

CO₂ gap, labelling and fiscal instruments: BE case study

Pierre Courbe

Fédération Inter-Environnement Wallonie

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Labelling: a true Belgian story



THE STORY IN BRIEF

Labelling directive 1999/94/EC

« *Information relating to the fuel economy and CO₂ emissions of new passenger cars [...] is made available to consumers in order to enable consumers to make an informed choice.* »

⇒ Royal decree of 05 September 2001

Commission recommendation (EU) 2017/948 (31 May 2017)

From 01 January 2019, only WLTP values should be used for consumer information

⇒ Project of royal decree (27 July 2017)

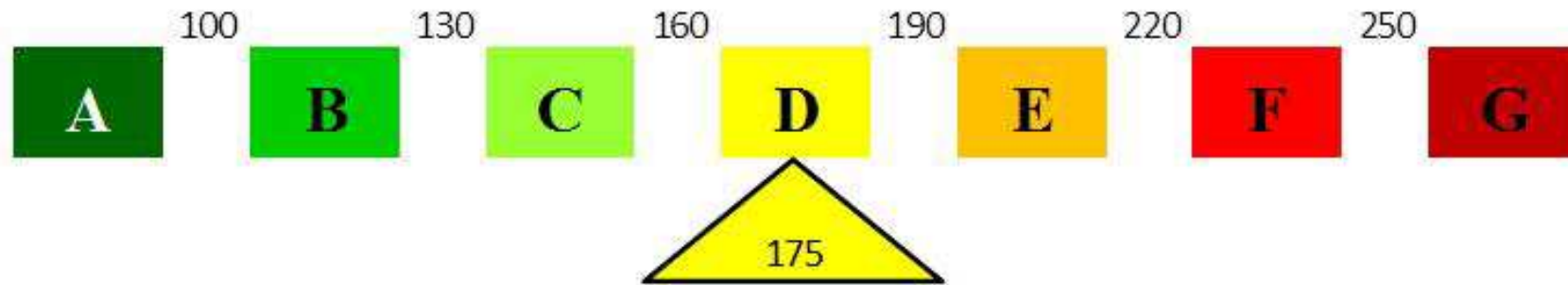
Joint statement of 3 consulting bodies (CFDD, CCE, CSC)

Consumer information at risk: the average value of the scale is too high, the NEDC-WLTP conversion doesn't take into account the JRC's study

⇒ Royal decree of 17 December 2017 adopted without any change

ROYAL DECREE OF 2001

- 2 CO₂ colored scales: 1 for petrol, 1 for diesel
- 7 categories for each scale, from dark green to dark red
- Each scale centered on average emissions of new passenger cars sold in 2001 (175 g/km for petrol cars)



CO₂ scale for petrol engines according to royal decree of 2001

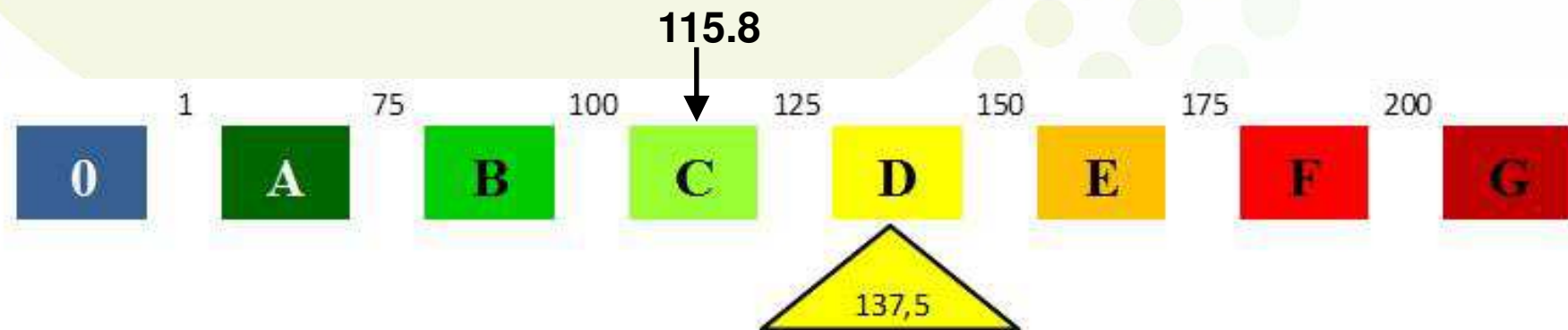
NEDC – WLTP CONVERSION

According to JRC (*From NEDC to WLTP: effect on the type-approval CO₂ emissions of light-duty vehicles, 2017*):

