



COMMISSION OF THE EUROPEAN COMMUNITIES

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98/0272 (SYN)

Proposal for a
COUNCIL DIRECTIVE

relating to the availability of consumer information on fuel economy in respect of the
marketing of new passenger cars

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. BACKGROUND

1.1 Carbon Dioxide (CO₂) emissions and road transport

In the context of world-wide efforts to combat global climate change and as a party to the United Nations Framework Convention on Climate Change the Community has committed itself to stabilising CO₂ emissions at 1990 levels by the year 2000. However, it is recognised by the Community that in order to reduce the risk of a dangerous, anthropogenic interference with the climate system reductions of greenhouse gas emissions will be required in industrialised countries in the medium term. Indeed, at the Conference of the Parties to the UNFCCC held in Kyoto in December 1997 the Community accepted a target contained in the Protocol to reduce its emissions of a basket of six greenhouse gases, including CO₂, by 8% by 2008-2012 relative to the levels in 1990.

With regard to the above, the trends in CO₂ emissions from transport, and road transport in particular, are a special cause for concern as they continue to experience strong growth. Passenger cars account for about half of all CO₂ emissions from the transport sector and approximately 12% of CO₂ emissions from all sources in the EU.

1.2 The Community's CO₂/cars strategy

While there was a clear trend of fuel efficiency improvement until the mid 1980s, average fuel consumption per kilometre has remained the same since then. The average specific emissions of CO₂ from the current passenger car fleet is estimated at approximately 186 g/km as determined by Commission Directive 93/116/EC¹, of 17 December 1993 relating to the fuel consumption of motor vehicles.

The Community's strategy to reduce CO₂ emissions from passenger cars through improved fuel economy, as proposed by the Commission² and endorsed by the Council³, includes an objective for new passenger cars to attain an average specific emission of CO₂ of 120 g/km by 2005 (2010 at the latest). The CO₂/cars strategy consists of three pillars, namely, an environmental agreement with the manufacturers, fiscal measures and a fuel economy information scheme to influence consumer choice.

The establishment of a consumer information scheme for new passenger cars is integral in the development of the Community's CO₂/cars strategy. As such, it is a measure designed to support and complement any agreement that is reached with the automobile manufacturers; discussions between the Commission and the automobile manufacturers, on the question of a possible agreement, are still in progress. However, even if an agreement were not reached and legislation was instead put into

¹ OJ L 329, 30.12.1993, p. 39.

² Communication on a Community Strategy to reduce CO₂ emissions from passenger cars and improve fuel economy, COM(95) 689 final.

³ Council Conclusions of 25 June 1996.

place, a consumer information system would still be required. This arises from the fact that the attainment of the 120 g CO₂/km target will depend not only on technological improvements in vehicles (achieved by an agreement or limit values) but also on the future development of the new car market. For example, if there is a general shift by consumers to "upscale" their vehicles then the benefits arising from reduced emissions from individual cars may be negated by the overall shift to less fuel efficient models. Therefore, supporting measures, such as consumer information (including fuel economy labels) and fiscal measures, will still be required to attain the Community's desired objective.

1.3 Views of the Council

In its conclusions of 25 June 1996 the Council stated that a CO₂ emissions consumer information scheme would be an important and useful measure to influence consumer choice. As such the Council considered that it would be required to support and complement an agreement with the automotive industry to reduce the CO₂ emissions of their vehicles. The Council welcomed the Commission's intention to come forward with a legislative proposal in this area.

1.4 Joint Industry/ECMT declaration

At the Ministerial Session of the European Conference of Ministers of Transport (ECMT) held in Vienna on 8 June 1995, both Ministers and the automotive industry signed a declaration to work together to reduce substantially CO₂ emissions from new cars. As a part of the declaration Industry undertook to promote energy efficiency as a sales argument and not to use the concepts of power, acceleration and maximum speed.

2. VIEWS OF INTERESTED PARTIES

2.1 Experts meeting

A meeting of experts from the Member States (attended by experts from Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Sweden, UK), the automotive industry, the European Conference of Ministers of Transport (ECMT) and non-governmental organisations was held on 27 January 1998 to aid the Commission in the development of its proposal. There was no clear agreement on the precise content of a fuel economy label. However, there was general support from those present for the Commission to prepare a "simple" proposal that could be implemented quickly by the Member States and that refinement of the label could take place at a later date if required.

One of the key issues regarding a fuel economy label, and where consensus is lacking, is the presentation of comparative information on fuel economy. The choices are to present an absolute comparison of a car's fuel consumption against all others on the market (i.e. 'large' cars versus 'small' cars) or alternatively to present a comparison only between 'similar' vehicles. For the latter approach it is first necessary to decide on which basis cars shall be selected for comparison (e.g. mass, engine capacity, power, interior volume, length x width, etc.). A disadvantage with this method is that some large cars could receive a better classification than smaller cars with a better fuel economy simply because the comparison is restricted to a small subset of all the cars on the market. On the other hand, a comparison of a

specific car model against all others on the market may not be relevant to a consumer who has already decided which class of vehicle is appropriate to their needs.

At the meeting, experts expressed preferences for both approaches and suggested various ways to select similar vehicles for comparison, but there was no clear consensus as to the most appropriate approach.

Since not all Member States were able to send experts to the meeting on the 27 January 1998, the Commission solicited comments in writing from those who had not been present. Greece, Ireland and Luxembourg replied to the request and supported a fuel economy consumer information scheme but had no further specific observations to make.

2.2 Views from industry

The Commission sought the view of both the European Committee for Motor Trades and Repairs (CECRA) and the European Automobile Manufacturers Association (ACEA). Both CECRA and ACEA expressed general support for a fuel economy consumer information scheme. However, they did have certain specific comments about the information scheme and where appropriate these comments have been reflected in the proposal.

3. THE PROPOSED DIRECTIVE

3.1 Objectives

The aim of the Directive is to provide potential purchasers of new passenger cars with the relevant information on fuel consumption in an effort to influence their choice towards more fuel efficient models. Such information will provide useful support to the measures being taken or planned by manufacturers to improve the fuel economy of their vehicles and to those Member States that have introduced or plan to introduce fiscal measures aimed at influencing the market for more fuel efficient vehicles.

