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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on the Environment
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Subject:	CO2 in cars: WPE meeting on 25 February 2026: Presidency steering note

With a view to the above mentioned meeting, delegations will find attached a steering note prepared by the Presidency.

Working Party on the Environment (25 February 2026)

Presidency steering note on CO₂ in cars and vans – examination of Clusters 2,3

The Working Party on 25 February 2026 will be the fourth on the proposal and aims at completing the first full examination of the proposal.

The proposal along with the impact assessment was presented by Commission to the WPE on 13 January 2026. In a subsequent WPE on 26 January 2026, the proposal was further examined with the Commission replying to comments and questions from delegations. Clusters 1,4 and 5 which include provisions on the scope, definitions, vehicle labelling and horizontal issues have been examined during the WPE meeting on 9 February 2026.

During the meeting on 25 February 2026, the examination of the proposal will continue with clusters 2 and 3. The discussion will be arranged in 4 roundtables as below:

1. Cluster 2 – *2030 vans target and øtargets*
2. Cluster 2 – *Super credits for small EVs (article 5) and multi-annual compliance, including pooling*
3. Cluster 3 – *2035 targets for cars and vans and fuel credit flexibilities*
4. Cluster 3 – *Low carbon steel credits*

In order to steer discussions, the Presidency has prepared the **table set out in the Annex**, which includes some questions related to the main elements of the provisions falling under these clusters. Delegations are invited to focus their interventions on these key questions.

The meeting will be followed up by a call for comments (details to follow).

Clusters 2 and 3 – background with questions

Cluster	Background / Questions
Cluster 2: 2025 and 2030 targets and compliance	
Vans	
<ul style="list-style-type: none"> Article 1(5)(b): 2030 Target for Vans (Recital 5) 	<p><u>Commission Proposal</u> The EU fleet-wide CO2 emission target for new light commercial vehicles for the year 2030 is lowered from a 50% reduction to a 40% reduction compared to the 2021 baseline.</p> <p><u>Rationale of the Commission</u> The proposal acknowledges that vans are used in a professional context where specific use cases face short-term barriers to zero-emission vehicle deployment. Lowering the 2030 target is intended to support manufacturers' ability to invest in the transition.</p> <p><u>Question: Do you agree with lowering the 2030 reduction target for vans from 50% to 40%?</u></p>
<ul style="list-style-type: none"> Annex I, Part B (points 6.3.1.-6.3.3.): $\emptyset_{\text{targets}}$ Adjustment (Recital 14) 	<p><u>Commission proposal</u> A technical adjustment is made to the formula for calculating the specific emissions target ($\emptyset_{\text{targets}}$) for van manufacturers. This correction addresses the effect of the "double slope" of the limit value curve relative to the average test mass of the EU fleet.</p> <p><u>Rationale of the Commission</u> The technical adjustment aims at providing more legal certainty to manufacturers by using a fixed value of $\emptyset_{\text{targets}}$ for each period instead of calculating the value after a monitoring year has passed.</p> <p><u>Question: Do you agree with the proposed technical adjustment to the $\emptyset_{\text{targets}}$ calculation as part of the specific emissions target formula?</u></p>

