Driving climate change

How the car industry is lobbying to undermine EU fuel efficiency legislation

Report 2008

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Glossary of terms

Fleet averages The Commission's emission reduction targets are based on the average emissions from all cars sold in Europe by a manufacturer, rather than on the model type. This allows manufacturers to keep producing high emission cars, with excessive power and excessive pollution, as long as they sell enough cleaner, smaller cars to "offset" the emissions.

Integrated Approach Industry developed the "Integrated Approach" in policy negotiations. The "Integrated Approach" demands other stakeholders such as oil companies, drivers and public authorities take responsibility for fuel efficiency. While all stakeholders must, of course, act to limit CO_2 emissions from cars, the industry uses the Integrated Approach to divert the responsibility away from itself.

It has successfully managed to make the Integrated Approach quasi-official Commission policy. Under the Commission's proposed legislation carmakers will only have to limit their fleet average emissions to 130 grams of carbon dioxide (CO_2) per kilometre. This is a weakening of the EU's original target of 120g CO_2/km. To still reach the 120g CO_2/km target, the remainder of emission reductions (10g) have to come from other measures such as gear shift indicators, better air-conditioning, low rolling resistance tyres, eco-driving, and biofuels.

Utility based targets: Weight vs Footprint To ensure all manufacturers contribute their share to achieving the EU's CO_2 reduction targets, corporate CO_2 emission limits for new cars are differentiated on the basis of an objective vehicle attribute. Through this approach, the CO_2 obligation is defined as a function of a so-called "utility" parameter. The two parameters for consideration in the proposed legislation are weight and footprint (track width multiplied by wheelbase).

The problem with using weight as a parameter is that manufacturers may deliberately increase a model's weight to achieve a more lenient CO_2 target. This "perverse incentive" could lead to an increase, rather than reduction in CO_2 emissions.

Footprint parameters greatly reduce the risk of this "perverse incentive", as increasing footprint carries greater cost and there is a more immediate limit to how big, as opposed to heavy, a car can be. A footprint-based limit curve will also be independent of the technological choices made by a manufacturer - each gram of CO_2 saved will receive the same benefit.

Therefore, the best basis for the differentiation of limit values is the footprint-based system. Only with a footprint-based system can all manufacturers be free to choose the most appropriate means of CO_2 reduction and realise the full potential of all measures available.

Slope of the curve The line on a graph measuring weight or footprint and CO_2 that defines the overall reduction target for individual manufacturers. The flatter the curve, the more effort required from cars with a greater weight to reduce CO_2, the steeper the curve, the less effort required.

g/CO_2/km = grams of carbon dioxide (CO_2), per kilometre driven.

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executive summary

This autumn, the European Parliament and Council of Ministers are expected to cast their final votes on fuel efficiency standards for cars. If the European Union does not effectively legislate for greater fuel efficiency, it is in danger of failing to meet its own 2020 greenhouse gas emission reduction targets.

Emissions from transport, already responsible for 22% of the EU's carbon footprint, are rising, cars make up a large proportion of this.[1] Strong legislation is essential to encourage greater efforts in fuel efficiency.

Yet, the EU - time and again - has allowed the car industry to fundamentally weaken its efforts. Research shows that there are no technical or market-related barriers to meeting CO_2 reduction targets.[2,3] Industry, however, has chosen to use technical gains to build ever-bigger, more powerful and more polluting cars. The lack of a regulatory framework for fuel efficiency has allowed them to do so.

Efforts to undermine legislation have been led by the German car industry, the most effective and well-connected car lobby in Europe. The car lobby's campaign has been helped by friends in high places. Many politicians hold the misguided view that what the car industry claims is good for them is also good for the EU.

Two reports steered through the European Parliament by MEPs supportive of the car lobby attempt to weaken both CO_2 targets and the dates for meeting them. One of the reports was written by German Liberal MEP Jorgo Chatzimarkakis who has publicly claimed that "we will dismantle the Commission's proposals."[4]

Manufacturers have also pushed the original deadline for meeting CO_2 reduction targets back from 2005 (set in 1995), to 2012. Now the industry is pushing for a further three years – demanding a 2015 target.[5] This would double the time originally foreseen for crucial emissions reductions.

The car lobby has also successfully: watered down the proposed targets; diverted responsibility for CO_2 reduction away from car manufacturers; divided the European Commission (the Commission), in particular the Directorate General (DG) for Environment, and the DG for Enterprise; and used aggressive marketing of "eco-models" and "eco-versions" of traditional models as a smokescreen to continue to build ever-heavier and more powerful cars.

If the EU is serious about tackling climate change, it has to take a firm stand against the car lobby at this autumn's crucial vote. With strong leadership, EU politicians can shift the balance of power, and enhance the effectiveness of the proposed legislation. ***There can be no more delays, no more political deals where the industry wins and the climate loses.***

Tactics used by the car lobby

In Europe, the main industry lobby organisation, the European Automobile Manufacturers' Association (ACEA) has repeatedly tried to ***deny*** the need for regulatory action to cut climate emissions. Soon after forming in 1991, ACEA announced a pre-emptive voluntary agreement to reduce emissions from cars by 10% between 1993 and 2005.[6] This was its first attempt to get in ahead of the EU's plans to introduce regulatory legislative action to stabilise CO_2 emissions at 1990 levels by the year 2000. European car industries' voluntary commitments were to bring new cars to 140g CO_2/km by 2008. But by 2006, average emissions were 160g CO_2/km.[7] In fact, the German car industry's emissions had actually risen by 0.6%.[8] There was no way ACEA was going to meet its target.

ACEA has also consistently attempted to delay action. In 1995, the European Commission formally announced a target for average new car emissions of 120g/km by 2005.[9] A year later, the car lobby succeeded in getting the proposed date delayed, so the deadline was now "in no case beyond 2010."[10] In 1998, the deadline shifted to 2012.[11] The industry, supported by Günter Verheugen, a Commission vice-president, and head of DG Enterprise, is now lobbying for a further delay to 2015.[12]

In May 2006, ACEA wrote to the Commission that "it is improper to propose legislation on CO_2 emissions at this time."[13]

The car lobby has also attempted to ***dominate*** the EU policy debate. ACEA has been pushing the "Integrated Approach" since 1991, the year it was formed. The "Integrated Approach" demands other stakeholders such as drivers and public authorities take responsibility for fuel efficiency. Of course all players have a part to play, but these must be additional to fuel efficiency legislation for manufacturers. The car industry has used the "Integrated Approach" as a tactic to divert responsibility away from its own action on fuel efficiency, and to continue to build gas-guzzling cars.

ACEA also dominated the Commission's High Level Group, CARS 21. The findings of this committee, set up to look at competitiveness issues, are used by the car lobby to formulate policy on energy efficiency and CO_2 emissions. One of its biggest successes with CARS 21, has been the adoption of the "Integrated Approach" as quasi-official Commission policy.

What has the lobby achieved?

The car industry's failure to meet its voluntary targets, and increased political awareness of climate change, led the European Commission, to announce the need for regulatory action in February 2007.

By the time the European Commission published its proposal for legislation in December 2007, however, the car lobby had successfully watered down the level of ambition to the extent that:

- ***it fails to set an ambitious target*** by endorsing a short-term target for new cars in 2012 of 130g (grams) of CO_2 per kilometre (km) driven. This is a weakening of the EU's original target of 120g CO_2/km, first proposed in 1995. In 2006, industry average was 160g CO_2/km.
- ***it fails to put forward any further reduction measures beyond 2012*** Europe's climate change targets run to 2020. If the EU is serious about meeting these, and ending the rise in CO_2 emissions from road traffic, it needs to ensure carmakers continue to reduce emissions post 2012.
- ***it diverts responsibility to cut CO_2 emissions*** from carmakers through the "Integrated Approach."
- ***it reduces the scope for efficiency improvements*** by basing emissions requirements on a car's weight, as opposed to size. An increase in weight has been a major factor in the car industry's failure to radically reduce CO_2 emissions in the past.
- ***it bases targets on fleet averages*** This allows manufacturers to keep producing high emission cars, as they can "average" out their emissions with smaller, cleaner models.
- ***it sets out weak penalties*** for offending carmakers and only reaches full levels in 2015. To be effective, penalties need to exceed the cost of compliance, and start at their full level as soon as the law comes into effect.
- ***it allows opt-outs for manufacturers who make less than 10,000 cars*** this exempts some of the worst gas-guzzling cars.