Obviously choosing a small car in preference to a larger car will bring benefits in terms of reduced CO₂ emissions, reduced fuel consumption and reduced motoring costs. Awareness raising and consumer information will persuade some purchasers to accept smaller or less luxurious cars ("downsizing"). However, consumer preference is also formed by lifestyle and personal needs rather than by a consideration of the environmental impacts and it could be construed, therefore, that the benefits of a fuel economy labelling scheme will be limited in such circumstances.

However, there can be a significant variation in the fuel consumption between similar cars and even between cars in the same model range. Consumers may be ignorant of this fact and there is, therefore, scope to influence their purchase decision with the provision of appropriate information. Thus, although many customers may have strong preferences before entering the showroom for the type of car that they wish to purchase (based upon lifestyle and personal circumstances) fuel economy information can still have a beneficial impact in terms of reducing the fleet average fuel consumption.

3.2 Type-approval legislation and fuel economy labelling

The underlying principle of the legislation governing European Community vehicle type-approval is that once a vehicle has satisfied an exhaustive set of technical requirements a Member State cannot prohibit the marketing or entry into service of the vehicle.

One approach to the introduction of a fuel economy label for new cars could be to stipulate that each new car produced in the Community must carry a fuel economy label before being allowed onto the market. This condition would have to be incorporated into existing vehicle type-approval legislation, which in turn would place an additional requirement on the automobile manufacturers. However, since most new car purchases are made on the basis of a representative sample on display in a showroom, it is not necessary for every car to carry a label.

A Community-wide fuel economy labelling scheme needs, therefore, to cover only those vehicles which are displayed at the point of sale. A labelling scheme formulated along such lines falls outside existing type-approval legislation as the legal burden of ensuring the presence of a fuel economy label on display vehicles would fall onto the dealer and would not form part of the prescribed technical standards with which each and every vehicle must comply in order to enter into service, in the European Community.

3.3 Description of the consumer information scheme

The proposed Directive aims to make information available to purchasers of new cars in four ways. The first is via a fuel economy label attached to the passenger car, the second is via dissemination of a summary guide containing the fuel economy data of every vehicle on the new car market, the third is information displayed in a poster at the point of sale and the fourth is the inclusion of fuel consumption data in all promotional material produced and used by manufacturers and dealers to market their new cars. These are described more fully below:

(a) Fuel economy label: It is foreseen that all new passenger cars displayed at the point of sale will have a fuel economy label attached to them. This label would provide the consumer with information concerning the fuel consumption and the average emissions of CO₂ of the vehicle. The precise content and appearance of the label would be left to the Member States to decide, subject to certain conditions being satisfied, notably the use of EC type-approval data as the source of fuel consumption and CO₂ emission information, a fuel cost estimate associated with 10,000 km or 6,000 miles driving, a text regarding the availability of the fuel economy guide and a message explaining the relevance of CO₂ to global warming and the importance of driver behaviour on fuel economy.

(b) Fuel economy guide: It is recognised that consumers may formulate their purchase choice before entering the showroom and that they may only visit a small number of dealers. It is considered important, therefore, that consumers should have access to fuel economy data for all vehicles on the new car market compiled into a compact and portable guide.

The fuel economy guide would be available free of charge from a competent organisation in the Member States and from the dealers at the point of sale. It should contain an explicit list of the top ten most efficient new petrol and diesel cars on the market. The guide would also include an explanation of the effects of greenhouse gas emissions, potential climate change and the relevance of motor cars. To reinforce the impact of the fuel economy guide, dealers would be under an obligation to make consumers aware of its existence at the point of sale. Member States would also have to ensure that the guide appears on the Internet or another electronic media format. This would allow motoring and consumer organisations to use the data to inform their members and consumers respectively and allow the information to be kept permanently up-to-date.

The guide would also include advice to motorists on the many measures that can be taken to improve the fuel consumption of their vehicle, (e.g. eliminating aggressive driving, anticipating braking, correctly inflating tyres, etc.).

(c) Display poster(s) in showrooms: For each make that they have on sale, dealers would have to display a list of the fuel consumption data for all the models, disaggregated by fuel type and ranked according to fuel economy, by means of a poster. The rationale for this measure is that the prominent display of such consumer information can still have a positive impact even for those consumers that have developed a strong preference for a particular type or make of car before entering the showroom. As was stated above, this is because consumers are generally unaware that there can be a significant variation in the fuel consumption between similar models and even between cars in the same model range.

(d) Promotional literature: Many consumers will undertake research before reaching their final purchase decision. It is important therefore, that promotional literature used in the marketing of new cars should contain fuel consumption data. This promotional material would include advertisements in magazines and newspapers, posters, brochures etc.

The Internet is becoming an increasingly important media for advertising, especially for new cars. However, due to the lack of regulatory certainty in this field, it would not be the intention of this proposal to include Internet advertising as promotional literature, although the Commission would appreciate if car manufacturers could voluntarily provide official fuel consumption data, when advertising on the Internet.

3.4 Flexible approach

There is little definitive research on the most effective approach to fuel economy labelling. There are several national schemes in operation notably in the USA, Canada, United Kingdom and Sweden but these schemes are generally quite different from one another. Furthermore, the Commission has initiated research in this area under the auspices of the SAVE Program⁴.

⁴ SAVE (Specific Actions for Vigorous Energy Efficiency) is a program of measures to promote energy efficiency in the Community. The detailed elements of the SAVE II programme can be found in Council Decision 96/737/EC, OJ L 335, 24.12.1996, p. 50.

The current lack of a consensus on how to label most effectively has influenced the Commission's decision to take a flexible approach in drawing up this legislation, with the result that Member States will be given a certain amount of freedom regarding the content and appearance of a fuel economy label subject to certain conditions being satisfied. In the light of more substantive and tangible research and the experiences in the Member States and elsewhere the Commission may develop a more definitive and effective label. Indeed, the proposed Directive includes the provision to establish a committee to aid the Commission in this process. In this context, the Commission would also consult with consumer organisations and other interested parties and take account of information on the practical implementation of the Directive on the ground.

The proposed Directive only specifies the minimum that Member States would have to implement and the minimum content of a fuel economy label. Member States would, of course, be free to add additional items of information should they so wish. For example, the fuel consumption associated with urban driving, taxation class, cost of circulation tax, purchase tax etc., could all be included in the label. This is of particular relevance to the petrol versus diesel issue and air quality concerns (which are explained later) where some Member States place a higher circulation tax on diesel cars than on petrol equivalents. Such differentiation can compensate for the effects of the lower rate of duty on diesel fuel observed in most Member States.