Cluster	Background / Questions
Cars	
<ul style="list-style-type: none"> • Article 5(1): Super credits for small zero-emission vehicles (Criteria and value) <i>(Recital 6)</i> 	<p><u>Commission Proposal</u> The proposal introduces a specific flexibility mechanism for small electric cars which states that until 2034, new zero-emission passenger cars (Category M1) that are identified as "small electric vehicles" (Category M1E, in line with the omnibus proposal to amend Regulation (EU) 2018/858) and are "made in the EU" shall be counted as 1.3 vehicles for the calculation of a manufacturer's average specific emissions.</p> <p><u>Rationale of the Commission</u> This measure aims to foster the development, production and deployment of affordable small electric cars within the Union. By incentivising "made in the EU" vehicles, the Commission seeks to enhance the competitiveness and sustainability of the European automotive sector while ensuring access to clean mobility for consumers.</p> <p><u>Question: Do you agree with the introduction of super credits specifically for small ZEVs “made in the EU” and the proposed multiplier of 1.3?</u></p>
<ul style="list-style-type: none"> • Article 5(2): Super credits for small ZEVs (Obligations of Member States) • Annex II, Part A (1a) • Annex II, Part B (Section 2A) 	<p><u>Commission Proposal</u> The proposal establishes new monitoring duties for Member States to operationalise the super-credits. For each calendar year, Member States are required to record and transmit to the Commission whether each new zero-emission passenger car (Category M1) qualifies as a "small electric vehicle" and is "made in the EU." This reporting obligation includes providing the specific values of the parameters determining this compliance, with the data format detailed in the amendments to Annex II.</p> <p><u>Rationale of the Commission</u> Accurate additional data collection by Member States is a prerequisite for verifying the eligibility of vehicles for super-credits. This ensures that the incentive is only applied to vehicles that genuinely meet the size and origin criteria defined in Article 5(1).</p> <p><u>Question: How do you assess the new requirement for Member States to record and transmit specific parameter values for 'small electric vehicles' and 'made in the EU' status?</u></p>

Cluster	Background / Questions
<ul style="list-style-type: none"> • Article 5(3) & 5(4): Super credits for small ZEVs ("Made in the EU" Methodology & Pooling Restrictions) (<i>Recital 21</i>) 	<p><u>Commission Proposal</u></p> <p>The Commission is empowered to adopt delegated acts to establish the methodology for determining the criteria for a car to be considered "made in the EU". Furthermore, the proposal specifies that the super-credit of 1.3 vehicles shall not apply to manufacturers that have formed a pool, unless all manufacturers within that pool belong to the same group of connected manufacturers. The upcoming proposal on the Industrial Accelerator Act will contain provisions on "made in the EU".</p> <p><u>Rationale of the Commission</u></p> <p>The delegated act ensures a harmonised and adaptable definition of "made in the EU". The restriction on pooling is a safeguard to prevent "open pools" of unrelated manufacturers from exploiting these specific industrial incentives.</p> <p><u>Questions:</u></p> <p><i>a) Do you consider an empowerment for the Commission the appropriate instrument to define "made in the EU"?</i></p> <p><i>b) Do you agree that the super credits for these vehicles shall not be applied in case of open pools?</i></p>
Cars and vans	
<p>Multiannual compliance:</p> <ul style="list-style-type: none"> • Article 4(1a): Rule (<i>Recital 8</i>) 	<p><u>Commission Proposal</u></p> <p>The proposal extends the use of multi-annual instead of annual compliance to the period 2030 to 2032. Instead of meeting targets every single year, manufacturers must ensure that their average specific emissions do not exceed the average of their specific emissions targets over the period 2030 to 2032. Compliance is assessed at the end of that period, with averages weighted according to the number of newly registered vehicles in the 3-year period.</p> <p><u>Rationale of the Commission</u></p> <p>This measure provides additional flexibility to manufacturers, helping them manage annual fluctuations and potential market volatility. By assessing compliance over a three-year average, it mitigates the risk of non-compliance due to short-term factors while maintaining the emission target level.</p> <p><u>Question:</u> <i>Do you support the introduction of multi-annual compliance for the period 2030-2032?</i></p>