- WLTP values are, on average, 1.21 times higher than NEDC values
- Conversion factor higher for low emissions than for high ones
- Conversion formula: $\text{Emissions}_{\text{WLTP}} = (0.808 \times \text{Emissions}_{\text{NEDC}}) + 48.275$

ROYAL DECREE OF 2017 (1)

- One CO₂ colored scale (same for petrol and diesel): normal as the CO₂ gap between the 2 fuels is closing
- An 8th category is added (blue, for ZEVs)
- NEDC scale until 1st September 2019, WLTP scale thereafter
- The yellow box of the NEDC scale is centered on 137.5 g/km while average emissions of new passenger cars sold in BE in 2016 is 115.8 g/km



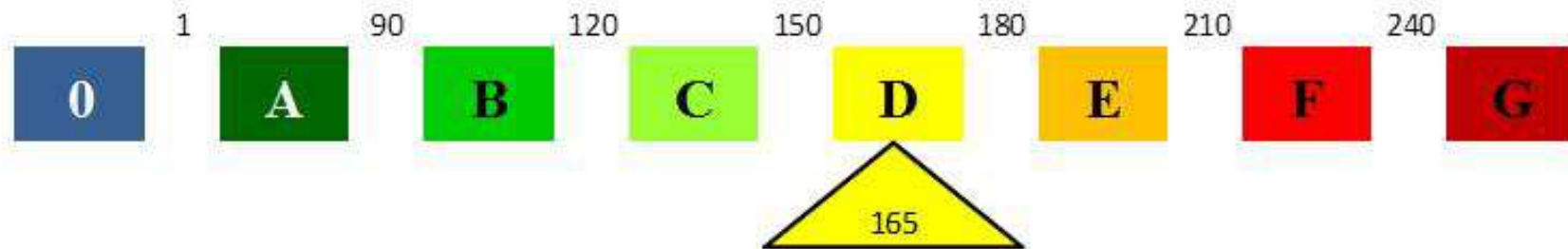
NEDC CO₂ scale according to royal decree of 2017

ROYAL DECREE OF 2017 (2)

- WLTP scale: all values multiplied by 1.2 => center of the scale: 165 g/km WLTP

BUT

- According to JRC, conversion is NOT linear
- The 2021 objective (95 g/km NEDC) equals:
 - 114 g/km WLTP (factor 1.2)
 - Or 125 g/km WLTP (JRC formula)



WLTP CO₂ scale according to royal decree of 2017

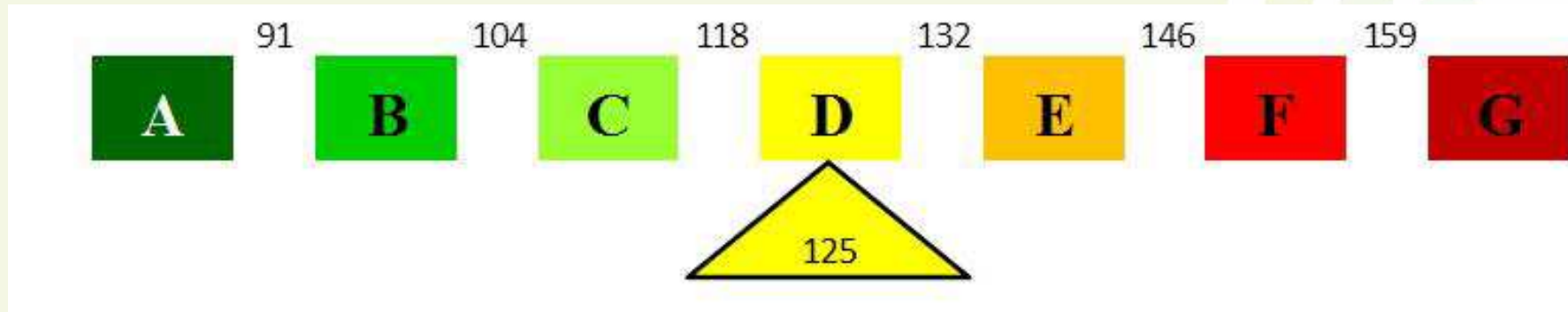
IEW PROPOSAL (1)