4. AIR QUALITY ISSUES

In all but one Member State there is a tax differential favouring diesel fuel over petrol and additionally diesel vehicles are generally more fuel efficient than petrol vehicles. The consumer information scheme may therefore promote diesel penetration into the market by highlighting the fuel savings and CO₂ reductions that can be achieved by purchasing a diesel car. Since new diesel cars produce more particulate matter and oxides of nitrogen than new petrol cars this penetration could have an adverse effect on the Commission's air quality targets and on the health that they are designed to protect. However, it is not for a consumer information scheme to compensate for the fiscal policies of Member States. Moreover, any changes in the new car fleet will not affect the obligations that Member States will be under to comply with future European Community air quality limit values.

5. DRIVING BEHAVIOUR

There can be a significant improvement in fuel economy from an improved driving style and travelling at lower speeds. This could be reinforced amongst learner drivers through the provisions of Council Directive 91/439/EEC⁵ of 29 July 1991 on driving licences which specifies that drivers must be able to demonstrate a knowledge and sound understanding of the rules regarding vehicle use in relation to the environment including the moderation of fuel consumption. In addition, a fuel economy information scheme is expected to raise general awareness and to support better driving. A reference to this effect is foreseen under this proposal for a Directive.

⁵ OJ L 237, 24.8.1991, p. 1.

6. INTERNAL MARKET CONSIDERATIONS FOR NEW CARS

The provisions of the proposed Directive would only apply to those vehicles that are displayed at the point of sale and not to all passenger cars on the market. The presence of a fuel economy label would not be a minimum technical requirement for a passenger car to enter into service. The sale and the entry into service of new passenger cars would not, therefore, be prohibited for reasons of non-attachment of a fuel economy label. Moreover, display vehicles form only a very small part of the overall number of new passenger cars sold each year.

The obligation to ensure that a fuel economy label is attached to a car on display at the point of sale would fall principally onto the car dealer and, in light of the above, it is evident that the current proposal would be unlikely to cause a barrier to trade in the internal market. Furthermore, at least two Member States have had labelling schemes operating along similar lines to those in the current proposal for many years, and to the Commission's knowledge this has not caused any problems. In addition, the scheme is expected to have low running costs, making it unlikely to distort competition.

It should however be noted that as Member States will have a degree of flexibility in the content and format of the label, it is possible that it could be designed so as to favour national producers. Therefore, Member States should take care that national fuel economy labels are designed in such a way as to avoid barriers to trade in accordance with the EC Treaty, in particular Articles 30 to 36. In addition, Member States should be aware that requirements which they add to the label and which are technical matters within the meaning of Directive 83/189/EC of 28 March 1983 laying down a procedure for the provisions of information in the field of technical standards and regulations must be notified within the framework of that Directive.

7. RELATIONSHIP TO ECO-LABELLING

Council Regulation (EEC) No 880/92⁶, of 23 March 1992 on a Community eco-label award scheme sets out the provisions of the European Eco-labelling scheme. There are distinct differences between the fuel economy labelling scheme in the proposed Directive and an eco-label. Eco-labelling uses a life-cycle analysis of the product in question to rank the performance of different products against a given set of ecological criteria. It awards a label only to the best performing products. The fuel economy label proposed here encompasses all new cars and uses only one criterion for comparison, namely, fuel consumption during vehicle operation.

8. POSSIBLE ADAPTATION TO TECHNICAL PROGRESS

There are issues which are not included in the proposal at this stage but are certainly worthy of consideration for inclusion at a later juncture. These are outlined more fully below.

⁶ OJ L 99, 11.4.1992, p. 1.

8.1 Fuel economy labelling for used cars

Although the CO₂/cars strategy proposes a target for the specific emissions of CO₂ for the new car fleet, fuel economy labelling could be applied equally to both new and used cars since changes in consumer behaviour in the second hand car market may have a knock-on effect on the new car market. This may be particularly so in those Member States where a large proportion of new car sales are to commercial fleet buyers who are sensitive to the re-sale value of their vehicles. One difficulty of introducing such a measure now is the recent introduction of a new test cycle on which specific emissions of CO₂ and fuel consumption are measured for type-approval purposes (Directive 93/116/EC). Fuel consumption data for many used cars, although the percentage is declining, will have been measured on the previous cycle making a comparison between used and new vehicles difficult.

There is also the question of whether, as a car ages, its fuel consumption and CO₂ emissions change. If they were to change considerably, the type-approval information would not provide an accurate comparison between cars and therefore would not provide a reliable basis for purchasers to choose cars based on fuel consumption and CO₂ emissions.

8.2 Alternative Fuels

At the present time European Community type-approval procedures do not cover vehicles using alternative fuels. However, it is envisaged that the gaseous fuels, Compressed Natural Gas and Liquefied Petroleum Gas, will be included in the near future. Initially there will only be small numbers of such vehicles available on the market but the numbers are likely to grow. Obviously, therefore, any consumer information scheme must be able to incorporate these vehicles at some point in the future. This will require the introduction of a harmonised fuel consumption/CO₂ measurement method in Directive 80/1268/EEC, which will need to be undertaken at a later stage.

9. EXISTING FUEL ECONOMY LABELLING SCHEMES

Two Member States currently operate fuel economy labelling schemes, namely the United Kingdom and Sweden. Countries including Finland, the United Kingdom, Sweden and France make fuel economy information available to the consumer in the form of a booklet in order that they can make a more informed purchase decision. Both Canada and the USA also have labelling schemes in operation.

9.1 United Kingdom

The passenger car fuel consumption order 1983 (and amended order 1996) stipulates that a fuel economy label must be affixed to all new cars presented for sale in showrooms etc.. The label includes the model name and fuel economy results for urban, extra urban and combined test cycles as stated in Directive 93/116/EC. The label must be of a particular format and of a minimum size. The label also contains an explanatory note to the effect that actual fuel consumption may be different to that stated on the label due to the influence of road and traffic conditions, driving behaviour and the level of vehicle maintenance.

The fuel consumption order permits the competent authorities to compile and publish fuel consumption data for all models on the market and further states that this information must be made available to consumers upon demand. Failure to attach labels and provide the compiled data renders the dealer liable, upon conviction, to a fine of up to GBP 5 000. Furthermore, if manufacturers make reference to the fuel consumption of a vehicle in promotional literature then the results from all official tests must be included.

