission 'Made in the EU' steel, incentivising investments and consumption to make Europe a leader of the low-emission steel industry. At the same time, it should be kept in mind that a rigorous and transparent definition of what falls under that category is necessary in order to maintain and compliment the targets set in the Regulation,

recognising the role of circularity while preventing greenwashing tactics that could water down the set goals;

1.8 praises the introduction of the super credit mechanism, and would like it to be extended beyond 2034, as its current limited timespan risks discouraging investments in e-cars. In addition, while welcoming the introduction of 'Made in the EU' with regards to the e-car, the EESC also recommends that the 2030 emissions reduction target for passenger cars be revised, if it ensures a more inclusive, realistic and socially sustainable transition for the European automotive ecosystem;

1.9 recommends further strengthening the emissions calculation methodology in order to complement the partial tailpipe-based approach with a more comprehensive well-to-wheel assessment. At the same time, the Committee is aware of the difficulties of calculating the emissions of all energy sources used to propel vehicles, including both fossil fuels and electricity.

## 2. EXPLANATORY NOTES

*Background*

2.1 The decarbonisation of road transport has long been a core pillar of EU climate and energy policy. In this context, Regulation (EU) 2019/631 set binding $CO_2$ emission reduction standards for new cars and light commercial vehicles, later becoming a key legislative foundation of the 2019 European Green Deal. The transport sector was identified by the European Commission as a major contributor to greenhouse gas emissions, making the shift towards sustainable mobility, particularly through vehicle electrification, essential to achieving EU climate objectives.

2.2 Regulation (EU) 2019/631 was subsequently revised under the 'Fit for 55' package to increase decarbonisation targets. In 2023, new targets were established: a 55% reduction for cars and 50% for light commercial vehicles by 2030, and a 100% reduction from 2035, effectively banning internal combustion engines. The 2025 target of a 15% reduction in average emissions was kept unchanged. The regulation also included a review in 2026 to assess the impact on the market, technology and industry, but this was, however, brought forward to 2025.

*Arguments in support of recommendation 1.1 and 1.2 – GENERAL*

2.3 The automotive sector represents a pillar of European employment and economic prosperity: around **2.5 million people are directly employed in the EU automotive manufacturing sector**[2], and when considering the broader automotive ecosystem, the sector provides direct and indirect employment **to 13 million Europeans**[3]. The automotive sector accounts for 1.8% of the EU's total gross value added[4], and the 8% of the EU's manufacturing value added[5]. In 2023, EU

2 Employment and value added using FIGARO data - view into the automotive industry.

3 Action Plan on the future of the automotive sector.

4 Employment and value added using FIGARO data - view into the automotive industry.

5 Mario Draghi, *The Future of European Competitiveness*, Report to the European Commission, 2024.

exports of automotive products to non-EU countries reached EUR 254.7 billion, representing 6.9% of the EU's total exports , confirming its central role in Europe's industrial strength[6].

2.4 However, the overall loss of the EU's share of global industrial gross value added, which fell from 17.4% in 2000 to its current level of 14.3%[7], also impacted the automotive sector, which has historically, been one of the main engines of European industrial development. The consequences in terms of employment are critical: between 2019 and 2023, the EU automotive supplier sector lost approximately 110 000 jobs, and according to Eurofound about 95 000 workers were affected by corporate restructuring in this segment in 2024 alone[8].

2.5 The European automotive sector is one of the most research-intensive industries in the EU[9] and is its largest private investor in R&D, accounting for around one-third of total business R&D expenditure and investing over EUR 70-85 billion annually. This sustained investment effort is critical to support the sector's twin green and digital transitions, including electrification. Therefore, strengthening and integrating EU capital markets is therefore essential to mobilise long-term risk capital, particularly through venture capital and private equity, to sustain R&I&D investment, support scale-ups and preserve the global competitiveness of the European automotive industry.

2.6 The structural challenges facing the European automotive industry, starting from the erosion of its position in global production, clearly show that the *status quo* is no longer an option: the sector needs a European regulatory framework able to allow companies to overcome the ongoing crisis, safeguard quality employment and regain competitiveness, while maintaining the general trend towards electrification as a priority.

To this end, this revision should ensure that $CO_2$ standards are grounded in market realities and subject to the principles of technological neutrality and climate science.