Germans win the "business war"

Not all of the Commission's concessions, however, are favourable to all car manufacturers. The German industry's interests focus on premium segment cars and differ significantly from French and Italian carmakers, who specialise in smaller, lighter, mass-produced models.

When the Commission published its review in February 2007, Porsche's chief executive, Wendelin Wiedeking declared that "this is a business war in Europe. It's the French and Italians up against the Germans."[14]

A business war that the Germans keep winning – greatly helped by support from top level politicians including German Chancellor, Angela Merkel, and Verheugen.

The German position has dominated on the two most divisive issues; the weight as opposed to footprint (car size) parameter for measuring CO_2 reductions; and the so-called "slope of the curve", the line on a graph which measures fleet average weight and CO_2. The steeper the curve, the less effort is required from heavier cars to reduce CO_2.

The French and Italians wanted a footprint parameter, and a low curve (20-30% maximum). The Germans wanted an 80-85% curve." The Commission accepted a 60% curve, favourable to the German industry.[15] They also advocate the weight parameter.

As France's Environment Minister, Jean-Louis Borloo said in response to a German comment about penalties "it is difficult to maintain that the heaviest and most powerful cars have an international right to emit more than others:[16]

Car lobby – still playing yesterday's game?

Simultaneous to trying to undermine effective fuel legislation, the car industry has launched a massive greenwash offensive. It hides behind this smokescreen to continue to build ever-bigger and more powerful cars.

But climate change, soaring oil prices, and the financial credit crunch are changing the economic rules. Consumers in Europe and the US are turning toward more rational car choices. Emerging markets in Asia and South America are demanding increasing numbers of small, no-frills, low-consumption models.[17]

As the Economist asks "Germany produces some of the fastest and most luxurious cars in the world, but is that yesterday's game?"[18]

It's not too late

For too long politicians of EU Member States have given in to the car lobby, particularly the Germans.

If they fail to take a firm stand, then the EU is in danger of failing to meet its 2020 greenhouse gas emission reduction targets.

It's not too late. MEPs and Government ministers still have a chance to show the real leadership on climate change that they claim. This autumn they can stand up to the outdated modes of practice promoted by the car lobby and its misguided supporters.

In order to have a significant impact in bringing down CO_2 emissions from passenger cars the EU regulation must:

- include a mandatory reduction in average CO_2 emissions from new cars to 120g CO_2/km by 2012 and 80g CO_2/km by 2020, with ever-improving targets;
- strengthen incentives for reducing cars' weights by using footprint not weight as a parameter;
- set corporate fleet average limits for each manufacturer and effectively discourage violators by introducing a minimum penalty of €150 per gram over the limit per car sold;
- set CO_2 emission limits for each car, that will ban very high emission cars.

introduction

"Tackling climate change is crucial to safeguard the future of our planet. It also brings major new opportunities for Europe. The time has come to seize them with confidence, and with both hands"[19]

José Manuel Barroso, President of the European Commission, January 2008.

This autumn the European Parliament and Council of Ministers are expected to cast their final votes on fuel efficiency standards for cars. The EU positions itself as a world leader on climate change, yet it has steadfastly failed to stand up to the car lobby. If the EU does not effectively legislate for greater fuel efficiency, it is in danger of failing to meet its own 2020 greenhouse gas emission reduction targets.

Emissions from transport, already responsible for 22% of the EU's carbon footprint, are rising.[20] Cars make up a large proportion of this; efficiency improvements are vital in decreasing their emissions.

So far, however, MEPs have given into the political muscle of the car industry. Led by the German industry, the car lobby has successfully delayed and weakened policy targets for fuel efficiency and continues to demand further concessions. Its campaign to undermine effective emissions legislation has been helped by friends in high places. Many politicians hold the misguided view that what the car industry claims is good for them, is also good for the EU.

The European Commission's (the Commission) mandate to introduce fuel efficiency legislation should come from the Directorate General (DG) for Environment, but this has been consistently undermined by the car lobby supporter, DG for Enterprise.

The world is already starting to feel the effects of climate change. If it is left unchecked, hundreds of millions more people will be at risk from extreme weather events, water shortages and food crises. Commission president Jose Barroso has said: "tackling climate change is crucial to safeguard the future of our planet."

If the EU is serious about tackling climate change, it has to take a firm stand against the car lobby at this autumn's crucial vote. There can be no more delays, no more political deals where the industry wins and the climate loses.

To date, industry has successfully:

- Delayed legislative action by consistently pushing voluntary agreements as the way forward.
- Watered down the proposed targets and the timeframes for meeting them.
- Diverted responsibility for CO_2 reduction away from car manufacturers.
- Divided the Commission, in particular DG Environment and DG Enterprise. DG Enterprise consistently adopts the car lobby's position, and has undermined DG Environment's mandate to set fuel efficiency standards.
- Used aggressive marketing of "eco-models" and "eco-versions" of traditional models as a smokescreen to continue to build ever-heavier and more powerful cars.

Manufacturers have successfully pushed the original deadline for meeting CO_2 reduction targets back from 2005 (originally set in 1995), to 2012.[21] Now the industry is pushing for a further three years. If it is successful it will double the time originally forecast to make crucial emissions reductions.[22]

Box 1 Why is CO_2 legislation on cars needed in the EU?

Urgent action is needed to reduce greenhouse gas emissions from the transport sector If the EU does not legislate effectively against inefficient cars, then it is in danger of failing to meet its 2020 greenhouse gas emission reduction targets. Transport is responsible for 22% (passenger cars currently account for 12%) of the EU's carbon footprint, and emissions from this sector are rising fast. Between 1990-2005 transport emissions increased by 26%. **Carmakers continue to evade their responsibility to tackle climate change** Ten years ago carmakers promised to bring down average emissions from new cars sold in Europe to 140g/km by 2008-9. But their progress in reducing carbon emissions has stalled; their promises have been no more than a tactic to delay the introduction of legally-binding standards. By 2006, they had only managed to bring this average down to 160g/km and significant progress has been halted for several years. **Technology already exists but is not implemented on a large scale** Technical breakthroughs are not needed to meet the 2012 standards Greenpeace is calling for. The car industry has been making improvements in motor efficiency for two decades but has chosen to use the gains to power bigger and heavier cars rather than to deliver lower-emitting models. The concept cars and niche models shown at car shows and in advertising demonstrate the gains that can be made, but the industry is not making these in big numbers.

1991: ACEA announces that it is prepared to reduce CO_2 emissions from cars by 10% between 1993 and 2005 as a voluntary agreement.

1995: The European Commission formally announces a target for average new car emissions of 120g/km by 2005.

Table 1 Summary

The EU proposes[32]	The climate needs
• A fuel efficiency standard of 130g of CO_2 per km driven	• 120g CO_2/km, as it was originally announced by the Commission back in 1995
• That other efficiency measures can contribute another 10g to the standard	• That these measures be taken as additional to the 120g standard
• A single target for 2012	• An additional target of 80g by 2020 and a commitment to constant improvements
• More lenient targets for makers of heavier cars *(a parameter based on weight)*	• A standard that reflects the size of a car, not its weight *(a parameter based on footprint)*
• An option for gas guzzlers to be balanced out by low-emission cars	• An upper CO_2 emission limit per car.
• Penalties that start at €20 /g per car and rise to €95/g per car by 2015	• Penalties that will lead to compliance; €150/g, per car from 2012
• Opt-outs for manufacturers who make less than 10,000 cars	• No exceptions

"Germany produces some of the fastest and most luxurious cars in the world, but is that yesterday's game?"