9.2 Sweden

According to the guidelines drawn up as part of the agreement between the Swedish Board for Consumer Affairs and the motor manufacturers (KOVS 1988:1) all new cars on display at or in connection with a point of sale must be provided with a fuel economy label attached to the windscreen or other conspicuous position. The label must be at least A4 size and contain the model name and year, the fuel consumption measured according to Directive 93/116/EC expressed in l/100 km and the cost associated with driving 15 000 km. Furthermore, there should be a statement to the effect that the information on the label is designed to enable the consumer to compare different models and that the actual fuel consumption may differ to that cited on the label due to factors such as driving technique and driving conditions.

A notice must also be present at the point of sale which contains all the above information for each model on sale. This notice must be of a minimum size and of a specified format. It also informs the consumer that a fuel consumption guide exists summarising the fuel consumption data of all models on the market.

Marketing material such as brochures, manuals, films etc. must contain a reference to the official fuel consumption data though the costs associated with driving 15 000 km need not be included. However, other printed promotional material such as posters and advertisements must also contain the 15 000 km fuel cost.

9.3 USA

A fuel economy guide is published annually by the US Department of Energy for each vehicle in a given new model year. This complements and explains the information that appears on the fuel economy label which must be attached to the window of all new light duty vehicles on display in the showroom.

The fuel economy guide is designed so as to allow a comparison to be made of the fuel economy of similarly sized cars, light duty trucks and special purpose vehicles. Passenger cars are divided into three classes, namely, sedans, 2-seaters and station wagons. Sedans are sub-divided further into five classes based upon interior volume whilst station wagons are subdivided into two sub-classes. These classifications also appear on the fuel economy label. The guide contains estimates for the "City" and "Highway" fuel economy and a chart to calculate annual fuel costs for a range of different fuel prices. The guide also contains a description of the factors which improve and degrade fuel economy.

The fuel economy label contains fuel economy estimates for city and highway driving and an estimated annual fuel cost based on a distance driven of 15 000 miles and a representative fuel cost. In addition, the label contains the vehicle classification based on interior volume (e.g. compact) and the best and worst fuel

economics for all new vehicles in this class. The label also contains a descriptor outlining the actual mileage that most drivers achieve with the given model and a reference to the availability of the fuel economy guide. Furthermore, technical details regarding the engine size, transmission, model year, model type, etc. are also present.

9.4 Canada

Transport Canada operates a voluntary motor vehicle fuel consumption program, which incorporates guidelines on fuel economy labelling and the compilation of a fuel economy guide containing fuel consumption data for all new cars and light duty vehicles.

Fuel economy labelling is voluntary in Canada. The guidelines state that each light duty vehicle should carry a label in a prominent position which is affixed by the manufacturer or the importer at the point of manufacture or importation. It is recommended that the label should contain information regarding the name and model type, engine displacement, number of cylinders, fuel metering system, transmission type and fuel type. In addition the label should contain fuel consumption data for "City" and "Highway" driving and a reference to the availability of the most recent fuel economy guide. Furthermore, the label contains certain descriptors pointing out that fuel efficiency estimates are based upon official tests, that actual fuel consumption may vary from that given in the label and that the fuel consumption for Compressed Natural Gas vehicles is given as a petrol equivalent.

The guidelines also state that reference to the availability of the fuel economy guide should be made at dealerships and in all types of media advertising wherever possible. Indeed, whenever fuel efficiency is included in advertisements then the fuel economy for City driving should be quoted, inclusion of the Highway rating alone is not permitted. As part of the voluntary agreement between Natural Resources Canada and the automobile manufacturers there is a new initiative to provide consumers with more information on the fuel economy of new vehicles. This will look at a new fuel consumption label and the distribution and promotion of the fuel consumption guide.

9.5 New labelling initiatives in the EU

Several Member States have indicated that they plan to introduce fuel economy labelling schemes in the next year or so. These include the Netherlands, Denmark and possibly France. The Danish scheme will present a comparison of vehicle fuel consumption data against that for the whole new car fleet whereas the Dutch scheme will present comparative data for similarly sized vehicles only. The appearance of both labels will follow closely that of the label format used for the energy consumption of household appliances.

10. JUSTIFICATION WITH REGARD TO THE PRINCIPLE OF SUBSIDIARITY

- (a) *What are the objectives of the planned action in the context of the obligations incumbent on the Community?***

The Community's strategy to reduce the average specific emissions of CO₂ from new passenger cars sets out a *Community objective* of 120 g/km to be attained by 2005 (2010 at the latest).

The Community is committed, within the United Nations Framework Convention on Climate Change, to stabilising emissions of CO₂ at 1990 levels by 2000 and to reducing its emissions of a basket of six greenhouse gases by 8% by 2008-2012 again relative to levels in 1990. Emissions from passenger cars currently represent over half of all emissions from the transport sector and about 12% of all emissions of CO₂. More importantly, emissions from the transport sector are continuing to grow, and hence it is important that effective measures are taken in order that Community objectives on climate change are not jeopardised.

The objective of the planned action is to influence consumer choice towards the purchase of more fuel efficient motor cars by providing accurate information on new car fuel consumption. By influencing consumer demand in this direction it is expected that manufacturers will respond by marketing more fuel efficient cars.

- (b) *Is the planned action in an area where the Community has exclusive competence or shared competence with the Member States?***

Shared competence; Article 130s

- (c) *What is the Community dimension to the problem (for example, how many Member States are concerned and what solutions have been in force until now)?***

The CO₂/cars strategy sets out a Community objective and action at a Community level is required, therefore, to ensure its attainment. The proposed action is an integral part of the Community's CO₂/cars strategy and all Member States are concerned. Two Member States currently have a consumer information scheme in operation and these will require little change in light of the proposed legislation, however, the remaining Member States will have to implement a consumer information scheme according to the provisions of the proposed Directive.

- (d) *Does action at the Community level or at Member State level represent the most effective solution?***

Action at a Community level is required because an objective has been set at this level and it is important that all Member States implement the measures required for its attainment. However, a flexible approach has been adopted which will allow the Member States a certain degree of freedom with regard to the implementation of the proposed action.

(e) What benefits would the proposed Community action bring and what would be the cost of inaction?

Although it is foreseen that the automobile manufacturers will make efforts to reduce the average CO₂ emissions of new cars the market has to respond positively to these vehicles. Provision of consumer information on fuel economy is a useful tool with which to influence consumer demand towards more fuel efficient vehicles and to provide an added incentive to manufacturers to produce such vehicles. Consumer information is an integral part of the Community's strategy to reduce CO₂ emissions from new cars. If the proposed action is not implemented then the effectiveness of the Community's strategy may be reduced and attainment of the Community's CO₂ emission reduction objectives jeopardised.