Cluster	Background / Questions
<ul style="list-style-type: none"> • Article 6(2): Pooling (Deadlines) • Article 8(1): Excess Emissions Premium (Fines) <i>(consequential changes)</i> 	<p><u>Commission Proposal</u></p> <p>The proposal aligns pooling and fine mechanisms with the new multi-annual compliance period 2030-2032. Manufacturers can enter into pooling agreements for those years until end 2032. Where applicable, the Commission will not impose penalties annually but only if a manufacturer's average specific emissions over the entire period exceed its target for that period.</p> <p><u>Rationale of the Commission</u></p> <p>These adjustments are consequences of the shift to multi-annual compliance. Extending pooling deadlines gives manufacturers the flexibility to react to market developments over the three-year cycle.</p> <p><u>Question: Do you agree with extending the deadlines for pooling agreements to the end of the compliance periods and calculating fines based on the three-year average?</u></p>
Cluster 3: 2035 targets and compliance	
2035 targets for cars and vans	
<ul style="list-style-type: none"> • Art. 1(5a): 2035 Targets (90%) <i>(Recital 9)</i> • Article 4(1)(c): Credit Compensation (Climate Neutrality) <i>(Recital 10)</i> 	<p><u>Commission Proposal</u></p> <p>The proposal changes the 2035 compliance regime:</p> <ul style="list-style-type: none"> • 2035 Target (Art. 1(5a)): The EU fleet-wide CO2 emission target for both cars and vans is lowered from a 100% reduction to a 90% reduction compared to the 2021 baseline. • Compensation of remaining emissions (Art. 4(1)(c)): To maintain the climate neutrality objective, a manufacturer must ensure that its remaining emissions (max. 10% gap) do not exceed the sum of its fuel credits (Art. 5a) and low-carbon steel credits (Art. 5b). • Fines & Caps (Art. 8(5)): From 2035, fines are calculated as the difference between a manufacturer's average emissions and the sum of its fuel and steel credits, which is capped at 10% of the 2021 fleet wide target.

Cluster	Background / Questions
<ul style="list-style-type: none"> • Article 8(5): Fines Calculation 	<p><u>Rationale of the Commission</u></p> <p>This approach sets the target at 90%, with enhanced technology neutrality and providing more flexibilities to the manufacturers. Such flexibilities are conditional to the compensation of the residual emissions (up to 10%) via sustainable renewable fuels and low-carbon steel, thereby maintaining an objective of climate neutrality. The proposal aims to stimulate investment in these technologies without undermining the primary transition to zero-emission vehicles, given that the credits are capped.</p> <p><u>Questions:</u></p> <p><i>a) Do you agree with the tailpipe emission reduction targets of 90%</i></p> <p><i>b) Do you agree with the proposed condition that the remaining emissions are to be compensated by other emissions savings measures?</i></p> <p><i>c) Do you agree with the introduction of fuel and steel credits?</i></p>
Flexibilities to meet the 2035 targets	
<ul style="list-style-type: none"> • Article 5a (1), (2): Sustainable Renewable Fuels (Eligibility & Pooling) (Recitals 7 & 12) 	<p><u>Commission Proposal</u></p> <p>The proposal introduces a credit mechanism for sustainable renewable fuels starting in 2035: manufacturers will obtain fuel credits based on the GHG savings achieved by the use of eligible fuels in road transport, taking into account the share of passenger cars and vans. These credits can be used to compensate for emissions from new vehicles registered in a calendar year, up to 3%. The eligible fuels are Renewable Fuels of Non-Biological Origin (RFNBOs), and biofuels and biogas produced from feedstock listed in Annex IX (both Part A and Part B) of the Renewable Energy Directive.</p> <p><u>Rationale of the Commission</u></p> <p>Recognizing a role for renewable fuels enhances technology neutrality and incentivises the development of the sustainable fuel value chain.</p> <p><u>Questions:</u></p> <p><i>a) Do you agree with the introduction of a mechanism of fuel credits?</i></p> <p><i>b) Do you agree with the list of eligible fuels (RFNBOs, biofuels and biogas from RED Annex IX)?</i></p> <p><i>c) Do you agree with the starting date of this flexibility?</i></p>