The Economist.[23]

1.1 Car lobby – still playing yesterday's game?

The German car industry, supported by high level politicians, has been at the forefront of efforts to avoid regulatory action. Its lobbying has been helped by key players, including German Chancellor, Angela Merkel, and Günter Verheugen a Commission vice-president, and head of DG Enterprise.

Historically, the German industry, more than the French or Italian, has specialised in selling the dream of power, comfort and (unlimited) speed. But climate change, soaring oil prices, and the financial credit crunch are changing the economic rules.

Consumers in Europe and the US are turning toward more rational car choices. Emerging markets in Asia and South America are increasingly demanding small, no-frills, low-consumption models.[24] In the US, the New York Times notes that "soaring gas prices have turned the steady migration by Americans to smaller cars into a stampede." The paper quoted Ford's chief sales analyst saying the trend is "the most dramatic segment shift I have witnessed in the market in my 31 years here."[25]

The Economist reports that "the suspicion is growing that Germany's carmakers are caught the wrong side of two huge coming shifts in demand —towards fuel-efficient "sensible motoring", especially in the developed world; and towards "cheap and cheerful" cars, especially in Asia."[26]

The Commission itself has found that increasing fuel efficiency "will strengthen the competitiveness of Europe's car industry since there is growing evidence, including from key players in the financial markets, that fuel efficiency will become an increasingly important competitive factor for car manufacturers as global constraints on carbon emissions tighten."[27]

Despite this admission however, the Commission has allowed itself to be manipulated by the car industry, particularly the German lobby, and failed to stand up for the climate.

1.2 Technology ready to give cars the green light

Research shows that significant reductions can be achieved in the short term, even without greater changes in the sales mix, using off-the-shelf technology. In a modelling exercise, The German Automobile Club (ADAC) has shown that a 19% reduction in CO_2 is feasible and cost-effective, even if the required technology improvements are brought to market at an increased rate.[28]

The UK government advisor on cars and climate change, Julia King, has found that a 30% cut can be achieved for average new vehicles within 5-10 years using a small selection of the most cost-effective technologies.[29] She says "we must avoid any slippage to the proposed deadline" for the EU's CO_2 emission standard."[30]

So, there are no technical or market-related barriers to meeting the established CO_2 reduction targets. But instead of using these gains to build more fuel-efficient models, industry has instead chosen to use them to build ever-bigger, more powerful, and more polluting cars. The lack of a regulatory framework, has allowed them to do so.

Strong legislation is essential to encourage greater efforts in fuel efficiency. Yet, the EU - time and again - has allowed the car industry to fundamentally weaken its efforts.

1.3 Urgent action is needed now

But it is not too late. With strong leadership, MEPs can shift the balance of power, and enhance the effectiveness of the proposed legislation. This autumn's vote is crucial. Politicians in EU Member States can and must to stand up for the climate.

In order to have a significant impact in bringing down CO_2 emissions from passenger cars the EU regulation must:

- include a mandatory reduction in average CO_2 emissions from new cars to 120 grams (g) /kilometre (km) by 2012 and 80g CO_2/km by 2020, with ever-improving targets;
- strengthen incentives for reducing the weight of cars by using footprint not weight as a parameter;
- discourage violators by setting corporate fleet average limits for each manufacturer, which carry a minimum sanction of €150 per gram over the limit per car sold;
- set CO_2 emission limits for each car, enforced through the EU's type approval legislation[31] that will ban very high emission cars.

1996: The car lobby manages to get the proposed date for fuel efficiency targets by the Commission delayed to "no later than 2010."

1998: Under a new voluntary agreement, the European Commission and the car industry set a mid-term target of 25% reduction on CO_2 emissions from motorcars by 2008, bringing back fleet average emissions from new cars to 140g CO_2/km by 2008.

fuelling the propaganda war

"The industry is incredibly politically powerful and it normally finds a way of neutering most legislation"

A leading European car analyst[33]

2.1 The 3-D PR campaign

For nearly twenty years the car industry successfully avoided legislative action on reducing CO_2 emissions from vehicles.

But, as climate change moved up the political agenda and it became apparent that voluntary industry agreements were failing, the Commission agreed regulatory action was needed. The car industry, however, continues to fight vigorously to maintain its unsustainable 'business-as-usual' model.

It has used a simple but sophisticated public relations strategy called the "3-D" technique: ***Deny*** there is a problem, ***Delay*** any regulatory action and, once it can no longer delay regulation; ***Dominate*** any policy response.[34] Industry has attempted to downplay the need for action to fight climate change (deny); insist on voluntary commitments to act on its emissions by itself (delay); and introduce policy concepts favourable to the car industry (dominate).

In the US, global car giants such as Chrysler, Ford, and General Motors, as well as the American Automobile Manufacturer's Association, were at the forefront of efforts to deny climate change. In the 1990s they joined the Global Climate Coalition, an influential group that acted as a front for business interests, which led the industry campaign to undermine the scientific evidence of climate change, and weaken the case for regulatory action.[35] Recently, the car industry and dealers have attempted to prevent lawmakers from taking on the strict regulations that the State of California implemented to regulate greenhouse gas emissions.[36]

In Europe, the main industry lobby organisation, the European Automobile Manufacturers' Association, ACEA, has repeatedly tried to ***deny*** the need for regulatory action. In 1991, the year it formed, ACEA announced a pre-emptive voluntary agreement to reduce emissions from cars by 10% between 1993 and 2005. This was its first attempt to get in ahead of the EU's plans to introduce legislative action to stabilise CO_2 emissions at 1990 levels by the year 2000. As the car lobby and the Commission haggled over the best way to reduce CO_2 emissions, ACEA announced that it was in favour of a new concept: the "Integrated Approach"[a] (see section 2.2).

In May 2006, as political concerns grew about the car industry's inability to act on its emissions, ACEA's President, Sergio Marchionne, wrote to Verheugen. The letter categorically stated that ACEA's view was "that it is improper to propose legislation on CO_2 emissions at this time."[37] It was copied to EU Environment Commissioner Stavros Dimas, Austrian Ministers (holding the EU Presidency at the time) and Ministers from France and Germany.

In October 2006, Dimas called for "legislation to cut CO_2 emissions from cars soon." This time ACEA wrote to him directly, arguing that any legislation would be "premature." The letter "noted with surprise press reports alleging that you stated to the media that ACEA would not meet its Commitment on CO_2 emissions from cars and that DG Environment therefore supported replacing the Commitment with legislation."[38]

ACEA also stated that it was committed to the current voluntary agreement that "runs until 2008 and its final results won't be available before 2010."[39] The implication was that nothing should be done before 2010.

In 2006, the NGO Transport and Environment[40] found that industry had steadfastly failed to meet its voluntary commitments, and that there was no way ACEA would meet its emission reductions target.

It is worth noting, however, that the respective efforts by car manufacturers differed greatly according to country. German car industry emissions actually rose by 0.6% in 2006, whereas French, Italian (and Japanese) manufacturers succeeded in cutting their emissions by 1.6% in the same year.[41]

ACEA has consistently attempted to ***delay*** the target date as well. In 1995, the European Commission formally announced a target for average new car emissions of 120g/km by 2005. A year later, the car lobby succeeded in getting the proposed date delayed, so the deadline was now "in no case beyond 2010."[42] In 1998, when the Commission signed the voluntary agreement with ACEA, the deadline shifted to 2012.[43] The industry, supported by Verheugen, is now lobbying for the date to be moved back even further, to 2015.[44]

a When the Integrated Approach has a definite article (the) the I and A are capitalised. When it is indefinite (an) then they are lower case. So "the Integrated Approach" and "an integrated approach".