The costs to the individual dealers of administering the customer information scheme will depend upon the format of the national fuel economy label but in any event these costs are expected to be minimal, particularly in comparison to the selling price of the car. The implementation of the proposed action may lead to a certain downsizing of the car fleet which has been foreseen in the Community's CO₂/cars strategy. However, there are other ways in which manufacturers may reduce the CO₂ emissions and fuel consumption of their vehicles, for example, by the introduction of novel technologies and materials both of which might actually create marketing opportunities for the manufacturers and dealers. Therefore it is extremely difficult to quantify the economic impact of the proposed Directive.

(f) What instruments are available to the Community (recommendation, financial support, regulation, mutual recognition, ...)

In light of the need for all Member States to implement the proposed action, the options available to the Community only include Community legislation.

(g) Is uniform regulation necessary or would a Directive which outlines the general objectives but which leaves the method of implementation to the Member States suffice?

Little research has been undertaken with regard to defining the most effective labelling scheme and indeed the Commission is funding ongoing research in this area. Only two Member States have operational labelling schemes but it is nevertheless important that all the Member States inform consumers about fuel consumption in order that progress towards the Community's CO₂ emissions objective for passenger cars is not jeopardised.

In light of the above the proposed action advocates a flexible approach with the aim of allowing the maximum degree of freedom to the Member States. It is entirely possible that different approaches might be followed and it is the Commission's intention to assess these different approaches and relevant research with a view to proposing a more definitive label structure in the future should it be appropriate to do so.

Given this approach a Directive which outlines the general objectives would seem to be most appropriate.

11. CONTENTS OF THE PROPOSAL

11.1 Article 1

This describes the general aim of the proposed Directive.

11.2 Article 2

This contains the definitions of some key terms used in the proposed Directive.

11.3 Article 3

This places an obligation on the Member States to set a representative fuel price once yearly for petrol and diesel which should be used to calculate the fuel costs that are required by the consumer information scheme.

11.4 Article 4

This places an obligation on the Member States to ensure that each new car on display at the point of sale carries a fuel economy label.

11.5 Article 5

This requires the Member States to produce a fuel economy guide at least on an annual basis and to ensure that it is available to consumers free of charge, in the printed form as well as in an electronic media format.

11.6 Article 6

This requires the Member States to ensure that the dealers display, for each make available for purchase at the point of sale, a poster of the fuel consumption data of all the models of that make available for purchase at the point of sale.

11.7 Article 7

This requires the Member States to ensure that all promotional literature used in the marketing of new cars should contain information on fuel consumption.

11.8 Article 8

This requires the Member States to prohibit other labels or marks which may conflict with the current fuel economy label or confuse the consumer.

11.9 Article 9

In order to aid communication with the Commission and help in the possible refinement of the proposed Directive the Member States are asked to designate an organisation which will have overall responsibility for the implementation and functioning of the consumer information scheme.

11.10 Article 10

This indicates that the proposed Directive is likely to require adaptation to technical progress in the future and indicates that this should take place according to the procedure in Article 11.

11.11 Article 11

This sets out the formal procedures for adapting the proposed Directive to technical progress.

11.12 Article 12

This indicates that the provisions of the Directive should come into force on 1 January 2000, obliges the Member States to notify the Commission of the provisions of national law that they introduce in transposing this Directive and stipulates the reference to this Directive which is necessary when the Member States adopt the measures needed to fulfil the requirements of the Directive.

11.13 Article 13

This sets out the regime for sanctions associated with this Directive.

11.14 Article 14

This states that the Directive is addressed to the Member States.

11.15 Annex I

This sets out the requirements for the fuel economy label.

11.16 Annex II

This sets out the requirements for the fuel economy guide.

11.17 Annex III

This sets out the requirements for the poster(s) to be displayed at the point of sale.

11.18 Annex IV

This sets out the requirements for the inclusion of fuel consumption data in promotional literature.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 130s(1) thereof,

Having regard to the proposal from the Commission⁷,

Having regard to the opinion of the Economic and Social Committee⁸,

Acting in accordance with the procedure laid down in Article 189c of the Treaty⁹ in cooperation with the European Parliament,

- (1) Whereas Article 130r of the Treaty requires prudent and rational utilisation of natural resources; whereas the rational use of energy is one of the principal means by which this objective can be achieved and environmental pollution reduced;
- (2) Whereas the Community recognises that greenhouse gas concentrations in the atmosphere should be stabilised at such a level that would prevent dangerous anthropogenic interference with the climate system;
- (3) Whereas the Community is committed, within the United Nations Framework Convention on Climate Change, to stabilising emissions of carbon dioxide (CO₂) at 1990 levels by 2000;
- (4) Whereas the Community has accepted a target to reduce its emissions of a basket of greenhouse gases by 8% during the period 2008-2012 relative to 1990 levels as part of the Protocol agreed at the December 1997 Kyoto Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (5) Whereas a Community strategy to reduce CO₂ emissions from passenger cars and improve fuel economy has been proposed by the Commission¹⁰ and was endorsed by the Council in its conclusions of 25 June 1996;

⁷ OJ

⁸ OJ

⁹ Opinion of the European Parliament of ... (OJ) Council Common Position of ... (OJ) Decision of the European Parliament of (OJ).

¹⁰ COM(95) 689 final.