	A		B		C		D		E		F		G
Petrol 2001		100		130		160	175	190		220		250	
Diesel 2001		85		115		145	160	175		205		235	
Average 2001		92.5		123		153	167.5	183		213		243	
NEDC 2021		52.5		69.5		86.5	95	104		121		138	
WLTP 2021		91		104		118	125	132		146		159	

- Center of 4th row : 2021 objective
- Values of 4th row = values of 3rd row multiplied by $(95/167.5)$
- Values of 5th row = values of 4th row multiplied by JRC formula

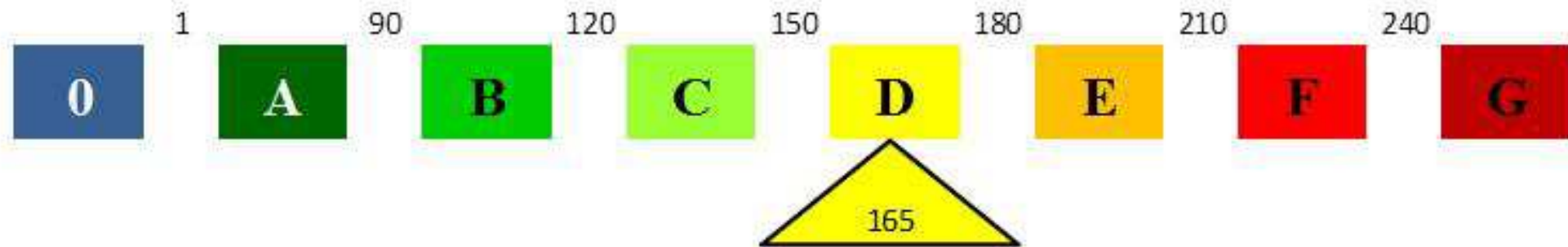
IEW PROPOSAL (2)

« Enable consumers to make an informed choice » (labelling directive)



WLTP CO₂ scale according to IEW proposal...