April 2004: ACEA calls on the Commission to take into account a "broader range of factors" when setting emissions targets from 2008. They start to actively push the "Integrated Approach", which diverts responsibilities away from manufacturers, to the Commission.

January 2005: ACEA's then President, Bernd Pischetsrieder and the head of DG Enterprise, Günter Verheugen jointly set up a high-level working group, called CARS 21. Its primary remit is "to boost the competitiveness of the European car industry."

Efforts to deny the need for action and delay legislation were coupled with attempts to ***dominate*** the European policy debate. An important success was the establishment of the "Integrated Approach" involving other stakeholders, as the only solution to make "sustainable progress on this issue".[45] ACEA was successful in dominating the High Level Group, CARS 21 (see section 2.3), set up by the Commission. This ensured the "Integrated Approach" became quasi-official Commission policy.

2.2 The Integrated Approach

The car industry has been pushing the "Integrated Approach" in policy negotiations since 1991. The "Integrated Approach" demands that other stakeholders such as oil companies, drivers and public authorities take responsibility for fuel efficiency, and calls for the further development of efficient fuels, eco-friendly driving habits and improved traffic flows in inner-city areas.[46] Of course all stakeholders have respective responsibilities to limit CO_2 emissions from cars, but these must be ***additional*** to effective legislation on fuel efficiency. The car industry has used the concept as a tactic to divert responsibility away from its own action on fuel efficiency.[47]

The more the "Integrated Approach" is advocated, the more manufacturers continue to build premium, gas-guzzling cars. BMW and Mercedes, for example, using the argument that other industries also have to act, build cars that are bigger and more powerful than the ones they replace.[48]

In April 2004, as CO_2 from cars moved up the Commission's agenda, ACEA took pre-emptive action, calling on the Commission to take into account a "broader range of factors when setting emissions targets from 2008." Its solution, yet again, the "Integrated Approach" included advocating alternative fuels and biofuels,[b] better traffic management, infrastructure design and driver education.[49]

ACEA's then environmental policy director Hermann Meyer said bluntly "The marginal cost of reducing CO_2 by vehicle technology is increasing dramatically. There is not much more scope."[50]
The message was simple: "We have done our bit."

Such has been the success of the car industry's campaign, that the "Integrated Approach" is now seen as the bedrock of the Commission's policy on cars. In February 2006, briefing notes prepared for Verheugen for a meeting with ACEA President, Sergio Marchionne, noted that the Commission's "future strategy will be based on an integrated approach to CO_2" 'vital' to "spread the burdens fairly."[51]

As well as campaigning to get the "Integrated Approach" accepted, industry has also lobbied to make the definition as broad as possible. The wider the remit of other industries or sectors, the less the car industry has to do itself. In July 2006, Ivan Hodac, the Secretary General at ACEA wrote to DG Enterprise and DG Environment. Hodac said "it is of utmost importance that all the elements of the Integrated Approach … are investigated so as to achieve a sound basis for future policy making."[52]

In September 2006, as a stakeholder of the European Climate Change Programme, ACEA noted that under the "Integrated Approach" all measures should be considered and that issues such as "eco-driving, biofuels[c] and taxation could be measured in gCO_2/km."[53]

The industry-dominated group made sure that the requirements for vehicle manufacturers to reduce CO_2 were weakened. "The group strongly endorses applying an ***integrated approach*** involving vehicle manufacturers, oil/fuel suppliers, repairers, customers/drivers and public authorities", concluded CARS 21 final report, which delighted the industry[54] [emphasis in the original]. As one car executive said at the time "the fact that the European Commission is listening to the collective voice of the auto industry is a step in the right direction ... That is a big change."[55]

b/c Greenpeace believes that sustainable produced biofuels will only have a minor role to play in the transport sector, and should not be part of car efficiency legislation. Furthermore, an increasing number of scientific studies show that the majority of currently produced biofuels lead to severe negative environmental impacts, while their actual contribution to reducing greenhouse gas emissions is questionable.

February 2006: briefing notes from Verheugen reveal that Commission's "future strategy will be based on an integrated approach to CO_2", a first indication that the Commission is listening to the car industry.

August 2006: Data released by T&E shows that the industry is not going to meet its promised CO_2 reduction targets. A spokesman for Verheugen says the situation was "by no means satisfactory", if the "carrot approach" did not work, the Commission would move to a "stick approach", including legislative action.

fuelling the propaganda war

2.3 CARS 21- turning competitiveness policy into climate policy

The high-level working group, CARS 21, was set up in January 2005, by ACEA's then President, Bernd Pischetsrieder and Verheugen. Its primary remit was "to boost the competitiveness of the European car industry."[56]

Although the Commission later claimed that the main stakeholders (Member States, industry, NGOs and MEPs) were included in CARS 21, there were seven seats for industry, just one for an NGO, (the Institute for European Environmental Policy), and none for consumers. The only two MEPs, were long-standing car supporters: Malcolm Harbour[57] and Garrelt Duin, both chairmen of the Forum for the Automobile and Society at the time. Harbour remains on the board as a joint chairman today.[58]

When CARS 21 was set up, The European Consumers' Organisation (BEUC) commented that "we fear that the group will be manipulated to be little more than a sounding board for industry special pleading and hostility to various progressive measures to enhance consumer and environmental welfare and to blame everybody except the industry itself for current difficulties."[59]

Its fears were not unfounded. CARS 21 is used by the car lobby in debates around climate change and fuel efficiency. The findings of a committee set up to look at competitiveness, are being used to formulate policy on energy efficiency and CO_2 emissions. The industry's biggest success with CARS 21 has been the Commission's adoption of the "Integrated Approach".

In February 2008, Verheugen told the Forum for the Automobile and Society that "the concept of an integrated approach to new-car CO_2 emissions was developed in CARS 21. I am glad that this concept has found its way into practice."[60] Verheugen was wrong. The "Integrated Approach" was designed by industry spin doctors years before CARS 21 was formed.

But CARS 21 has been a pivotal tool used by the car lobby to turn the "Integrated Approach" into quasi-official Commission policy.

Industry views CARS 21 recommendations as a "line in the sand" that cannot be crossed; even if that undermines action by EU Member States and / or the Commission.

2.4 Divide and rule

Alongside intense lobbying to delay and weaken regulatory action and dominate any policy response, the car industry uses another classic PR tactic: divide and rule.

The car lobby has repeatedly tried to divide the Commission through isolating or undermining the position being adopted by DG Environment, and simultaneously fostering a close working relationship with DG Enterprise.

The car industry helped stir up a battle between Verheugen, and Dimas, who supported a mandatory target of 120g CO_2/km by 2012.[61]

On 17 January 2007, the highly influential Association of German Car Manufacturers (VDA) wrote to Verheugen talking about its "extensive agreement" on issues and thanked him for his "clear statement on the relevance of the competition policy on the upcoming decisions – especially for German producers."[62] This shows the close networking between the German car industry and Verheugen.