- (6) Whereas information plays a key role in the operation of market forces and the provision of accurate, relevant and comparable information on the specific fuel consumption of passenger cars may influence consumer choice in favour of those cars which use less fuel and thereby emit less CO₂, thus prompting manufacturers to take steps to reduce the fuel consumption of the cars that they manufacture;
- (7) Whereas it is necessary, therefore, to develop a fuel economy label for all new passenger cars displayed at the point of sale;
- (8) Whereas, in accordance with the principles of subsidiarity and proportionality as set out in Article 3b of the Treaty, the objectives of this Directive, which is a key element in the abovementioned Community strategy, cannot be sufficiently achieved by the Member States and can therefore be better achieved by the Community; whereas this Directive confines itself to the minimum required in order to achieve those objectives and does not go beyond what is necessary for that purpose;
- (9) Whereas a fuel economy label should contain information on fuel consumption and specific emissions of CO₂ that have been determined in accordance with the harmonised standards and methods laid down in Council Directive 80/1268/EEC¹¹ of 16 December 1980 on the approximation of the laws of the Member States relating to the fuel consumption of motor vehicles, as last amended by Commission Directive 93/116/EC¹²;
- (10) Whereas it is necessary that supplementary standardised information on the fuel consumption of all versions on the new car market is available in a suitable form both at the point of sale and from a designated body in each Member State; whereas such information may be useful to consumers who formulate their purchase decision before entering the show room or who choose not to use the services of a dealer or visit a showroom when purchasing a passenger car;
- (11) Whereas it is important that potential customers are made aware, at the point of sale, of the most fuel efficient cars available through a given dealer;
- (12) Whereas all promotional literature, prepared by manufacturers and dealers and used in the marketing of new passenger cars, should contain the relevant fuel consumption data for the vehicles to which it pertains,

HAS ADOPTED THIS DIRECTIVE:

Article 1

The purpose of this Directive is to ensure that information relating to the fuel economy of new passenger cars offered for sale or lease in the Community is made available to consumers.

¹¹ OJ L 375, 31.12.1980, p. 36.

¹² OJ L 329, 30.12.1993, p. 39.

Article 2

For the purposes of this Directive:

"*passenger car*" means a motor vehicle of category M1, as defined in Annex 1 to Council Directive 70/156/EEC¹³, that is used for the carriage of passengers and that has no more than eight seats in addition to the driver's seat. It does not include vehicles falling under the scope of Council Directive 92/61/EEC¹⁴;

"*new passenger car*" means any passenger car which has not previously been sold to a person who bought it for a purpose other than that of selling or supplying it;

"*Certificate of Conformity*" means the document provided for in Article 6 of Directive 70/156/EEC which must accompany each new passenger car and which is required before a passenger car can be sold, registered or allowed entry into service;

"*dealer*" means a person or commercial enterprise whose business involves the selling or leasing of new passenger cars. It does not include those people or organisations involved solely in the provision of finance to consumers in order that they may purchase a vehicle;

"*point of sale*" means a location, such as a car showroom or forecourt, where passenger cars are displayed and offered for sale or lease to potential customers;

"*official fuel consumption*" means the fuel consumption measured in accordance with the provisions of Directive 80/1268/EEC;

"*official specific emissions of CO₂*" means the specific CO₂ emissions determined in accordance with the provisions of Directive 80/1268/EEC;

"*fuel economy label*" means a label which contains certain items of consumer information regarding the official fuel consumption and the official specific emissions of CO₂ of the car to which it is attached;

"*fuel economy guide*" means a compilation of the official fuel consumption data and official specific emissions of CO₂ for each new passenger car available on the new car market in the Member State, listed by make, variant and version;

"*promotional literature*" means all printed matter used by manufacturers and new car dealers in the marketing, advertising and promotion of their vehicles to the general public. It includes, as a minimum, technical manuals, brochures, advertisements in newspapers, magazines and trade press and posters;

"*make*" means the trade name of the person or body responsible to a type-approval authority for all aspects of the vehicle type and is that which appears on the Certificate of Conformity;

¹³ OJ L 42, 23.2.1970, p. 1.

¹⁴ OJ L 225, 10.8.1992, p. 72.

"variants" means those cars which belong to the same type, as defined in Annex II B to Directive 70/156/EEC, but which differ from one another in certain permissible respects;

"versions" means those cars which belong to the same variant, as defined in Annex II B to Directive 70/156/EEC, but which differ from one another in certain permissible respects;

"average fuel price" means a single reference price of petrol or diesel fuel which is representative of the prevailing market for those fuels in each Member State.

Article 3

The Member States shall determine, for the purposes of this Directive, average fuel prices for both petrol and diesel fuel on 1 January each year and ensure that this information is freely available, in particular, to those persons or organisations involved in the implementation of the provisions of this Directive.

Article 4

The Member States shall ensure that a fuel economy label, which is in accordance with the requirements described in Annex I, is attached in a clearly visible manner to the windshield of all new passenger cars at the point of sale.

However, it shall not be necessary to attach a label to those passenger cars for which the official fuel consumption and official specific CO₂ emissions data do not appear in the Certificate of Conformity.

Article 5

The Member States shall ensure that a fuel economy guide is produced at least on an annual basis in accordance with the requirements of Annex II.

The guide shall be compact, portable and be available free of charge to consumers upon request both at the point of sale and also from a designated body within each Member State. The Member State shall also ensure that the guide is available through electronic means, such as the Internet, and that this form of the guide is kept up-to-date with changes in the range of new passenger car versions available for purchase in the Member State.

Article 6

The Member States shall ensure that every dealer displays, for each make available for purchase at the point of sale, a list of the official fuel consumption data and the official specific CO₂ emissions data of all new passenger cars available for purchase at the point of sale, by way of a poster. This data shall be displayed in a prominent position and in accordance with the format in Annex III.

Article 7

The Member States shall ensure that all promotional literature contains the official fuel consumption data of the vehicles to which it refers in accordance with the requirements of Annex IV.

Article 8

The Member States shall ensure that the presence of other marks, symbols or inscriptions relating to fuel consumption which do not comply with the requirements of this Directive is prohibited if their display might cause confusion to potential consumers of new passenger cars.

Article 9

The Member States shall notify the Commission of the competent body or bodies responsible for the implementation and functioning of the consumer information scheme described in this Directive.

Article 10

Any amendments which are necessary in order to adapt the Annexes to this Directive to take account of progress shall be adopted by the Commission in accordance with the procedure set out in Article 11 and following consultation with consumer organisations and other interested parties.

In order to assist this adaptation process, five years after this Directive has entered into force each Member State shall transmit to the Commission a report on the effectiveness of the provisions of this Directive.

Article 11

The Commission shall be assisted by the Committee established in accordance with Article 10 of Council Directive 92/75/EEC¹⁵.

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time-limit, which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

¹⁵ OJ L 297, 13.10.1992, p. 16.

Article 12

1. The Member States shall bring into force the provisions necessary to comply with this Directive by 31 December 1999, at the latest. They shall forthwith inform the Commission thereof.

When Member States adopt the measures referred to in the first subparagraph, they shall contain a reference to this Directive or shall be accompanied by such a reference on the occasion of their official publication.

2. Member States shall communicate to the Commission the main provisions of domestic law which they adopt in the field governed by this Directive.