*Arguments in support of recommendation 1.3, 1.4 and 1.7 – TECHNOLOGICAL NEUTRALITY*

2.7 The EESC welcomes the need to maintain electrification as the principal path to achieve road transport decarbonisation. However, it acknowledges that, despite recent positive trends, the current uptake of battery-electric vehicles is still far from sufficient to meet existing emission reduction targets, revealing the persistence of a significant gap between current market performance and regulatory targets. Bridging this gap requires a balanced combination of regulatory flexibility, necessary to avoid sector-based deindustrialisation in Europe and potential employment disruptions, together with incentive mechanisms to promote investments in the electrification and digitalisation of vehicles. Appropriate ways should be found to take into account social, environmental and innovation objectives.

6 Employment and value added using FIGARO data - view into the automotive industry.

7 Gross value added and income by main industry (NACE Rev.2 ).

8 Eurofound, Crisis in the EU automotive industry: Can the sector remain competitive in the context of the twin transitions? OJ C, C/2025/5158, 28.10.2025, ELI: http://data.europa.eu/eli/C/2025/5158/oj, point 5.1.

9 ACEA, Sectoral R&D shares in the European Union. European Commission (JRC), EU Industrial R&D Investment Scoreboard 2025. OJ C, C/2025/5158, 28.10.2025, ELI: http://data.europa.eu/eli/C/2025/5158/oj, points 1.9 and 2.2.

2.8 The EESC welcomes the fact that the proposal to revise the $CO_2$ regulation for light-duty vehicles introduces an initial recognition of the principle of technological neutrality, by acknowledging the role of sustainable renewable fuels from 2035 onwards. While recognising the need to maintain electrification as the principal path to decarbonising road transport, the EESC welcomes the recognition of alternative ways to decarbonise, in line with the principle of technological neutrality. In this sense, it acknowledges the fact that this approach opens, at the regulatory level, the possibility of continuing to register hybrid vehicles (HEV, PHEV, REEV, etc.) and internal combustion engine vehicles even after 2035, allowing a gradual and feasible transition in the short- and medium term.

2.9 The European Commission's proposal introduces flexibility in $CO_2$ standards to support the industry, while maintaining compatibility with the climate law. However, the EESC notes that the incorporation of the principle of technological neutrality remains partial and limited in its overall impact. The possibility of offsetting emissions through sustainable renewable fuels and European green steel is in fact capped at 10% of the overall emissions reduction target, meaning that 90% of compliance continues to rely exclusively on tailpipe emissions. At present, this threshold does not allow the potential of these transition technologies to contribute to the sector's decarbonisation.

2.9.1 With regards to PHEVs, the EESC recognises its potential as a transition technology, as long as certain conditions regarding the correct use of PHEVs are met. In this regard, consumers should receive effective incentives and be guided towards driving electric vehicles as far as possible, using appropriate regulatory frameworks, targeted incentives and clear information for users. As pointed out by the EESC back in 2018, the last time this regulation was revised, available evidence shows that a higher uptake of PHEVs significantly offsets the negative impact on jobs compared to scenarios based on a faster and more exclusive shift to battery electric vehicles, thereby supporting a smoother industrial transition and helping to preserve jobs along the automotive value chain[10]. Therefore, PHEVs can play a transitional role by supporting industrial adaptation in the short and medium term, preserving quality jobs and maintaining the competitiveness of the sector. This approach provides companies and workers with the time needed to invest, innovate and reskill, thereby facilitating an orderly transition towards electrification while safeguarding Europe's industrial and social fabric.

2.10 Therefore, the EESC recommends that the co-legislators revise the role and impact of these technologically neutral solutions during the negotiations, including by lowering the share of compliance based solely on tailpipe emissions, and to anticipate the uptake of these measures from 2030 onwards while conducting an extensive impact assessment.

*Arguments in support of recommendation 1.5– FLEXIBILITY MEASURES 2030*

2.11 The EESC approves of the additional flexibility measures introduced by the proposal with regard to the 2030 targets, as they respond to the need to ensure greater industrial resilience and mitigate

10 OJ C 227, 28.6.2018, p. 52, point 4.9.3.

the risk of non-compliance in the short to medium term, while still preserving the climate integrity of the framework.