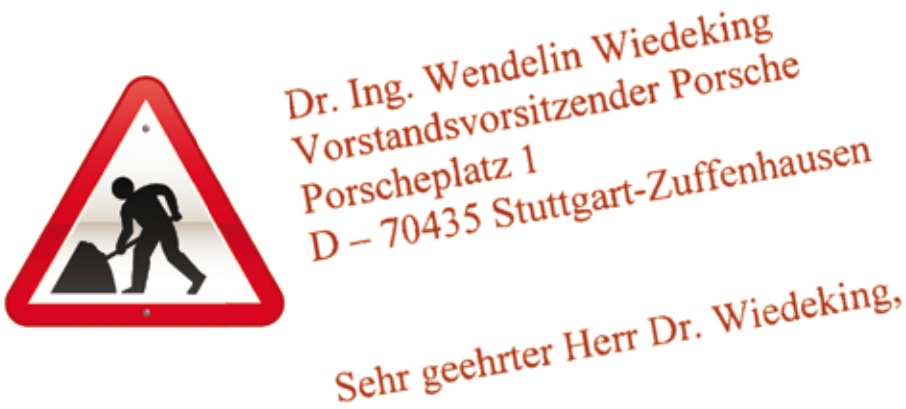
Four days later, ACEA President Marchionne wrote to Commission President Barroso in an attempt to undermine DG Environment's position: "Unfortunately", wrote Marchionne, "we note today that certain services of the Commission do not respect the Integrated Approach … I cannot stress sufficiently how serious the implications of such a policy would be for the competitiveness of the European car industry and employment." It would be "detrimental to the welfare of Europe as a whole." The car industry's close ally, Verheugen was copied in on the letter; the man it perceived as its enemy, Dimas, was not.[63]

On 25 January 2007, ACEA sent a document to DG Enterprise asking questions such as did DG Environment's position "make sense" or "ignore other actions?" It concluded that DG Environment's policy proposal was "prohibitively expensive."[64]

Two days later, Frank Overmeyer, the head of Regulatory Strategy at DaimlerChrysler emailed Reinhard Schulte-Braucks, the head of the Automotive Industry Unit at DG Enterprise, known by Commission insiders as favourable to the German car industry,[65] to wish him "good luck with the Commission's internal efforts."[66]

October 2006: Environment Commissioner Stavros Dimas announces he does not believe in the car industry's CO_2 commitment and calls for "mandatory legislation to cut CO_2 emissions from cars".

November 2006: Pischetsrieder writes to Verheugen and Dimas, pushing for the "Integrated Approach"



Despite Verheugen's influence over the draft legislation, he was still unhappy with the result, supporting lower fines and even more flexibility for companies to achieve the required cuts. He refused to participate in a joint news conference with Dimas to announce the proposals in December 2007.[67]

In May 2008, Verheugen challenged the 2012 deadline telling the German newspaper Handelsblatt that while he "fully" supports the Commission's plan, he thinks "the European automobile industry will [only] be able to meet the target without great difficulty from 2015."[68]

2.5 Weakening attempts to improve fuel efficiency

In February 2007, the Commission announced its review of the 1995 "Community strategy to reduce CO_2 emissions from passenger cars and improve fuel economy." The Commission agreed that regulatory action was necessary.

When the Commission announced its legislative proposal in December 2007, however, the level of ambition had been watered down.

Industry pressure and misguided support for manufacturers' demands has seriously delayed fuel efficiency regulation, and dismantled the proposed legislation to the extent that:

- ***it fails to set an ambitious target*** by endorsing a short-term target for new cars in 2012 of 130g CO_2/km driven. This is a weakening of the EU's original target of 120g CO_2/km, first proposed in 1995. In 2006, industry average was 160g CO_2/km.
- ***it fails to put forward any further reduction measures beyond 2012;*** the EU's climate change targets run to 2020. If the EU is serious about meeting these, and ending the rise in CO_2 emissions from road traffic, it needs to ensure carmakers continue to reduce emissions post 2012.
- ***it diverts responsibility to cut CO_2 emissions*** from carmakers through the "Integrated Approach".
- ***it reduces the scope for efficiency improvements*** by basing emissions requirements on a car's weight, as opposed to size. An increase in weight has been a major factor in the car industry's failure to radically reduce CO_2 emissions in the past.
- ***it fails to discourage manufacturers from producing high emissions cars with excessive power and pollution*** by basing targets on fleet averages that allow for a levelling out by selling cleaner, smaller cars.
- ***it sets out weak penalties*** for offending carmakers and allows carmakers to delay action, as full penalties will only be reached in 2015. This effectively postpones the implementation of the law by three years. In order to create an incentive to build more efficient cars, penalties need to exceed the cost of compliance.
- ***it fails to tackle emissions from some types of gas-guzzling cars,*** by allowing opt-outs for manufacturers who make less than 10,000 cars.

1. Weakening of targets and inclusion of the Integrated Approach Already in February 2007 it had been announced that though the overall target was still 120g CO_2/km by 2012, car manufacturers would now only have to achieve 130g CO_2/km themselves, 10g could come from "complementary measures".[69] These would include action on tyres, air-conditioning and gear-shift indicators, as well as biofuels and the promotion of fuel-saving driving techniques, which are clearly not the responsibility of car manufacturers.

Both the Commission's review and the December proposal for legislation also fail to put forward any further reduction measures beyond 2012. The EU's climate change targets run to 2020. If the EU is serious about meeting these, and ending the rise in CO_2 emissions from road traffic, it needs to ensure carmakers continue to reduce emissions post 2012.

Although the Commission said its review "was based on an integrated approach", ACEA still slammed its recommendations, calling them "arbitrary and too severe", and which "focus too much on vehicle technology". ACEA advocated the CARS 21 interpretation of the "Integrated Approach", which would shift still greater responsibility to other stakeholders.[70]

Verheugen privately assured ACEA that DG Enterprise was looking for a long-term solution that was amenable to the industry; one that was "competitively neutral, socially equitable and sustainable" that would "avoid any unjustified distortion of competition between automobile manufacturers."[71]

January 2007: Renault, PSA/Peugeot-Citroen and Fiat refuse to sign a letter sent to the Commission by the heads of five German carmakers protesting at the plans for 120g/km: this is the first indication of a split within ACEA, the French and Italians are on one side, the Germans on the other.

February 2007: The Commission decides to replace voluntary agreements with legislation. However it also decides to pursue an integrated approach as a means of reaching the EU objective of 120g/km carbon dioxide (CO_2) emissions on average from new cars by 2012.

fuelling the propaganda war

2. Weight-based targets ACEA and the German car industry also managed to push through their favoured parameter for differentiating manufacturer targets: weight, which would give them more flexibility to keep producing heavy cars such as SUVs, and sports cars.

In order to make sure that all carmakers contribute their share to achieving the EU's CO_2 reduction targets, corporate CO_2 emission limits for new cars are differentiated on the basis of an objective vehicle attribute. In this approach, the CO_2 obligation is defined as a function of a so-called "utility" parameter. The two parameters for consideration in the proposed legislation are a weight and footprint (track width multiplied by wheelbase).

The problem with using weight as a parameter is that manufacturers may deliberately increase a model's weight to achieve a more lenient CO_2 target. This "perverse incentive" could lead to an increase, rather than a reduction in CO_2 emissions.

It has been shown that the weight of a car impacts safety, emissions and costs.[72] Even Verheugen concedes: "It's a law of nature that the more weight I move, the more energy I need."[73]

One of the Commission's own consultants, Malcolm Fergusson (from the Institute for European Environmental Policy) told an industry conference "I don't think that weight is a good parameter as it could allow us to continue to add weight to vehicles as has been happening over time."[74]

Using footprint as a parameter greatly reduces the risk of "perverse incentive", as increasing footprint carries higher costs, and there is a more immediate limit to how big, as opposed to heavy, a car can be. A footprint-based limit curve will also be independent of the technological choices made by a manufacturer - each gram of CO_2 saved will receive the same benefit.

Only with a footprint-based system can all manufacturers be free to choose the most appropriate means of CO_2 reduction and realise the full potential of all measures available.

Even though some members of ACEA preferred a footprint-based system (see section 3.3), the group pushed for the German preferred weight-based parameter. DG Enterprise supported this move, arguing that weight would have the least impact on car manufacturers, especially the Germans.[75]

3. Fleet averaging The Commission's proposal advocates "corporate fleet averages." Using corporate fleet averages, in place of measures for individual cars, allows companies to continue to build excessively powerful and polluting cars. They can get away with this by "averaging out" their emissions to meet their CO_2 reduction targets with cleaner, smaller cars.