Article 13

The Member States shall lay down the rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive. The Member States shall notify those provisions to the Commission by the date specified in Article 12 at the latest and shall notify it without delay of any subsequent amendment affecting them.

Article 14

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Communities*.

Article 15

This Directive is addressed to the Member States.

Done at Brussels,

For the Council
The President

Description of the fuel economy label

The Member States shall ensure, as a minimum, that all fuel economy labels in their territory:

- (1) comply to a standardised format in order to allow greater recognition by consumers;
- (2) are of a size of 297 mm x 210 mm (A4 size);
- (3) contain the make, variant, version, and fuel type of the passenger car to which they are attached;
- (4) contain the numerical value of the official fuel consumption and the official specific emissions of CO₂. The value of the official fuel consumption shall be expressed in either litres per 100 kilometres (l/100 km), miles per gallon (mpg), kilometres per litre (km/l), or an appropriate combination of these and be quoted to one decimal place. The official specific emissions of CO₂ are to be quoted to the nearest whole number in grams per kilometre (g/km);
- (5) contain an estimate of the fuel costs associated with driving a distance of 10 000 kilometres or 6 000 miles for the particular vehicle and fuel type in question. The calculation of fuel cost shall use the *average fuel price* set annually in each Member State. The fuel cost estimate shall be accompanied by a suitable text explaining the underlying assumptions and the fuel price used in the calculation. The text explaining the underlying assumptions shall include a reference to the driving conditions simulated by the test cycle which appears in Directive 80/1268/EEC, an explanation of how the average fuel price was calculated and an explanation that the cost figure is given for 10 000 kilometres (6 000 miles) so that consumers can easily calculate their annual fuel cost for a particular vehicle;
- (6) contain the following text regarding the availability of the fuel economy guide:
“A fuel economy guide which contains fuel consumption data for all new cars is available from the dealer free of charge;”
- (7) contain the following text:
“In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car’s fuel economy and CO₂ emissions. CO₂ is the main greenhouse gas responsible for global warming.”

Description of the fuel economy guide

The Member States shall ensure that the fuel economy guide contains, as a minimum, the following information:

- (1) The numerical value of the official fuel consumption and the official specific emissions of CO₂. The value of the official fuel consumption shall be expressed in either litres per 100 kilometres (l/100 km), miles per gallon (mpg), kilometres per litre (km/l) or an appropriate combination of these and be quoted to one decimal place. The official specific emissions of CO₂ are to be quoted to the nearest whole number in grams per kilometre (g/km).
- (2) A prominent listing of the ten most fuel efficient new car versions ranked in order of increasing specific emissions of CO₂ for each fuel type (petrol and diesel). The listing must contain the make, variant and version, the official specific emissions of CO₂, the official fuel consumption and the fuel cost associated with 10 000 km or 6 000 miles for the particular vehicle in question.
- (3) The official specific emissions of CO₂ are to be quoted to the nearest whole number in grams per kilometre (g/km). The fuel consumption shall be expressed in either litres per 100 kilometres (l/100 km), miles per gallon (mpg), kilometres per litre (km/l) or an appropriate combination of these. All fuel consumption data must be quoted to one decimal place. The calculation of fuel cost shall use the *average fuel price* set annually in each Member State. The fuel cost estimate shall be accompanied by a suitable text explaining the underlying assumptions and the fuel price used in the calculation. The text explaining the underlying assumptions shall include a reference to the driving conditions simulated by the test cycle which appears in Directive 80/1268/EEC, an explanation of how the average fuel price was calculated and an explanation that the cost figure is given for 10 000 kilometres (6 000 miles) so that consumers can easily calculate their annual fuel cost for a particular vehicle.

| Fuel type | Ranking | Make | Variant | Version | CO ₂ emissions | Fuel consumption | Fuel cost of driving 10 000 km |
|-----------|---------|------|---------|---------|---------------------------|------------------|--------------------------------|
| Petrol | 1 | | | | | | |
| | 2 | | | | | | |
| | . | | | | | | |
| | 10 | | | | | | |
| Diesel | 1 | | | | | | |
| | 2 | | | | | | |
| | . | | | | | | |
| | 10 | | | | | | |

- (4) Contain advice to motorists on the many non-technical measures that can be taken to improve the fuel consumption of their vehicle, for example, eliminating aggressive driving, travelling at lower speeds, anticipating braking, correctly inflating tyres, reducing periods of idling, not carrying excessive weight, etc.
- (5) Contain an explanation of the effects of greenhouse gas emissions, potential climate change and the relevance of motor cars as well as a reference to the different fuel options available to the consumer and their environmental implications based on the latest scientific evidence and legislative requirements.

Description of the poster to be displayed at the point of sale

The Member States shall ensure that dealers display a poster containing a list of all the new car versions available for purchase at the point of sale and ranked according to their official fuel consumption. Where a dealer has more than one make for sale, they shall provide a separate poster for each make. The poster(s) shall, as a minimum, meet the following requirements:

- (1) be a minimum size of 70 cm x 50 cm;
- (2) the information in the poster should be easy to read;
- (3) new car versions must be grouped and listed separately according to fuel type (petrol or diesel). For each car in the list the make, variant, version, official CO₂ emissions, official fuel consumption and fuel cost associated with 10 000 kilometres or 6 000 miles shall be included for the particular vehicle in question. Within each fuel type, versions are to be ranked in order of increasing CO₂ emissions, with the most fuel efficient vehicle being placed at the top of the list;
- (4) The official specific emissions of CO₂ are to be quoted to the nearest whole number in grams per kilometre (g/km). Fuel consumption is to be expressed in either litres per 100 kilometres (l/100 km), in miles per gallon (mpg), kilometres per litre (km/l) or an appropriate combination of these. The calculation of fuel cost shall use the *average fuel price* set annually in each Member State. The fuel cost estimate shall be accompanied by a suitable text explaining the underlying assumptions and the fuel price used in the calculation. The text explaining the underlying assumptions should include a reference to the driving conditions simulated by the test cycle which appears in Directive 80/1268/EEC, an explanation of how the average fuel price was calculated and an explanation that the cost figure is given for 10 000 kilometres (6 000 miles) so that consumers can easily calculate their annual fuel cost for a particular vehicle.

