

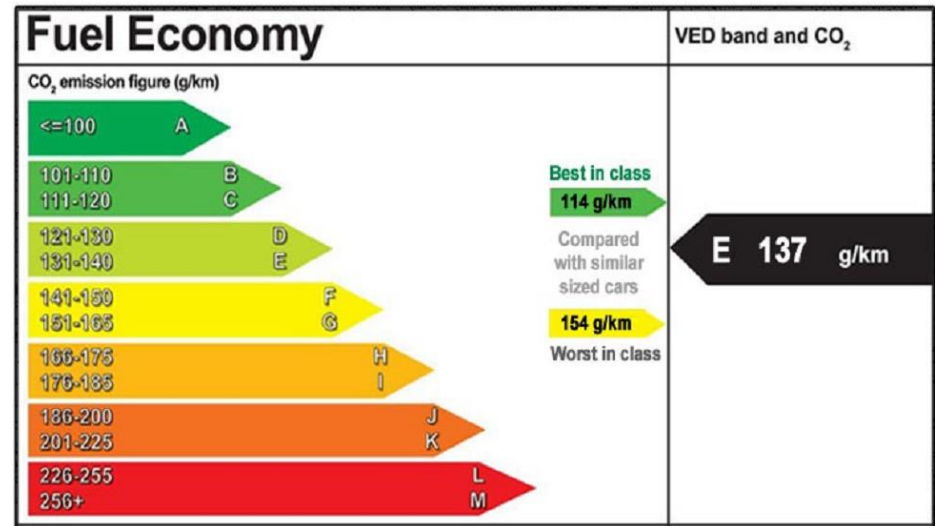
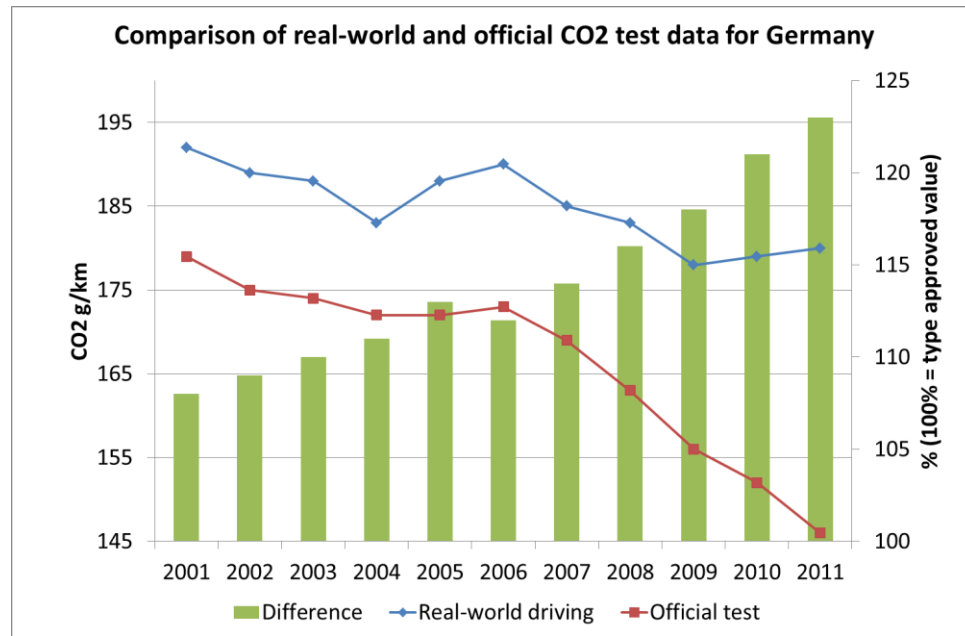
Aligning Incentives for GHG Emissions Reductions

