



*EU Environmental Policy Briefing**

Surprise Parliament Vote on Cars and CO₂ Regulation

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Last week, MEPs in the European Parliament's Environment (ENVI) Committee took most observers by surprise by voting down an 'industry-friendly' compromise proposal that had been agreed between the EPP-ED (conservative) and Socialist groups. The compromise was the result of hard bargaining between the rapporteurs in the ENVI and Industry Committees, intended to pave the way for a swift agreement in Plenary at first reading as part of the enhanced cooperation process that is being used to hurry through the components of the climate and energy package before the Commission and Parliament are dissolved next year.

However, many were unhappy that the ENVI rapporteur (Italian socialist Guido Sacconi) had conceded far too much ground in developing the composite compromise amendments on which the Committee was to vote, and that this would have diluted the Commission's original plans by awarding carmakers a three-year phase-in period, rather than enforcing a relatively strict 2012 deadline as the Commission originally proposed. The phase-in would have required that only 60 per cent of each carmaker's sales would need to meet the 130g/km target in 2012, increasing towards full compliance in 2015. Fine levels would also have been reduced. This had been presented by industry lobbyists as a means of injecting some 'flexibility' into the Commission's proposed timetable, but more recent analysis (including a report by IEEP) led an increasing number of MEPs to realise that the combined effect of these flexibility mechanisms would be that most carmakers would have to do virtually nothing to meet the 130g target until 2015 rather than 2012 as originally intended.

The tense voting session began with Green MEPs insisting that the Committee votes on the key proposals should be recorded by name (usually it is done just by a 'show of hands') and this demand was then supported by a number of members from other parties. This in itself may have swayed some voters, and in the end the compromise proposals were all decisively voted down, with votes against from across the political spectrum, as conservatives and socialists both switched to the green and liberal positions. Most other amendments were also rejected, and as a result the Commission's original proposals survived largely intact. However MEPs did vote to insert a second and much more stringent target of 95g/km for 2020; and in this respect

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the Parliament's position is considerably more demanding than that of the Commission's proposal.

This amounted to a fairly stunning victory for the environmental lobbyists and a serious setback for industry interests. However, it is still very unclear what will be the outcome. The ENVI Committee is the lead on this dossier, with the other committees including Industry only giving opinions, but in these circumstances there is no guarantee that the Committee's position will prevail in the Plenary session, as views are deeply divided and intense lobbying is likely now to continue up to a probable first reading Plenary vote in November.

Meanwhile, the French Presidency has published its own proposals for a political agreement in the Council. This too incorporates many of the same 'flexibilities' that were initially proposed in the Parliament. In addition France is also proposing reduced fines for offenders that only slightly exceed their targets, and wants extra credits for carmakers if they use innovative methods to reduce CO₂ or sell electric and other very low-emission vehicles. They suggest that a longer-term target should be somewhere in the range of 95-110g/km for 2020.

The French proposal largely reflects a deal reached behind closed doors between French President Sarkozy and German Chancellor Merkel earlier in the year. Some other Member States have complained that this deal is undemocratic and it is particularly bad form for the Presidency to behave in such an obviously partisan way. However few have thus far been willing to speak out openly against the will of Europe's two biggest carmakers – ie France and Germany. It remains to be seen whether events in the Parliament might change the mood.

Malcolm Fergusson, Senior Fellow
mfergusson@ieep.eu

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