... and to royal decree of 2017



CO₂ emissions and fiscalty



COMPANY CARS IN BE

Company cars = benefit in kind

The value of the benefit in kind is calculated on the basis of CO₂ emissions

As the CO₂ emissions decreased artificially fast, so did the benefit in kind

⇒ That increased the attractiveness of company cars

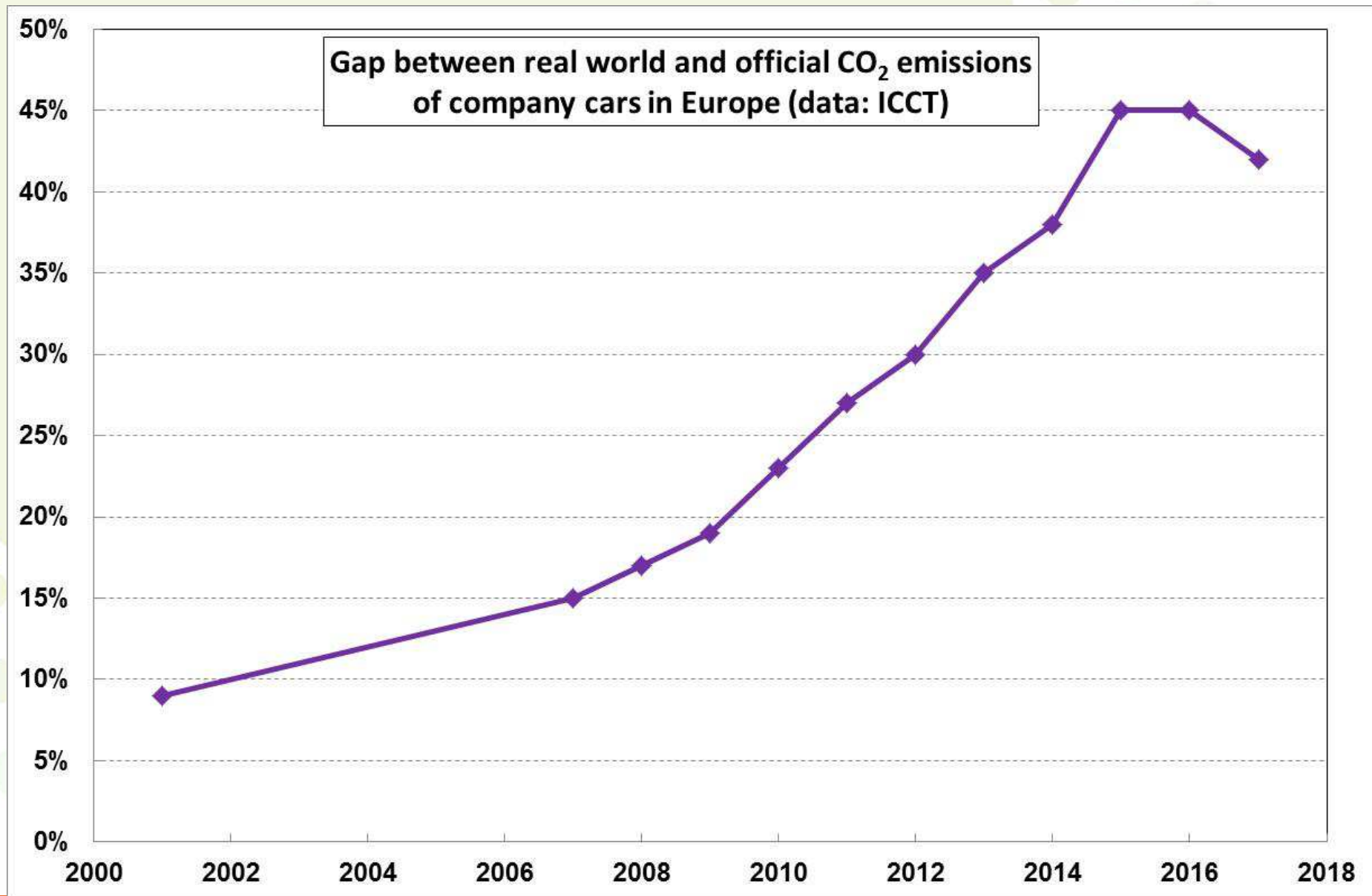
Employers pay limited contributions to social security, based on CO₂ emissions and called « solidarity contribution »

For diesel cars: monthly contribution = $((\text{CO}_2 \times 9) - 600) \times 1.2488 / 12$