2.12 In particular, the EESC welcomes the introduction of multi-year compliance for the 2030–2032 period for passenger cars and light commercial vehicles, which allows manufacturers to manage the emissions reduction pathway more efficiently and in a more predictable manner, taking into account market dynamics, demand trends and supply chain constraints. This approach does not weaken the overall climate objectives, as the target remains unchanged and can be met cumulatively over the compliance period.
The EESC therefore recommends that the co-legislators preserve this provision during the negotiations, but insists that flexibility must come with conditionalities in the form of investment in European plants, job security agreements and should be accompanied with affordability programmes directed at consumers.

*Arguments in support of recommendation 1.6 – LIGHT COMMERCIAL VEHICLES TARGET*

2.13 The EESC welcomes the lowering of the 2030 emissions reduction target for light commercial vehicles, which is reduced from 50% to 40%, but underlines that the current market uptake of zero-emission light commercial vehicles remains significantly below the level required to meet even this revised target. This is directly related to the specific use of these vehicles for predominantly commercial purposes and to the current difficulties in deploying zero-emission solutions in certain operational applications. A further lowering of this emissions target would therefore help preserve the investment capacity of European manufacturers and ensure a more gradual and sustainable transition. At the same time, clear and targeted purchase incentives will be necessary to support demand and accelerate the decarbonisation of this specific vehicle segment.

2.14 The EESC therefore recommends that the co-legislators preserve, and possibly strengthen, this approach during the negotiations.

*Arguments in support of recommendation 1.8 – SUPER CREDIT AND 2030 TARGET FOR PASSENGER CARS*

2.15 The introduction of the super credit mechanism is welcome, and the EESC recommends that the co-legislators consider extending this measure beyond 2034. Small electric vehicles made in the EU represent a win-win solution, combining environmental benefits with affordability for consumers and European jobs. While such vehicles may continue to be produced after 2034, their economic viability largely depends on the super-credit mechanism, as affordable models generate limited profit margins and they are supposed to mainly provide value through emission compliance flexibility. Given the long investment and amortisation cycles in the automotive sector, an early phase-out of the super-credit risks discouraging investment in affordable electric vehicles produced in the EU, thereby undermining policy objectives related to accessibility and jobs.

2.16 The EESC supports European manufacturing and value chains, innovation, research and development. Taking note of ongoing ‘Made in the European Union’ discussions, the Committee

welcomes the principle of linking the definition of the e-car with the directing of public support towards products that help strengthen domestic value chains in the automotive sector. It therefore recommends that the criteria preserve quality employment, affordability, availability and single market cohesion in the automotive sector.

2.17 In addition, with reference to the 2030 emissions reduction target for passenger cars, the EESC highlights the need to strengthen efforts to stay on track with climate objectives. In this regard, the introduction of super credits and three-year flexibility for the 2030 target are welcome, as they can serve as useful tools to support the industry in achieving a decarbonisation pathway that is both socially and economically sustainable, while remaining aligned with broader environmental objectives.

*Arguments in support of recommendation 1.9 – METHODOLOGY*

2.18 From the perspective of regulatory consistency, the EESC welcomes the shift in the methodology for calculating emissions introduced by the proposal. Whereas the framework had so far relied exclusively on tailpipe emissions, the proposal now partially incorporates emissions savings linked to sustainable renewable fuels and European green steel. This represents a first, albeit limited, step towards a broader and more comprehensive methodological approach.

2.19 Nevertheless, the EESC still considers that the adopted approach, the introduction of a partial 'well-to-wheel' approach, as proposed in the revised regulation, is open to question in terms of the methodology it puts forward and that it raises issues in terms of comparability between coexisting technologies and mobility options, with a risk of producing a picture of the climate impact that is incomplete or unrealistic. Aware that it is still not possible to provide a clear calculation of all the emissions from all power sources used for road transport, the EESC finds it regrettable that the role of sustainable renewable fuels introduces only a partial 'well-to-wheel' perspective, since the methodology should also account for $CO_2$ emissions produced by all energy sources used to propel vehicles, including both fossil fuels and electricity.

2.20 The EESC praises the positive impact of the proposed regulation on harmonising car labelling information, ensuring clearer and more comparable data for consumers across all Member States, both at physical and digital points of sale. Its application to second-hand vehicles sold by professionals will enhance transparency and support informed consumer choices, potentially boosting EV uptake. However, challenges relating to its uniform enforcement should be addressed.

