



New CO2 standards for lorries and expansion of their scope to include buses

COM(2023) 88 final

Executive Summary

- AK is fundamentally committed to the targets under the European Green Deal, which is designed to ensure decarbonisation of the EU by 2050. This process must be designed fairly and support workers as part of a “Just Transition”.
- Heavy-duty vehicles (HDV) – lorries and buses – are responsible for 25% of CO2 emissions from road transport and account for 6% of total EU greenhouse gas emissions. The heavy-duty vehicle sector accounts for 77% of freight transport in the EU, so it is important that it plays its part.
- However, decarbonisation of freight transport can only be successful if it is comprehensive. That includes decoupling economic growth from transport growth, full cost transparency for lorries in terms of infrastructure and external costs, as well as consistent Europe-wide monitoring and compliance with the social and pay provisions prescribed by law and collective agreements.
- The energy-efficient handling of freight transport also requires the expansion of rail freight transport, which is reinforced by legally prescribed modal shift targets, among other measures.
- The ban on the sale of new fossil fuel-powered urban buses from 2030 drastically tightens the procurement quota under the Clean Vehicles Directive. EU funding for public transport operators from the Recovery and Resilience Facility (RFF), which runs until 2025, must be extended at least until 2035, otherwise, the operation and expansion of urban public transport is at massive risk.
- Reduction requirements in five-year increments must not fall below manufacturers’ voluntary commitments. Ambitious targets, especially for 2030 and 2035, are important for the rapid decarbonisation of existing lorries.
- A ban on the sale of new lorries and buses with internal combustion engines should be established at a later date. A cut-off date between 2035 and 2040 should be targeted.
- We welcome the fact that security of supply and the best-bidder principle are taken into account in public procurement procedures for buses. However, the private sector also has to be committed to decarbonisation and security of supply.
- The decarbonisation of buses and lorries must be embedded in a broad industrial policy framework (R&D, supply chain issues, circular economy, charging infrastructure for alternative fuels etc.).

AK's position

General remarks

AK is fundamentally committed to the targets under the Green Deal, which is designed to ensure decarbonisation of the EU by 2050. The associated phase-out of fossil fuels will bring about a profound change in the economy and society, comparable to the industrial revolution. This process must be designed fairly and support workers as part of a "Just Transition". It is vital that every measure is designed to make the best possible contribution to ensuring high employment and the fair distribution of wealth. Otherwise, there is a risk that the necessary changes will not be sufficiently supported by the population and that the climate targets will not be achieved as a result.

The heavy-duty vehicle sector, which accounts for 77% of freight transport in the EU, must therefore also play its part. AK does not deny the importance of technical CO2 regulations for more energy-efficient lorries. However, we would point out that successful decarbonisation of freight transport needs to be more comprehensive. That includes decoupling economic growth from transport growth, full cost transparency for lorries in terms of infrastructure and external costs, as well as consistent Europe-wide controls and compliance with social and pay regulations prescribed by law or collective agreements, such as the Posting of Workers Directive or driving and rest times in road freight transport, which have been fuelled by poor working and pay conditions over the past three decades. However, the expansion of rail freight transport, which must be strengthened by legally prescribed modal shift targets, among other measures, is also crucial for the energy-efficient handling of freight transport. That is also the only way to achieve greater public acceptance of freight transport, especially in sensitive Alpine regions.

Content of the draft

Heavy-duty vehicles (HDV) – lorries and buses – are responsible for 25% of CO2 emissions from road transport and account for 6% of total EU greenhouse gas emissions. To achieve the climate targets under the European Green Deal, the Commission therefore wants to tighten the existing CO2 standards for manufactu-

urers of heavy-duty vehicles from 2030 and extend them to almost all heavy-duty vehicle segments (small lorries, urban and inter-urban buses, trailers). Based on a comparison fleet in 2019/20, the average specific CO2 emissions per kilometre for new heavy-duty vehicles must be reduced by 45% from 2030, by 65% from 2035 and by 90% from 2040. In addition, from 2030 all newly registered urban buses must be zero-emission vehicles. Under the proposal, zero-emission vehicles include battery electric vehicles, fuel-cell and other hydrogen-powered vehicles. Manufacturers cannot use biofuels and synthetic fuels from renewable energy sources to meet CO2 fleet limits. Moreover, under the proposal they will no longer benefit from an easing in reduction targets from 2030 if they have sold a minimum share of zero-emission and low-emission vehicles.

CO2 reduction requirements for manufacturers

Under the proposal, manufacturers must reduce the average specific CO2 emissions per kilometre of new heavy-duty vehicles by 45% from 2030, by 65% from 2035 and by 90% from 2040, based on values from a comparison fleet in 2019/20.

Here, AK wishes to note that the proposal cannot ensure decarbonisation of EU road freight transport by 2050 due to the CO2 reduction requirements in the proposal, the service life of heavy-duty vehicles and renewal of the existing fleet. The CO2 reduction requirements must also be viewed in the context that European commercial vehicle manufacturers have lost their technological edge in zero-emission powertrains compared to global competitors and should be brought back to the forefront by means of the specifications they offer.

The fact that the reduction requirement from 2030 onwards is far below the voluntary commitments of major manufacturers (Scania, Daimler Trucks, Volvo) and could actually be set at 60 % from this target year is clearly to be criticised. The 2030 and 2035 targets are particularly important for fleet renewal with respect to climate neutrality in 2050. Furthermore, distinctions should be made in the rules applying to the various vehicle subgroups in the proposal. For example, it is

almost incomprehensible why small and medium lorries do not have to be zero-emission by 2030. Certain exceptions for „vocational vehicles“ seem plausible from a regulatory perspective. However, not including refuse collection vehicles is questionable, as the Clean Vehicles Directive ((EU) 2019/1161) already sets quotas for zero-emission procurement.

