



PRAGUE, 13TH FEBRUARY 2024

**The Confederation of Industry of the Czech Republic welcomes the European Commission's European Automotive Action Plan initiative. However, we need to ensure that this initiative delivers real solutions.**

Before addressing the broader issues highlighted in this document, the European Commission must act swiftly to resolve the most pressing legislative bottlenecks within the next weeks, using expedited procedures to prevent undue penalisation of the automotive industry. While this will not resolve the root causes, it will buy crucial time to develop comprehensive, long-term solutions.

### **CO2 regulation**

In the current situation, there is an urgent need to revise the regulation on CO2 performance standards for new passenger cars and new light commercial vehicles.

The current setting of European CO2 targets has a significant impact on the automotive industry, final manufacturers and their suppliers.

The requirements set out in the regulation are more stringent than the European automotive industry is able to meet in the current situation (state of the market, declining car sales, lack of support measures, social impacts and economic stagnation).

### **For these reasons, we have to apply specific measures:**

- 1) Introduce a **5-Year Average Compliance Mechanism** for cars (assess compliance with a five-year average system).
  - a. Alternatively, reinstating **the phase-in mechanism could be considered as a temporary solution** (90% in 2025 and 95% in 2026, similar to that used previously in 2020/2021)
- 2) **Specific measures for Light Commercial Vehicles**
- 3) Early **reassessment of Regulations 2023/851** (cars and vans) and 2024/1610 (HDVs) to ensure **technology neutrality, CO2 neutral fuels, hydrogen and recognise the role of PHEVs** in decarbonisation.
- 4) Infrastructure targets for **alternative fuels** corresponding to the ambition of CO2 regulation
- 5) Reduction of **penalties for HDVs**, as current fines are significantly higher than those for LDVs.
  - a. Revenues from fines in general should also be used to support the transition to clean mobility and the decarbonisation of the sector
- 6) Incentive system of **ZLEV benchmarks, phase-in mechanisms and super-credits** for low emission vehicles

### **Utility Factor for PHEVs**

There is a need to stabilise the methodology of the Utility Factor. The goal must be maintain the EU 6 EB parameter of 2 200 km and update assumptions to be consistent with current state-of-the-art PHEV technology.

### **EURO 7**

Significant delays in the implementation of EURO 7 (secondary legislation) need to be addressed. Therefore, it is necessary to introduce a temporary type approval mechanism for the certification of new vehicle types and to set the transition deadlines in line with the possibilities of the car industry.

### **Regulatory policy**

There is also a need to significantly reduce the administrative burden, not to introduce new regulations, to simplify and harmonise regulations and to help industry to meet regulatory requirements. The EC has significant shortcomings in impact assessment in general, but specifically in the area of environmental objectives, as demonstrated, among other things, in the adoption of the current regulation of CO2 performance standards.

### **European environment**

It is crucial to ensure that the right conditions are created to maintain the competitiveness of car production in the EU. For Example, the EU urgently needs to address its significantly higher energy prices compared to its main global competitors.

On behalf of the Confederation of Industry of the Czech Republic, we assess the European Green Deal as strict and in many cases unrealistic. We do not question climate change or the need to reduce emissions, but we point out that this must not mean de-industrialisation. For example, we are concerned about the impact of the possible introduction of a 90% emissions reduction target for 2040.

On the other hand, investment in new low-carbon and RES sources and grid capacity needs to be supported and scaled up. This will benefit not only the automotive sector, but also the whole of European industry and EU households. Further measures are needed to prioritise and simplify the permission process and realisation of these investments.

It is also necessary to ensure access to critical raw materials or new technologies. The EU must also adopt sufficient positive incentives to decarbonise and help companies to make the green transformation happen.