## 3. PROPOSED AMENDMENTS TO THE LEGISLATIVE PROPOSAL OF THE EUROPEAN COMMISSION

**Amendment 1**
linked to recommendation 1.2
Recital 10

| Text proposed by the European Commission | EESC amendment |
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|---|---|
| 10. The use of low-carbon steel credits and sustainable renewable fuel credits should be capped in order to preserve investments in the zero-emission value-chain. By allowing to compensate emissions up to 10% of the EU fleet-wide target of 2021 as from 203***5***, these credits, combined with the 90% emissions reduction target, support the overall climate neutrality objective. | 10. The use of low-carbon steel credits and sustainable ***'Made in the EU'*** renewable fuel credits should be capped in order to preserve investments in the zero-emission value-chain. By allowing to compensate emissions up to 10% of the EU fleet-wide target of 2021 as from 203***0*****,** these credits, combined with the 90% emissions reduction target, support the overall climate neutrality objective. |

| **Reason** |
|---|
| See recommendation 1.3, 1.4 and point 2.9 |

**Amendment 2**

linked to recommendation 1.2

**Article 1 – paragraph 4 (a)**

| **Text proposed by the European Commission** | **EESC amendment** |
|---|---|
| *Article 1*<br>*Amendments to Regulation (EU) 2019/631*<br>Regulation (EU) 2019/631 is amended as follows:<br>(4) Article 4 is amended as follows:<br>(a) in paragraph 1 point (c), the following text is added:<br>"In addition, starting from 203***5***, the manufacturer shall also ensure that its average specific emissions of $CO_2$ do not exceed the sum of its fuel credits as referred to in Article 5a, and its low-carbon steel credits as referred to in with Article 5b." | *Article 1*<br>*Amendments to Regulation (EU) 2019/631*<br>Regulation (EU) 2019/631 is amended as follows:<br>4) Article 4 is amended as follows:<br>(a) in paragraph 1 point (c), the following text is added:<br>"In addition, starting from 203***0***, the manufacturer shall also ensure that its average specific emissions of CO2 do not exceed the sum of its fuel credits as referred to in Article 5a, and its low-carbon steel credits as referred to in with Article 5b." |

| **Reason** |
|---|
| See recommendation 1.3, 1.4 and point 2.10 |

**Amendment 3**

linked to recommendation 1.5

**Article 1 – paragraph 5**

*Article 5 Super credits for small zero-emission vehicles*

| **Text proposed by the European Commission** | **EESC amendment** |
|---|---|
| "*Article 5 Super credits for small zero-emission vehicles*<br>1. ***Until 2034,*** for the purpose of calculating a manufacturer's average specific emissions of | "*Article 5 Super credits for small zero-emission vehicles*<br>1. For the purpose of calculating a manufacturer's average specific emissions of |

| | |
|---|---|
| $CO_2$, each new zero-emission vehicle of category M1 identified as small electric vehicle in line with point 2.4 of Part A of Annex I to Regulation (EU) 2018/858 and made in the EU shall be counted as 1.3 vehicles | $CO_2$, each new zero-emission vehicle of category M1 identified as small electric vehicle in line with point 2.4 of Part A of Annex I to Regulation (EU) 2018/858 and made in the EU shall be counted as 1.3 vehicles |

| **Reason** |
|---|
| See recommendation 1.7 |

**Amendment 4**

linked to recommendation 1.2

**Article 1 – paragraph 5**

*Article 5a Role of sustainable renewable fuels*

| **Text proposed by the European Commission** | **EESC amendment** |
|---|---|
| *"Article 5a Role of sustainable renewable fuels*<br>1. Starting from 203***5***, the Commission shall calculate, for each manufacturer, fuel credits based on the greenhouse gas emission savings achieved by the use of the fuels referred to in paragraph 2, as determined in accordance with point 7 of Parts A and B of Annex I, to compensate emissions from new passenger cars and new light commercial vehicles registered in the calendar year. […] | *"Article 5a Role of sustainable renewable fuels*<br>1. Starting from 203***0***, The Commission shall calculate, for each manufacturer, fuel credits based on the greenhouse gas emission savings achieved by the use of the fuels referred to in paragraph 2, as determined in accordance with point 7 of Parts A and B of Annex I, to compensate emissions from new passenger cars and new light commercial vehicles registered in the calendar year. ***Additionally, those fuels should be 'Made in the EU'.*** […] |

| **Reason** |
|---|
| See recommendation 1.3, 1.4 and point 2.10 |

Brussels, 29 April 2026.

*The president of the European Economic and Social Committee*
Séamus BOLAND