

**Brussels, 9 April 2009****RE: Car scrapping schemes**

Dear Commissioner Verheugen,

We are writing to you to voice our grave concern about the increasing number of so-called car scrapping schemes being adopted, or extended, by EU countries. These schemes are expected to cost European taxpayers well over €8 billion. In Greenpeace's view, this is a waste of money. The schemes will not increase the competitiveness of the car sector, nor will they benefit the climate, the environment or road safety.

The schemes only mask the main problem for today's car industry: overcapacity. These schemes are designed to encourage consumers to buy cars now, rather than later. But all they are likely to achieve is to cushion the sale slump today, triggering an even greater crash in coming years. Unless the fundamental issue of overcapacity is addressed today, the sector will experience even deeper problems in the future.

The schemes are often branded as 'green' measures, but there is no guarantee that each model sold under them will be cleaner than the car that is scrapped. Under most schemes, an old Fiat Punto could be scrapped and replaced with a Range Rover that emits three times as much climate-threatening CO<sub>2</sub>.

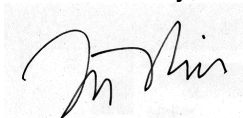
In terms of air-pollution, we acknowledge that models sold under the schemes are likely to perform better than the ones they replace. But carmakers are using the schemes to get rid of their stocks of lower-standard models, knowing that improved pollution standards will come into force in September. Taxpayer money is being used to put more polluting cars on the road than if there had been no schemes at all.

Furthermore, we cannot help but notice that the schemes could also fall short of providing clear safety benefits. In Germany, brands that have most increased their sales, such as Suzuki, Daihatsu and Chevrolet, do not produce a single model with a maximum five-star EuroNCAP safety rating. The German government is therefore subsidising car models that pose a higher risk of fatal injury than many other available models.

Governments must not squander public funds to renew their national car fleets, unless each subsidised car model has a markedly better environmental and safety performance than the one it replaces, and represents the highest standard available. This is not the case for any of the existing schemes in Europe. Greenpeace urges you, Commissioner, to advise against national schemes that conflict with EU climate, environment and transport policies.

Instead of spending money to deepen Europe's car dependency, EU countries should invest in energy efficiency, renewable energy and public transport. This will put Europe on a truly green pathway, while creating lasting jobs. We urge you to develop recommendations to EU governments for truly 'green' stimulus measures in the car sector and beyond.

Your sincerely,



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