It should also be clarified in the recitals and in the definition of electric vehicles that heavy-duty vehicles can be powered not only by batteries but also by overhead lines. Trolleybuses use mature technology and could be a solution to certain problems (such as dependence on third countries for batteries and cutting consumption of precious metals).

However, AK believes a definitive end to fossil fuel powertrains does not have to be determined in this proposal. The final decision should also consider requirements in other economic blocs, especially China, the USA or California, as well as experiences of the market ramp-up of zero-emission commercial vehicles, but this should be made by 2040 at the latest.

Zero-emission urban buses

The proposed ban on new registrations of fossil-fuelled buses in urban transport represents a further challenge for public transport operators, as they are already faced with the expensive procurement of zero-emission buses in the periods 2021-2025 and 2026-2030 due to the quotas set in the Clean Vehicles Directive. It should be noted that these are considerably more expensive to purchase than diesel buses and require complex infrastructure for refuelling, garaging and accident recovery. AK therefore calls for an extension of funding from Recovery and Resilience Facility (RFF) funds, which is currently only guaranteed until 2025. That is necessary to ensure planning security, expansion and the high-quality operation of public transport.

AK considers possible exemptions that are to be interpreted by the Commission („socio-economic cost-benefit in view of territorial morphology and meteorological circumstance“ (cf. 3b (2) of the proposal)) to be unclear and legally misguided.

Security of supply and tendering for the procurement and use of vehicles in public transport

Art 3c provides that criteria for the use and availability of zero-emission vehicles should also be included in tenders. These availability criteria are to be weighted at 15 to 40% in the bidding process so that the bidder covers risks related to security of supply, for example in the supply chain.

AK is generally in favour of a departure from the lowest bidder principle and the stronger inclusion of social and employment criteria in public procurement. The consideration of security of supply is welcome but it should not only begin with procurement by local authorities and public companies. It is important that this should begin with the manufacturer. Strategic considerations concerning the decarbonisation of lorries and buses, such as dependence on third countries for batteries, should be developed and defined primarily within the framework of a green industrial policy at the EU level. Here, the AK refers to its basic position on the Net Zero Industry Act. The key points are:

- Necessary social conditions for subsidies, support and implementation measures: Above all, this should include location and employment guarantees by beneficiary companies to increase planning security, including for employees.
- Environmental and social standards must be respected when simplifying regulatory, planning and procurement law.
- A sense of proportion is needed in subsidy policy. There is a danger that the subsidy competition within the EU – which has already been criticised by the European Commissioner for Competition Margrethe Vestager and experts – will intensify, with the financially strong Member States benefiting disproportionately. To avoid this, there is a need for a rule to prevent countries going it alone and for subsidy sharing in the framework of joint projects between several Member States. Operating aid and subsidies based on the „watering can principle“ of equal distribution must be the exception. The focus should be on start-up investments with key conditions (such as location and employment guarantees).
- It must be ensured that national tax incentives or concessions granted on the basis of amended state aid rules are based on uniform criteria throughout the EU and also take the interests of employees into account.
- Fair access to new funding for all regions must be ensured. There is likewise a need for a European Sovereignty Fund to compensate for regional disparities that are exacerbated by state aid competition.
- When it comes to the new Net-Zero Industry Platform, the EU social partners must be granted the right to participate. That is the only way to ensure that governance is aligned with comprehensive transformation criteria.
- For employees, a right to further training is also pivotal. That requires the establishment of further

training funds, which companies should also pay into. A further training drive must also be accompanied by legal entitlements, e.g., the right to training and further training during working hours.

- Social, environmental and human rights standards must be placed at the centre of foreign trade policy. Concrete plans are needed on how to advance the decarbonisation of trade and the social and environmental transformation of the entire economy. These must be drawn up without delay.
- AK believes it is important to take into consideration procurement quotas for low-emission commercial vehicles.

Other remarks

The Commission has clearly set out the extent of the environmental problems caused by heavy-duty road transport. However, it would be very short-sighted to focus solely on the emissions of a single new vehicle and completely ignore upstream and downstream processes. Analogous to the CO₂ fleet limits for passenger cars and light-duty vehicles, concepts should at least be developed for heavy-duty vehicles with a view to achieving a more circular economy and ensuring vehicles can be more easily repaired and have longer service lives. In the opinion of AK, it would also be conceivable for manufacturers to be able to claim an EV retrofitting of previously registered commercial vehicles with combustion engines when meeting CO₂ reduction targets.

Other detailed suggestions:

- At present, manufacturers do not tune the engines of heavy-duty and light-duty vehicles to suit the maximum speed of 80 km/h that applies on motorways in most Member States. In the negotiations on the EURO 7 emissions standard, it would be relatively easy to tap CO₂ savings potential by setting appropriate targets.
- Heating and air conditioning on urban buses are not currently included in CO₂ emissions tracking. Here, too, environmentally friendly solutions must be found.
- In the case of trailers and semi-trailers (cf. Art. 3 b), it is not evident whether aggregates for cooling purposes must be operated on a zero-emission basis during temperature-controlled transport. Decarbonisation through recuperation is technically possible.
- The distinction between motor vehicles and engines in the scope of the Non-Road Mobile Machinery (NRMM) Regulation ((EU) 2016/1628) is blurred (non-road mobile machinery, e.g., in mining). Zero-emission

powertrains should be investigated for agricultural vehicles in particular, since they are also used on public roads in the commercial transportation of goods by non-agricultural businesses.



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The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.