Fleet average limits fundamentally compromise emission reductions, and the fight against dangerous climate change. A CO_2 limit applicable to individual vehicles is essential to discourage manufacturers from continuing to build heavier and more powerful cars.

Verheugen's notes from a meeting with ACEA in 2007 include the revealing statement that "DG Enterprise will seek to ensure that the design of the future system provides manufacturers with as much flexibility as possible to meet the target (including the possibility of compensating the emissions of larger models with those which emit less CO_2)."[76]

4. Phasing-in penalties ACEA's consistent claim that 2012 was too early succeeded in getting the Commission to propose gradual introduction of penalties over three years. This means carmakers who fail to meet targets in time will not face the full penalty level until 2015, ACEA's favoured starting date.

Even then the penalty is too low; at its maximum of €95/g of CO_2 per car sold it will be cheaper for some manufacturers to pay the fine than to make the necessary production changes. To be effective, penalties must exceed all carmakers' costs of compliance. Greenpeace recommends a minimum penalty of €150/g of CO_2 per car.

March 2007: European Council approves the cut of at least 20% in greenhouse gas emissions by 2020, compared to 1990 levels.

May 2007: The Competitiveness Council states that it supports "an integrated approach as proposed by the Commission, for reducing CO_2 emissions from motor vehicles"

Box 2 Pooling – the case of Porsche

While keeping the possibility open for car manufacturers to produce gas-guzzling cars, the Commission knew it had a problem with companies that could not "compensate" their high emissions because they do not sell low-emitting cars. Porsche is the classic example.

In 2006, Porsche's cars achieved an average 286g CO_2/km, vastly more than the second worst performer Daimler Chrysler with 238g CO_2/km, and over double that of industry leader Peugeot / Citroen with 142g CO_2/km.[77]

In February 2007, Wendelin Wiedeking, the CEO of Porsche, wrote to Dimas to express his "deep concern" that the Commission's plans "could specifically impair the competitiveness of Porsche." He wrote: "Porsche is the only niche company that is not integrated in a large company group. Therefore, Porsche is not able to balance its emissions of large models with the emissions of small models within the company group." This could lead to Porsche being treated in a "most unfair manner."[78]

This led the Commission to introduce "pooling". Pooling allows companies that only sell premium cars, with excessive power and pollution, to "pool" together with companies that produce cleaner and smaller cars. This average of both companies would then have to comply with a fleet target based on the combined sales mix of models. Officials at DG Enterprise agreed "the problem of Porsche can be dealt with through pooling (with Volkswagen)."[79]

Porsche is the largest shareholder in Volkswagen (VW), holding 31% of shares. It is followed by the German Federal State of Lower Saxony, which holds 20.36%.

Until recently, the "VW law" prevented any shareholder, regardless of share size, from having more than a 20% voting right. In October 2007, however, the EU Court of Justice ruled the VW law to be illegal as it restricts the free movement of capital. These developments mean Porsche might take on an even larger stake in VW (≥50%) as its influence may no longer be restricted.

If Porsche is successful in taking over VW, then it will no longer need to "pool". The carmaker will simply use VW's smaller models as part of its corporate fleet average.

5. Opt-outs for small-scale manufacturers Luxury cars have limited production runs. In the UK, these include Aston Martin, Jaguar and Land Rover. Pressure from carmakers and the UK government led the Commission to grant them special dispensation.

In July 2007, Ford, former owner of Jaguar and Land Rover argued for a "niche producer exemption" from the Commission: "above all, I would like to stress the need for a special niche producer treatment. Premium manufacturers specializing on one or two distinct market segments only, should be exempt from the currently contemplated CO_2 legislation for 2012. They should still reduce CO_2 from their fleets, but at a different rate. This would apply in particular to Jaguar, Land Rover and also to Porsche."[80]

The UK government supported this demand. On 4 December 2007, days before the Commission's proposals were announced, three British ministers – Environment Secretary Hilary Benn, Transport Secretary Ruth Kelly and Business Secretary John Hutton - called for smaller UK-based carmakers to be exempted from regulation altogether.[81]

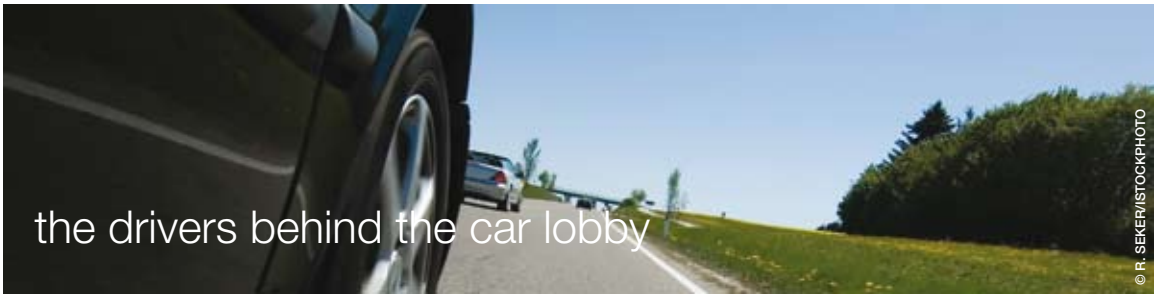
June 2007: The Environment Council "urges the European Commission to come forward, as soon as possible and before the end of 2007, with a legislative framework to reduce CO_2 emissions from cars (…)"

August 2007: ACEA denies an internal split, it declares that the "industry is united in its approach towards further reducing CO_2 emissions from cars."

03

driving climate change

How the car industry is lobbying to undermine EU fuel efficiency



the drivers behind the car lobby

"The car must not become the bogeyman of the nation."

Angela Merkel, Chancellor of Germany.[82]

Box 3 Key players in the cars debate

BMW, Daimler, VW/Porsche – German car manufacturers
ACEA – European Automobile Manufacturer's Association
VDA – German Association of the Automotive Industry
German government – represented by Angela Merkel
Günter Verheugen – A vice-president of the European Commission, and head of DG Enterprise
Malcolm Harbour – British Conservative MEP, also co-chair of the Forum for the Automobile and Society & a member of CARS 21
Martin Callanan – British Conservative MEP
Jorgo Chatzimarkakis – German MEP, from the Free Democratic Party of Germany, part of the Alliance of Liberals & Democrats for Europe
Werner Langen – German MEP, from the Christian Democratic Union

The car industry sees itself as one of the main powerhouses of Europe's economy. According to ACEA, it accounts for 36% of manufacturing employment in the EU.[83]

The European car industry is dominated by major manufacturers, with deep-rooted political and cultural connections in their respective countries. In Germany, the industry is dominated by the "big three": BMW, Daimler (maker of Mercedes) and the VW/Porsche conglomerate. In France, it is PSA (Peugeot/Citroën).In Sweden the big two are foreign owned, Volvo (owned by Ford) and Saab (owned by General Motors). Italy is dominated by Fiat and Spain by Seat, (owned by VW). Britain's car industry is foreign owned, the latest change was when Ford sold Land Rover and Jaguar to Tata Motors in 2008.[84]

3.1 German lobby has friends in high places

The Germans, French and Italians are the big political players in the car debate. The most effective and well-connected car lobby in Europe is in Germany, where one in three people own a top-end car and one in seven manufacturing jobs is in the industry.[85]

The German car industry is supported by top-level politicians including German Chancellor, Angela Merkel, and Günter Verheugen, as well as the German Minister of Economics Michael Glos, and the German Minister of Transport Wolfgang Tiefensee

Germany's ex-Chancellor Gerhard Schröder was a supervisory board member of VW. Verheugen is an old political ally of Schröder's and the car lobby, in fact Schröder pushed for Verheugen to remain EU Commissioner for a second term.[86] Angela Merkel and her Cabinet have consistently backed the car industry, and repeatedly attacked the Commission's proposals.[87]

In May 2007, Glos spoke at the leaving party for Bernd Gottschalk, the outgoing president of the VDA, Germany's most powerful national car lobby group. Gottschalk's own speech thanked German car industry supporters, including Merkel, Verheugen and Tiefensee for their "courageous and far-sighted" approach to "make it absolutely clear in Brussels that we will not accept a single, unified upper limit for CO_2, which would turn climate protection policy into industrial policy."[88]

Gottschalk was replaced by Matthias Wissmann, a German politician, and ex-federal minister of transport and ex-chairman of the parliamentary committee for the affairs of the European Union.[89] In April 2008 both the VDA and Merkel criticised the Commission's plans again, the VDA argued the time-frame was too tight and should be put back to 2015.