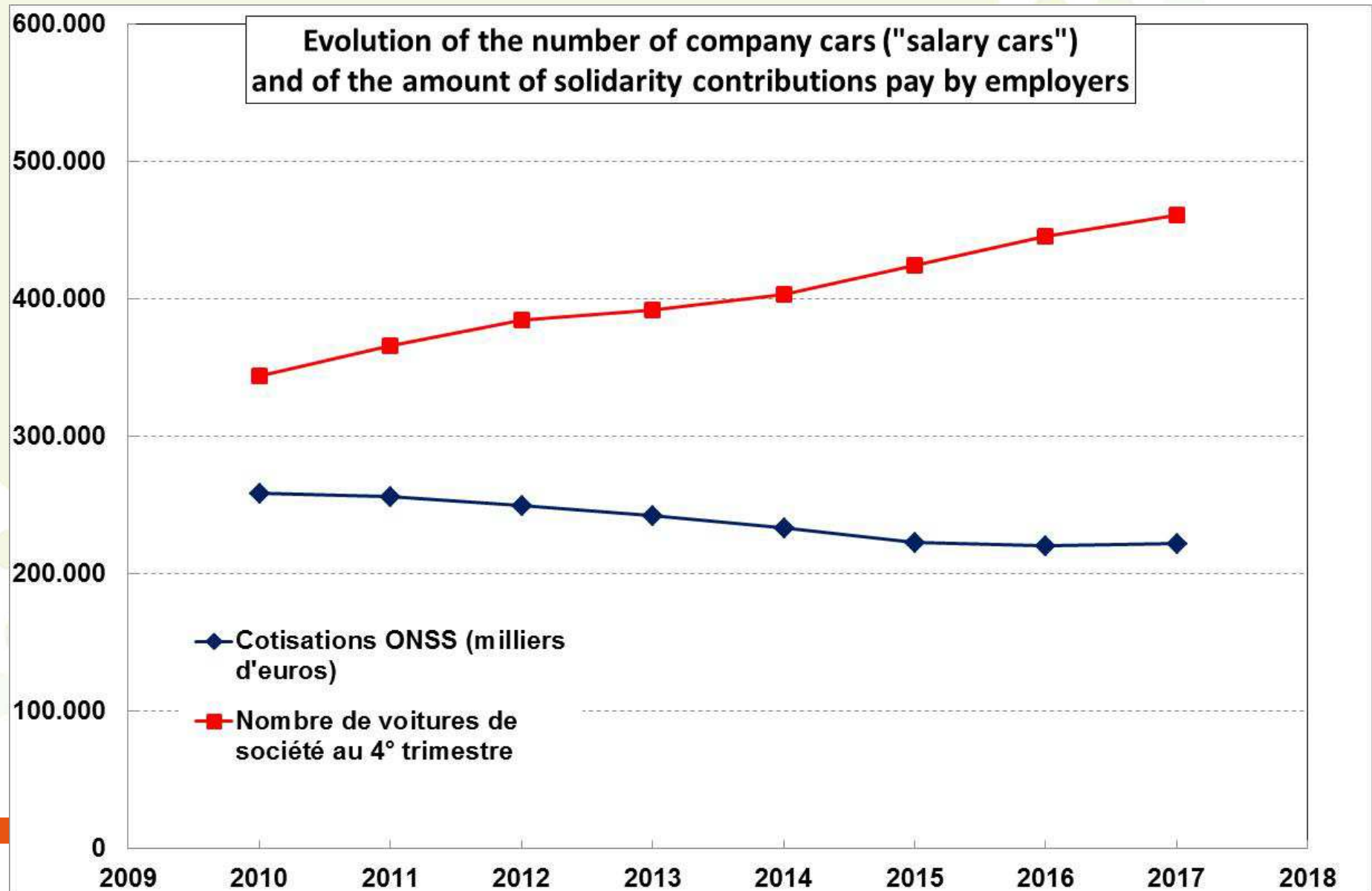
As the CO₂ gap between official and real world emissions widened, the solidarity contribution artificially decreased

⇒ That created a loss of revenue for social safety

THE CO₂ GAP



MORE COMPANY CARS, LESS REVENUES FOR SOCIAL SAFETY



WHAT IF?...

What would have happened if the CO₂ gap of company cars have remained at its 2001 level (9%) instead of increasing?



To conclude



WHAT TO DO?

Public authorities

- Amend the labelling legislation in order to enable consumers to make an informed choice
- Do not base fiscal instruments on unreliable data:
 - « *Results of new car emissions tests too unreliable to base taxes on* » (T&E, 2018)
 - Mass and mechanical power are reliable data that directly influence the energy consumption

Citizens/consumers

- Put pressure on public authorities to get reliable information
- Take manufacturers to court ?

Thank you

Pierre Courbe

Chargé de mission mobilité

081 / 390 759

p.courbe@iew.be

www.iew.be

www.lisacar.eu