Greg Archer, Transport & Environment

CEPS Workshop
2nd July 2013, Brussels

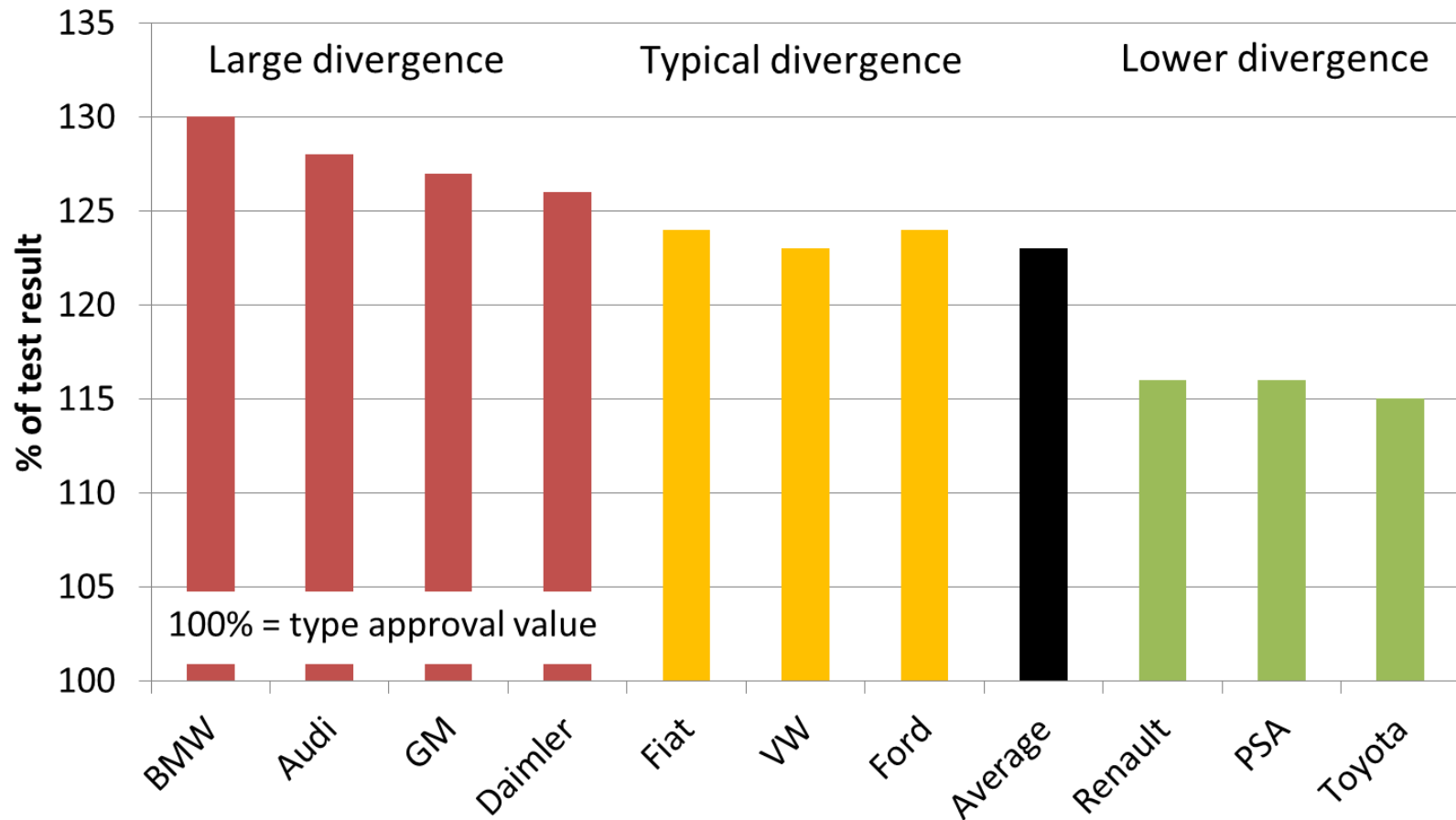
Key Messages

- A robust system of testing is a prerequisite of aligned incentives
- Taxation systems should effectively encourage the purchase of low carbon models
 - Grants should not be used to support car purchase
- Clear labelling systems can complement fiscal incentives