3.2 The German car industry wins the "business war"

But the interests of the German industry focus on premium segment cars and differ significantly from French and Italian carmakers, who specialise in smaller lighter mass-produced models. Such is the power of the German lobby, that its position, despite often severely impacting the French and Italians, has won out time and again.

When the Commission published its review in February 2007, Porsche's chief executive, Wendelin Wiedeking told the company's shareholders "this is a business war in Europe. It's the French and Italians up against the Germans."[90]

The manufacturers' split has been reflected in their countries' official positions, with France on one side, and Germany on the other. In the ongoing diplomatic wrangling, Germany is supported by the Czech Republic, Hungary, Austria and Slovakia: home to German car manufacturing hubs, as well as Sweden, looking after its domestic manufacturers. France is supported by Italy, Spain and Romania.

The big divide is over how the EU target of 130g CO_2/km is divided among the makers of smaller and bigger cars. The crucial issues are the "slope of the curve" and the weight vs footprint parameter.

September 2007: The NGO Transport and Environment (T&E) publishes figures which show that new cars sold by members of ACEA in Europe in 2006 emitted 160g/km CO_2 on average. This is down less than half a gram on the previous year. T&E states it's highly unlikely that ACEA will reach the target of 140g/km by 2008.

October 2007: The European Parliament welcomes the Commission's plan to propose legislation. It votes for a target of 125g CO_2/km in 2015, as opposed to the Commission's 130g CO_2/km in 2012, adding further targets of 95g CO_2/km in 2020 and possibly 70g CO_2/km by 2025, subject to a confirmation or review by the Commission.

Nach Annahme der Kommissionsmitteilungen "Ein wettbewerbskompatibles Kfz-Regelungssystem für das 21. Jahrhundert" und "Ergebnisse der Überprüfung der Strategie der Gemeinschaft zur Minderung der CO_2-Emissionen von Personenkraftwagen und leichten Nutzfahrzeugen" haben meine Dienststellen zusammen mit den Dienststellen von Kommissar Dimas mit der Analyse und dem Vergleich der unterschiedlichen regulatorischen Konzepte begonnen, die in anderen Teilen der Welt (USA, Japan, China, Südkorea) in Bezug auf den CO_2-Ausstoß von Pkws gelten. Bevor über etwaige zukünftige obligatorische Standards für den CO_2-Ausstoß von Pkws entschieden wird, wird eine eingehende Untersuchung aller möglichen Konzepte vorgenommen und eine umfassende Konsultation der Interessengruppen durchgeführt werden.

The "slope of the curve" is the line on a graph that measures fleet average weight and CO_2 which defines the overall reduction target for individual manufacturers. The flatter the curve, the more effort required from cars with a greater weight to reduce CO_2, the steeper the curve, the less effort required. Therefore, the Germans proposed a steep curve (80-85%). The French and Italians called for a flatter curve (20-30% maximum), or even no slope at all. In the end the German position dominated, and ACEA lobbied for a 65-75% slope. The Commission adopted a 60% curve.[91]

The same happened in the discussions around parameter. The French and Italians wanted footprint, the Germans and Swedish, weight. An internal Commission document noted: "France and Italy have a preference for a system based on a fleet average target to be met by each manufacturer" whereas Germany's preference was for weight and engine size."[92]

French manufacturers openly broke rank with ACEA's position on weight-based targets. In October 2007, the Low Carbon Vehicle Partnership (CCFA), stated: "The CCFA, France's motor industry trade body says that French carmakers are ahead in the race to reduce CO_2 emissions and that it does not support proposals to differentiate 2012 CO_2 emissions targets on the basis of vehicle weight."[93] Despite the French industry's substantial concerns, in July 2007, ACEA endorsed a car's weight as the most suitable parameter.[94] At this phase, the German lobby had won again.

There was said to be "a clear standoff between the French and the Germans" at the first Ministerial debate in the Environment Council in March 2008.[95] Italy was "especially dissatisfied with the Commission proposal, which has substantially disregarded the calls made by the Environment Council in its June 2007 conclusions. With particular regard to environmental criteria, the establishment of targets differentiated by vehicle mass is inconsistent with the polluter-pays principle enshrined in the Treaty, which is the only way of achieving an effective reduction policy."[96]

During the debate, the German government again attacked the penalties being proposed by the Commission for non-compliance. The Commission had proposed a penalty of €20 per new car for each excess gram of CO_2/km in 2012, rising to €95 g/km in 2015.[97] ACEA had already called the level of penalties being proposed by the Commission as "exorbitant and disproportionate."[98] Matthias Machnig, German secretary of state for the environment, told the other Environment Ministers "We must revisit the levels of the fines. All categories must bear the burden."[99]

"It is difficult to maintain that the heaviest and most powerful cars have an international right to emit more than others" retorted French Environment Minister, Jean-Louis Borloo.[100]

It is likely, however, that a deal between France and Germany will be negotiated over Borloo's head. By March 2008 German Chancellor Merkel and French President Sarkozy agreed to set up a diplomatic working group to try to conclude a bilateral deal on fuel efficiency legislation.[101]

3.3 We will "dismantle" the Commission's proposals

Individual pro-car MEPs are also active in influencing Commission fuel efficiency policy. Two reports steered through the European Parliament by MEPs supportive of the car lobby attempt to push back the implementation date and the g/km limit.

British Conservative MEP Malcolm Harbour is co-chair of the Forum for the Automobile and Society and a member of CARS 21. He has had to deny in the European Parliament that he is a "lobbyist for the car industry."[102] In early 2008 he said "we will work for a compromise that reduces CO_2 emissions from new cars but does not damage the auto industry."[103]

The Independent recently reported that, since 2004, Harbour has been loaned 18 cars, attended Grand Prix races, and received cross-country driving instruction – all courtesy of the car industry. The article also notes that in 2006, another British pro-car MEP, Conservative Martin Callanan accepted a discount from Ford when buying a new car.[104]

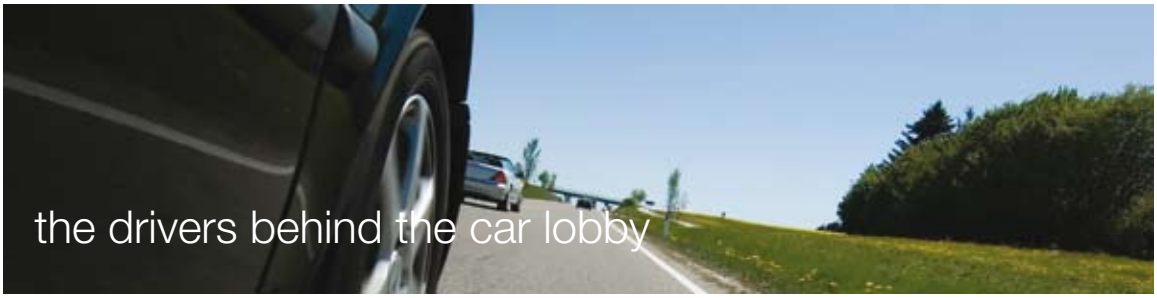
In 2007, Callanan together with British MEP Chris Davies (Liberal Democrat) tabled an amendment for the report on the "Community Strategy to reduce CO_2 emissions from passenger cars and light-commercial vehicles." to put back both the time and limit to 125g CO_2/km by 2015."[105] Critics pointed out that the amendment was worse than what the Commission had proposed of 130g /km by 2012.[106] Green MEPs described the move as "disastrous".[107]

Another key car lobby supporter is German Liberal MEP, Jorgo Chatzimarkakis who led on the European Parliament's response to the CARS 21 report. Chatzimarkakis shares similar views to the domestically powerful VDA.