Cluster	Background / Questions
<ul style="list-style-type: none"> • Article 5a (3), (4): Sustainable Renewable Fuels (Caps & Pooling) • Annex I, Parts A & B (Point 7.2) 	<p><u>Commission Proposal</u></p> <p>To ensure the transition to zero-emission vehicles remains the priority, the proposal establishes caps on fuel credits. Specifically, credits from all eligible fuels cannot reduce a manufacturer's average specific emissions by more than 3% of their 2021 specific emissions target. Within this overall cap, a sub-cap applies to credits from biofuels and biogas produced from feedstock listed in Part B of Annex IX (such as used cooking oil), which cannot exceed 1% of the 2021 target. Furthermore, the proposal specifies that these credits are not available to manufacturers that have formed a pool, unless all manufacturers within that pool are part of the same group of connected manufacturers.</p> <p><u>Rationale of the Commission</u></p> <p>The caps are safeguards to ensure that fuel credits function only as a complementary flexibility mechanism and do not undermine the main drive toward zero-emission powertrains or the overall climate ambition. The restriction on pooling prevents open pools from exploiting this flexibility.</p> <p><u>Questions:</u></p> <p><i>a) Do you support the proposed 3% total cap on fuel credits ?</i></p> <p><i>b) Do you agree that a lower sub-cap should apply for Annex IX Part B biofuels, and can you agree to 1% as cap?</i></p> <p><i>c) Do you agree that these credits shall not be applied in case of an open pool?</i></p>
<ul style="list-style-type: none"> • Article 5b (1)-(3): Low-Carbon Steel (<i>Recital 13</i>) 	<p><u>Commission Proposal</u></p> <p>The proposal incentivizes the use of green steel in vehicle production starting in 2035 by allowing manufacturers to obtain credits for using low-carbon steel "made in the EU" to compensate for remaining tailpipe emissions. These credits are calculated based on the quantity and CO₂ intensity of the steel used, as well as the number of vehicles and their lifetime mileage.</p> <p><u>Rationale of the Commission</u></p> <p>The automotive sector is a key user of steel. Incentivizing "made in the EU" low-carbon steel creates a lead market, supporting the EU's industrial competitiveness and strategic autonomy while reducing the vehicle's overall carbon footprint.</p>

Cluster	Background / Questions
	<p><u>Questions:</u></p> <p><i>a) Do you agree with the introduction of credits specifically for low-carbon steel?</i></p> <p><i>b) Do You agree with the requirement that it must be "made in the EU" to be eligible?</i></p> <p><i>c) Do you agree with the starting date of this flexibility?</i></p>
<ul style="list-style-type: none"> • Article 5b (4)-(7): Low-Carbon Steel (Caps, Governance & Pooling) • Annex I, Parts A & B (Point 7.1) (Recitals 21 & 22) 	<p><u>Commission Proposal</u></p> <p>The proposal establishes limits and a governance framework for steel credits, specifying that these credits cannot reduce a manufacturer's specific emissions by more than 7% of their 2021 target. Regarding governance, the Commission will adopt Implementing Acts to set detailed monitoring and reporting rules, while also being empowered to adopt Delegated Acts to define the methodology for determining the carbon intensity of the steel and the baseline reference. Similar to the fuel credits, these steel credits are not available to manufacturers that have formed a pool, unless all manufacturers within that pool are connected undertakings. The upcoming proposal on the Industrial Accelerator Act will contain provisions on "made in the EU" and "low carbon steel".</p> <p><u>Rationale of the Commission</u></p> <p>The 7% cap ensures that low carbon steel credits act as a supplement rather than a replacement for tailpipe emission reductions. The use of Delegated Acts allows for the technical definition of "low carbon" to evolve with industrial standards.</p> <p><u>Questions:</u></p> <p><i>a) Do you support the proposed 7% cap on low-carbon steel credits?</i></p> <p><i>b) Do you consider an empowerment for the Commission to define the characteristics of the low carbon steel and the methodology for carbon intensity via Delegated Acts appropriate?</i></p> <p><i>c) Do you consider an empowerment for the Commission to define the methodology for "made-in-EU" via Delegated Acts appropriate?</i></p> <p><i>d) Do you agree that these credits shall not be applied in case of open pool?</i></p>