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Brussels, 14th December 2022

Subject: Euro VII and CO2 regulations for heavy-duty vehicles

Dear Executive Vice-President Timmermans,

We are writing to express deep concerns about two critical regulations affecting Europe's manufacturers of heavy-duty vehicles: the recently proposed Euro VII regulation and the upcoming proposal for revised CO2 emission standards.

We, as European commercial vehicle manufacturers are well on our way towards rapid decarbonisation of road transport. **We are strongly committed to provide the right vehicles to swiftly move Europe's road transport industry into fossil-free solutions by 2040, focussed on battery-electric and hydrogen-powered vehicles.** Making this transition happen, is a huge challenge not only for vehicle manufacturers but also the energy sector, infrastructure providers and transport operators. All of us are **heavily reliant on a coherent policy framework** that includes the right charging and refuelling infrastructure, supportive and well-synchronised vehicle regulations, and a comprehensive carbon pricing mechanism.

Key building blocks of such a policy framework have been proposed with the 'Fit-for-55' package. However, all of the key regulations that will help convince our customers to invest in and profitably operate the new powertrain vehicles, including AFIR and the ETS-2, are still awaiting adoption in the interinstitutional process. Moreover, co-legislators have unfortunately shown a remarkably low level of ambition to match and complement the ambition level set by, and for, vehicle manufacturers and our partners in the value chain.

With our industry's focus on decarbonisation, we are deeply concerned that the recent proposal for a Euro VII regulation for heavy-duty vehicles carries **major risks of slowing down the transition to climate neutrality**. Indeed, the proposal completely neglects the accelerating shift to zero-emission vehicles which, by itself in combination with the latest Euro VI vehicles, will bring substantial reductions of exhaust emissions from the heavy-duty fleet. [Recent studies](#), which take account of our ambitious decarbonisation trajectories, have shown

that Euro VII will only provide very marginal additional benefits to air quality which will easily be dwarfed by even slightly higher fleet renewal ambitions. However, to comply with Euro VII, truck makers and their wider supply chain will have to move substantial engineering and financial resources from battery and fuel-cell electric technologies back to the internal combustion engine. This is detrimental to our efforts to swiftly decarbonise road transport.

Moreover, the proposal is **creating alarming risks for a level playing field for Europe** in relation to other, non-European players in our industry. It also comes at a time when other major markets, like the United States, are establishing a policy framework which aims to accelerate the transition to fossil-free alternatives by creating an attractive investment environment for the industry. Commercial vehicle manufacturers are truly global players with their home bases in Europe, implementing new technologies wherever market conditions and policy framework allow and support the shift. We continue to stand firmly behind the European Union's Green Deal objectives to ensure Europe takes a leading role in the transition to a fossil-free road transport industry.

Therefore, we urge you to help **create a targeted policy approach, tailor-made for Europe's commercial vehicle industry**, that is effective and cost-beneficial, while addressing the huge challenges of transitioning Europe's transport and logistics sector.

With respect to the upcoming CO2 regulation, this means:

- Setting a fixed **2030 target in line with the industry's ambitious, yet feasible decarbonisation pathway** while taking into account that major uncertainties of crucial enabling conditions persist. We refer to our joint ambition published [here](#) and [here](#).
- Setting targets for 2035 and 2040 while ensuring they will be reviewed again in due time to assess the state of the enabling conditions.
- **Not considering a general ICE phase-out date or the setting of a 100% target** because internal combustion engines, powered by fossil-free fuels, will continue to play an important long-term role in a small, but important range of heavy-duty applications.
- Improving the credit/ debit system and extending it beyond 2030 to help mitigate uncertainties of the transition.
- Adding zero-emission driving range as a parameter to an improved ZEV incentive system to ensure it is focused on innovation while maintaining the current principle until 2030.

With respect to the heavy-duty vehicle elements of the proposed Euro VII regulation, this means:

- **Synchronising and aligning the Euro VII regulation and the CO2 emission targets** for 2030 as well as other key regulatory requirements impacting heavy-duty vehicles, so that industry can streamline developments into one strategic pathway, not multiple development pathways.

- Revisiting the proposed Euro VII heavy-duty emission limits to something that is proportionate and which industry can deliver without disrupting our efforts towards zero emissions. We refer again to the [proposal](#) that ACEA made to Commissioner Breton last year.
- Updating the Euro VII impact assessment with a baseline that reflects the industry's decarbonisation pathways and the heavy-duty CO2 proposal.

Euro VII and CO2 standards for heavy-duty vehicles cannot be looked at in isolation from one another. The focus should be on the real drivers and bottlenecks, including measures that enable our customers to accelerate fleet renewal and prioritise investments in fossil-free solutions, such as battery-electric and hydrogen-powered vehicles. Europe should therefore aim for a pragmatic, progressive and technology-neutral approach that ensures scalable solutions can serve as the global pacesetter without misleading detours, such as the Euro VII proposal.

We thank you for your consideration and kindly request to meet with us at your earliest convenience to discuss all of the important points above.

Best regards,

Martin Lundstedt
CEO & President Volvo Group
Chairman, ACEA Commercial Vehicle Board

Sigrid de Vries
Director General
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