Chatzimarkakis has publicly talked about "dismantling" the Commission's proposals[108] and that is what his own-initiative report

End of 2007: ACEA's authority as the main voice for the sector seems to be waning, as individual car manufacturers lobby the Commission in support of their different interests.

December 2007: The Commission tables a proposal for legislation to cut CO_2 emissions from new cars to 130g/km on average by 2012 as part of an "integrated approach". Carmakers can balance out gasguzzlers with low emission cars. Carmakers' fleet average targets are differentiated on the basis of vehicle weight. The Commission also proposes to gradually raise penalties for excess emissions up to 2015. The German government attacks the plan as "industry policy" in favour of France and Italy.



did. He reminded "the Commission of the fact that the development of new types of passenger cars takes about 5 to 7 years" and therefore the time for mandatory targets was not before 2015.

Crucially, his draft report argued that, while "an average target of 120g CO_2/km of CO_2 emissions for new passenger cars for 2015 should be achievable … motor technology alone, a target of 135g CO_2/km of CO_2 is realistic."[109] This target gave the car industry three more years and 5g CO_2/km more leeway than the original Commission proposal. In "dismantling" the proposals, he adopted the same position as ACEA had.

German MEP Werner Langen, from the Christian Democratic Union, is responsible for the Industry Committee's contribution to the European Parliament on the Commission's proposals. In his submission he argues vigorously to delay any regulation until 2015, and has proposed to lower penalties even further to just €40 per car (from 2015.[110]

3.4 "We cannot take blue and change it to green"

As political and consumer pressure mounts to reduce CO_2 emissions, car manufacturers' strategy has been to launch and promote "eco-models" and "eco-versions" of traditional models, while simultaneously fighting fuel-efficiency legislation and continuing to build big powerful polluting cars.

This schizophrenic nature of this greenwash offensive has not been lost on commentators. The Economist notes "just now the industry is trying to have it both ways. It is arguing furiously against the European Commission's goal …But at the same time it is talking a green game and showing off new fuel-sipping technologies."[111]

At the Frankfurt motor show, you could order "eco-drinks" at the "Bio-Fuel-Bar", watch Mercedes launch a new model accompanied by a dance of "river and tree spirits" carrying a car made out of branches and leaves, and drink "Bionade" at the launch of Opel's all-electric Flextrem car.[112]

At the 2008 Geneva motor show, Greenpeace calculated that the average emissions of the cars on show were a massive 201g CO_2/km.[113] But this did not stop the car industry heavily promoting itself as going green.

Both BMW and Mercedes-Benz had hybrid cars on show, BMW showing off its "Efficient Dyanmics" system.[114] Despite the green rhetoric, BMW's sales and marketing chief Stefan Krause admits: "We cannot take the blue out of BMW and change it to green."[115]

BMW continues to pump millions of Euros into high-powered petrol engines under its slogan "The Ultimate Driving Machine". The company, along with Mercedes, continues to build cars that are bigger than the ones they replace and have ever more powerful engines. Mercedes is offering high-performance versions of every vehicle it makes.[116]

Mercedes latest model emits 330g CO_2/km.[117] That's 220g above the current Commission proposal – it's a car that should be in a museum, not on a motorway.

3.5 Car industry failing to "take heed of changing mood in public opinion"

In April 2008, Global Insight, one of the world's most respected forecasting companies, noted: "Although it is vital for Europe's performance car manufacturers to take heed of the changing mood in public opinion and an increasingly stringent regulatory environment, there is little concrete evidence yet of a sea change in design and product philosophy."

Despite the fact, for example, that sales of VW's "Blue Motion" series have been so high the company has had to limit supply,[118] CEO Martin Winterkorn plans to add SUVs, pickups and minivans to VW's line-up. Interviewing Winterkorn, Der Spiegel commented: "if we were malicious, we would say that all you want to do is continue the status quo, only adding more horsepower and cylinders. The environmentally-friendly Blue Motion version in each model series is nothing but a front."[119]

But putting up a greenwash smokescreen and continuing with a 'business-as-usual' model is not going to keep car manufacturers competitive in the long term.

Future global market growth for the car industry lies in fuel-efficient vehicles. Mature markets are increasingly shaped by 'reasonable' consumer choices and regulatory constraints, economic considerations means growth markets demand low-consumption cars.

According to The Economist: "Greenery poses more of a problem for BMW, Mercedes, Audi and Porsche. They are exploring every possibility—Porsche is even making a hybrid version of its indecently rapid Cayenne SUV—but they may simply have to make smaller, less powerful cars in future."[120]

January 2008: Wendelin Wiedeking, head of Porsche, attacks the Commission proposal which "largely spares automobile manufacturers in southern Europe and by the same token hampers only German constructors."

January 2008: The Commission releases its climate and energy package to implement the EU's unilateral 20% reduction target of greenhouse gas emissions by 2020 compared to 1990 levels.

conclusion

The climate crisis requires urgent action. Yet, the EU's decision makers have so far allowed themselves to be co-opted by one of the world's largest contributors to the climate crisis – the car industry, particularly German car manufacturers. If they don't stand up to them, Europe is in danger of failing to meet its 2020 emission reductions targets.

A concerted campaign by the car industry, supported by politicians in high places meant that when the Commission published its legislative proposal in December 2007, many car lobby positions including the "Integrated Approach" and weight-based parameters were adopted. The 3-D PR campaign and divide and rule campaign had paid off.

Just as ACEA and the German car industry wanted, the Commission proposed that specific reductions of CO_2 would be measured against a car's weight and not its size. This reduces the scope for efficiency improvements; weight increases have been a major factor in the car industry's failure to reduce CO_2 emissions.

This weakened proposal still wasn't good enough for the car lobby. It continues to campaign to further undermine and delay the legislation.

But it is not too late. MEPs and Government ministers still have a chance to stand up to the lobby and show the real leadership on climate change they claim to have. This autumn they can vote against the weak legislation and stand up to the outdated modes of practice promoted by the car lobby and its misguided supporters.

In order to have a significant impact in bringing down CO_2 emissions from passenger cars the EU regulation must:

- include a mandatory reduction in average CO_2 emissions from new cars to 120g CO_2/km by 2012 and 80g CO_2/km by 2020, with ever-improving targets;
- strengthen incentives for reducing cars weights by using footprint not weight as a parameter;
- discourage violators by setting corporate fleet average limits for each manufacturer, which carry a minimum sanction of €150 per gram over the limit per car sold;
- set CO_2 emission limits for each car, enforced through the EU's type approval legislation, which will ban very high emission cars.

February 2008: ACEA insists that a starting date of 2012 is impossible to meet as "no less than 60% of all cars that will be on the market in 2012 are already in production or in the advanced development stage today." According to ACEA, "the level of penalties is "exorbitant and disproportionate". So-called 'eco-innovations' such as energy efficient headlights should count towards achievement of the manufacturer targets.

February 2008: The French and German governments start bilateral talks to overcome their differences. The starting date and level of penalties are discussed, as well as alternative ways of reducing emissions.

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May 2008: Verheugen openly challenges the 2012 deadline. "While he "fully" supports the commission's plan, he thinks "the European automobile industry will [only] be able to meet the target without great difficulty from 2015."

Autumn 2008: The EU has a chance to stand up to the car lobby and vote for effective fuel efficiency legislation.

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