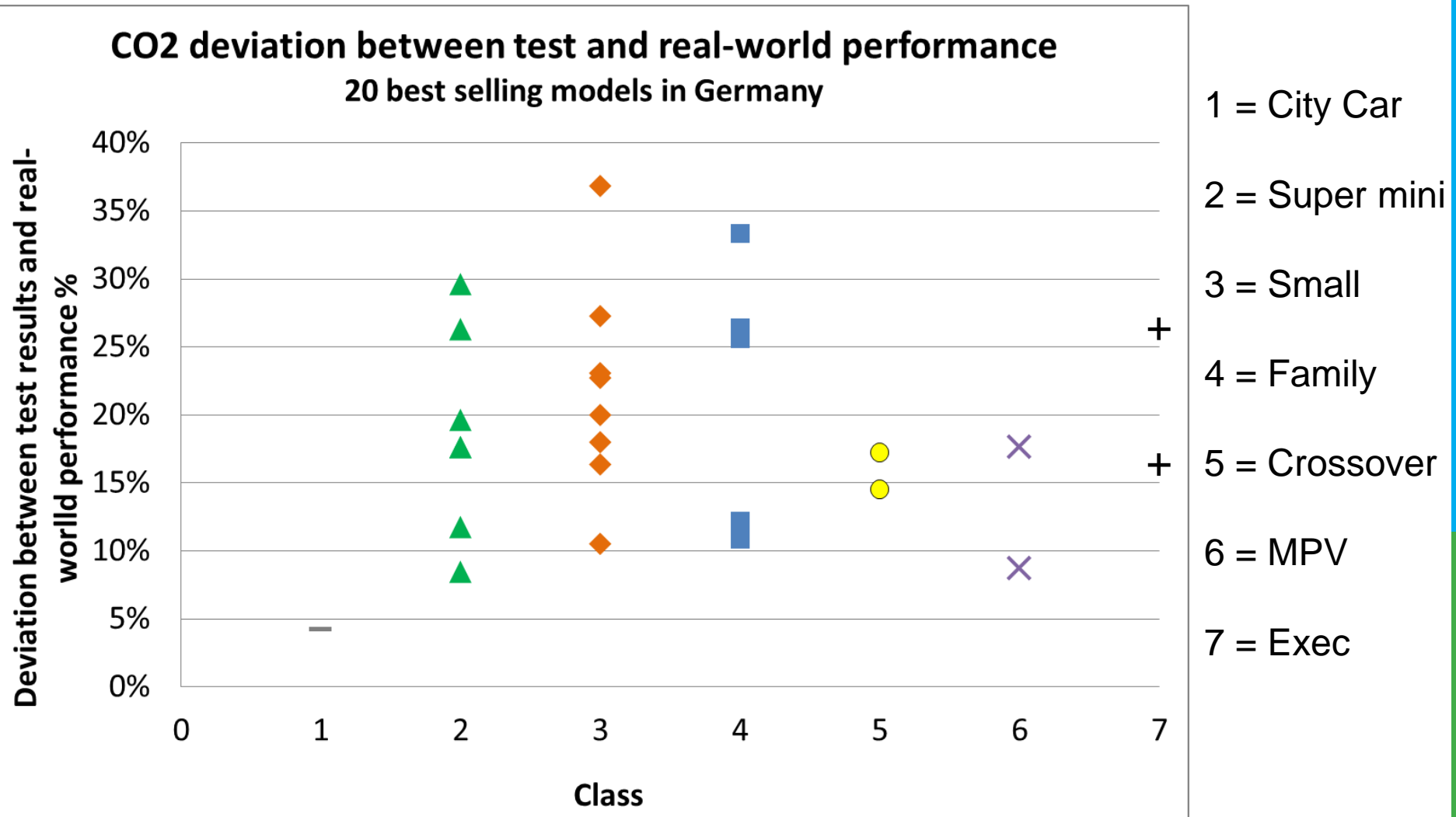


The average deviation between test and real-world performance varies widely

Divergence of average real-world and test CO2 emissions



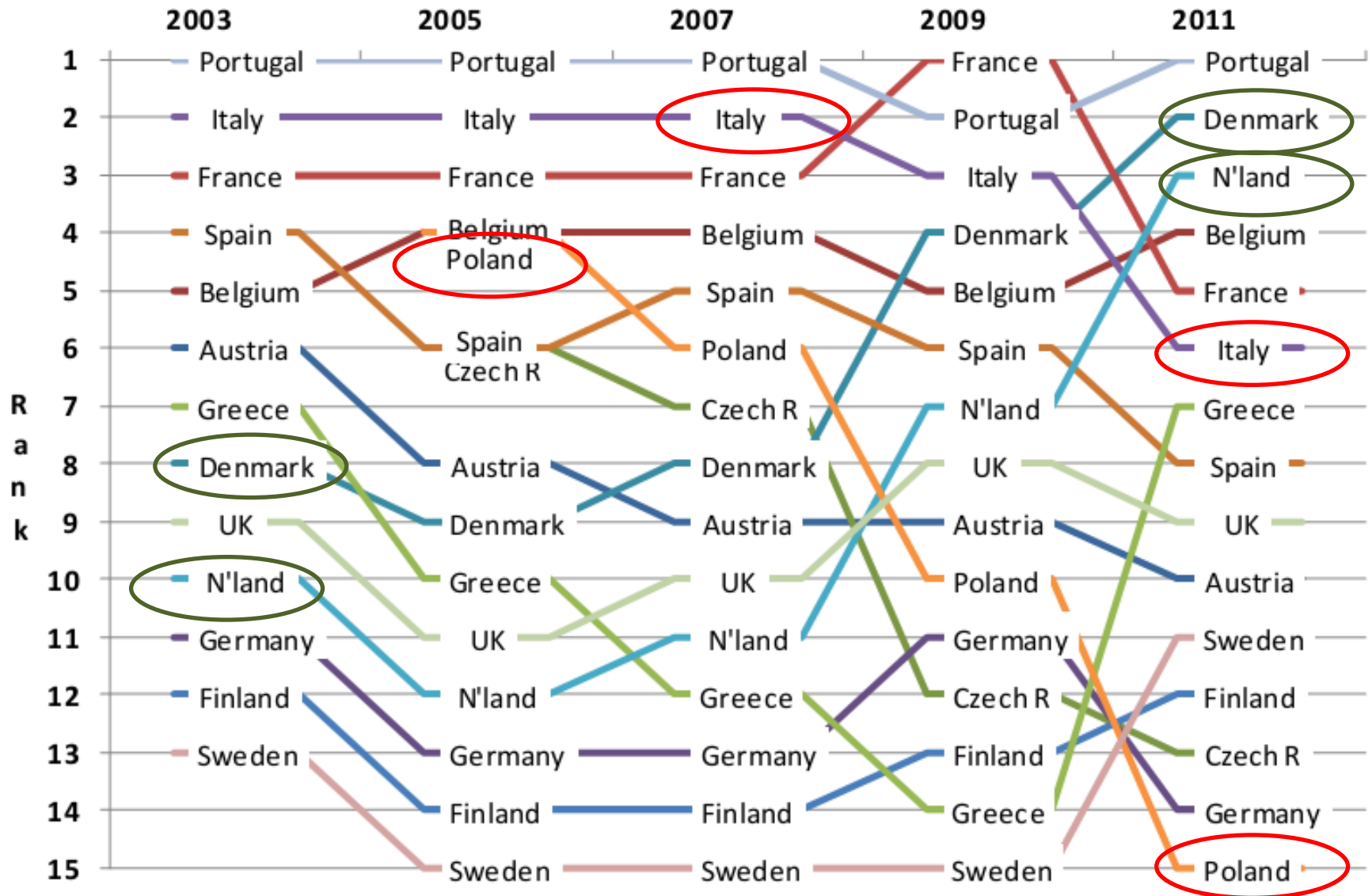
Manipulation of test results distorts the market



A portfolio of actions is needed to address testing limitations

1. Close the current loopholes in NEDC
2. WLTP from 2017 :
 - Include auxiliary equipment energy use
 - Be representative of average drivers
 - Prevents future manipulation – strengthen Conformity of Production (<4% deviation)
3. Calibrate future targets WITHOUT rewarding current manipulation
4. Increase consistency and independence of type approval and conformity of production
 - EU Type Approval Authority
5. Ensure consumer information is based upon representative figures by applying adjustment factors

Country rank of EU new car CO₂ emissions



Principles of effective fiscal incentives

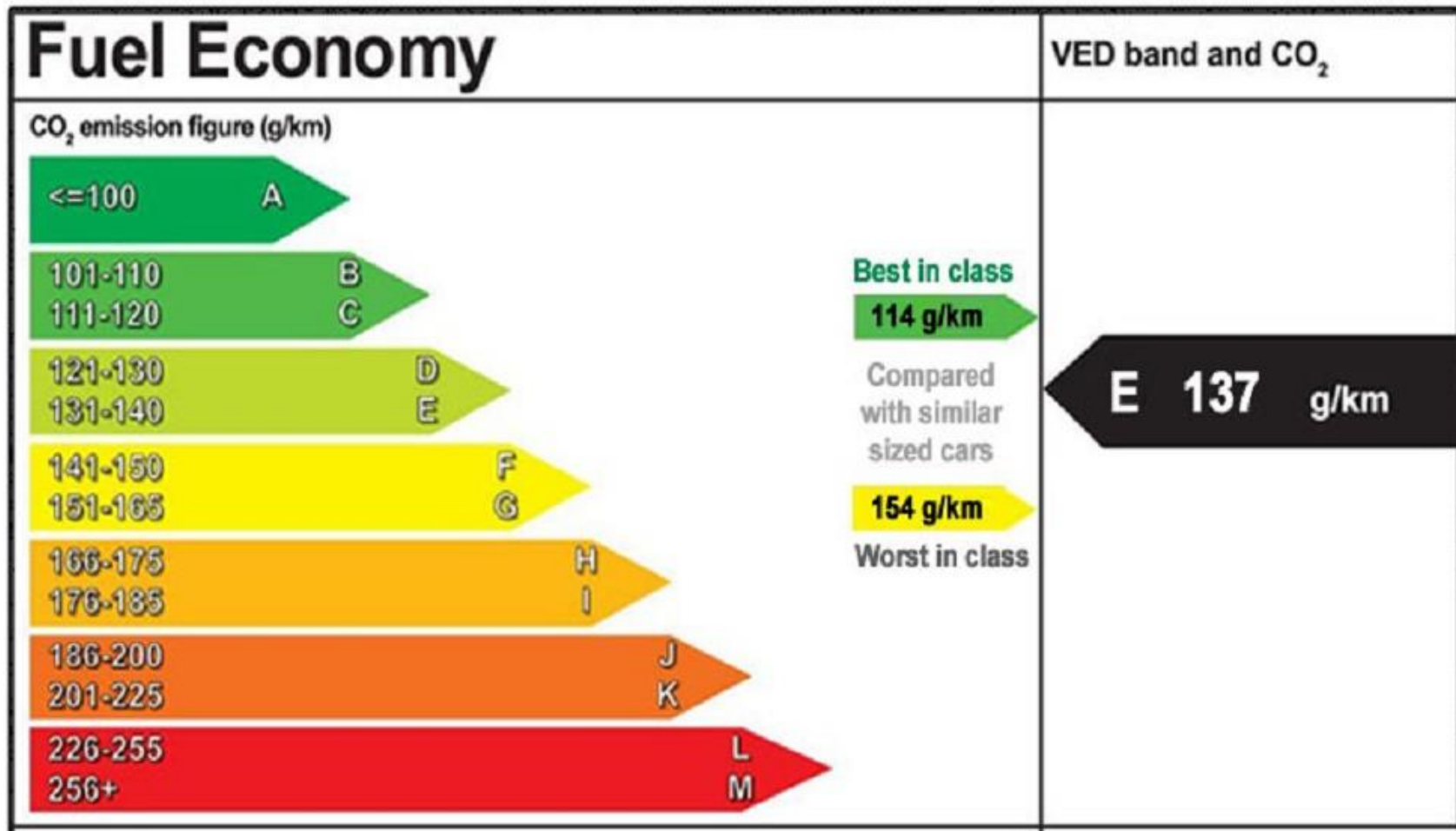
More effective

- Large tax differentials
- Purchase taxes & company car tax schemes strongly graduated by CO2
- Bonus – mallus
- Equal taxation of petrol and diesel

Less effective

- Purchase grants
- Weakly graduated circulation taxes (also regressive)
- Weak graduation
- Diesel tax breaks

A absolute labelling scheme should be adopted that enables comparison of vehicles within market segment



Principles of good label design

More effective

- Absolute
- Real-world
- Fuel economy
- Simple design
- Linked to national taxes
- Comparative information
- € per km
- QR code
- Electric range

Less effective

- Relative
- Test results
- CO₂
- Text and number heavy
- Uniform EU-wide
- No comparisons
- No running cost information
- Disclaimers
- Wh/km

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