All fuel consumption data shall be quoted to one decimal place. A suggested format is shown below.

| Fuel type | Ranking | Make | Variant | Version | CO ₂ emissions | Fuel consumption | Fuel cost of driving 10 000 km |
|-----------|---------|------|---------|---------|---------------------------|------------------|--------------------------------|
| Petrol | 1 | | | | | | |
| | 2 | | | | | | |
| | . | | | | | | |
| | 10 | | | | | | |
| | | | | | | | |
| Diesel | 1 | | | | | | |
| | 2 | | | | | | |
| | . | | | | | | |
| | 10 | | | | | | |
| | | | | | | | |

- (5) the poster should contain the following text regarding the availability of the fuel economy guide; “A fuel economy guide which contains fuel consumption data for all new cars is available from the dealer free of charge”;
- (6) contain the following text: “In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car’s fuel economy and CO₂ emissions. CO₂ is the main greenhouse gas responsible for global warming”.

The provision of fuel consumption data in promotional literature

The Member States shall ensure that all promotional literature contains the official fuel consumption data of the vehicles to which it refers. This information should, as a minimum, meet the following requirements:

- (1) it should be easy to read and no less prominent than the main part of the information provided in the promotional literature;
- (2) it should be easy to understand even on superficial contact;
- (3) official fuel consumption data should be provided for all different car versions to which the promotional material covers. If more than one version is specified then either the official fuel consumption data for all versions can be included or the range between the worst and best fuel consumption can be stated. Fuel consumption is to be expressed in either litres per 100 kilometres ($l/100\text{ km}$), in miles per gallon (mpg), kilometres per litre (km/l) or an appropriate combination of these. All numerical data should be quoted to one decimal place.

If the promotional literature only contains reference to the brand name of the make, and not to any particular version or vehicle, then fuel consumption data need not be provided.

IMPACT ASSESSMENT FORM

The impact of the proposal on business with special reference to small and medium-sized enterprises (SMEs)

TITLE OF THE PROPOSAL

Proposal for a Council Directive relating to the availability of consumer information on fuel economy in respect of the marketing of new passenger cars

Reference Number (Répertoire):

1. TAKING INTO ACCOUNT THE PRINCIPLE OF SUBSIDIARITY, WHY IS COMMUNITY LEGISLATION NECESSARY IN THIS AREA AND WHAT ARE ITS MAIN AIMS?

The Communication from the Commission, COM(95) 689 final, as endorsed by the Council in its conclusions of 25 June 1996, sets out a strategy to reduce the CO₂ emissions of new passenger cars sold in the EU. The strategy consists of three main elements, namely, an agreement with the auto manufacturers to reduce the fuel consumption of their cars, fuel economy labelling and fiscal measures. In addition, the strategy contains an emissions objective of 120 g/km of CO₂ expressed as an average for the Community's new car fleet. This objective is to be attained by 2005 (2010 at the latest).

The Community is also committed, within the United Nations Framework Convention on Climate Change, to stabilising emissions of CO₂ at 1990 levels by 2000 and to reducing its emissions of a basket of six greenhouse gases by 8% by 2008-2012 again relative to levels in 1990. Emissions from passenger cars currently represent over half of all emissions from the transport sector and about 12% of all emissions of CO₂. More importantly, emissions from the transport sector are continuing to grow, and hence it is important that effective measures are taken in order that Community objectives on climate change are not jeopardised.

The CO₂/cars strategy sets out a Community objective and action at a Community level is required, therefore, to ensure its attainment. The proposed action is an integral part of the Community's CO₂/cars strategy and all Member States are concerned. Two Member States currently have a consumer information scheme in operation and these will require little change in light of the proposed legislation, however, the remaining Member States will have to implement a consumer information scheme according to the provisions of the proposed Directive.

The objective of the planned action is to influence consumer choice towards the purchase of more fuel efficient motor cars by providing accurate information on new car fuel consumption. By influencing consumer demand in this direction it is expected that manufacturers will respond by marketing more fuel efficient cars.

2. THE IMPACT ON BUSINESS

Who will be affected by the proposal?

As the proposed consumer information scheme on fuel economy aims to use several different tools to disseminate information concerning fuel economy, several actors may be affected.

(a) The fuel economy label

The fuel economy label will have to be attached to new passenger cars at the point of sale and therefore car dealers will be affected.

(b) Fuel economy posters

The list of official fuel consumption data and official CO₂ data which must be made available at the point of sale, for each vehicle make available for sale at a particular dealership, through the use of one or more posters will affect dealers but it will also affect manufacturers who decide to take responsibility for production of the said poster(s).

(c) The fuel economy guide

The fuel economy guide will effect Member States, since it is they who will be responsible for its production and the eventual version that should be available through their choice of electronic media.

(d) Promotional literature

The obligation that all promotional literature must contain the official fuel consumption data of the vehicles to which it refers will mostly affect manufacturers. However, since certain car dealers also produce their own promotional literature, they will also be affected.

What will business have to do to comply with the proposal?

In all but two Member States no consumer information scheme on fuel economy exists, therefore in most Member States, business will have to take on certain very limited responsibilities. The day to day administering of the scheme will fall to dealers with the obligations to include official fuel consumption data with promotional literature falling mainly on manufacturers. As it is the Member State or a body that it designates who will be responsible for the production of a fuel economy guide, car dealers will only have to distribute the guides. Concerning the label, although it is presumed that dealers will produce the label for each vehicle which they display, since the information that they need to produce the label will be on the Certificate of Conformity and/or provided by the Member State, they will not have to do much to comply with this part of the Directive.

What economic effects is the proposal likely to have?

Although it is foreseen that the automobile manufacturers will make efforts to reduce the average CO₂ emissions of new cars the market has to respond positively to these vehicles. Provision of consumer information on fuel economy is a useful tool with which to influence consumer demand towards more fuel efficient vehicles and to provide an added incentive to manufacturers to produce such vehicles. Consumer information is an integral part of the Community's strategy to reduce CO₂ emissions from new cars. If the proposed action is not implemented then the effectiveness of the Community's strategy may be reduced and attainment of the Community's CO₂ emission reduction objectives jeopardised.

The costs to the individual dealers of administering the customer information scheme will depend upon the format of the national fuel economy label but in any event these costs are expected to be minimal, particularly in comparison to the selling price of the car. The implementation of the proposed action may lead to a certain downsizing of the car fleet which has been foreseen in the Community's CO₂/cars strategy. However, there are other ways in which manufacturers may reduce the CO₂ emissions and fuel consumption of their vehicles, for example, by the introduction of novel technologies and materials both of which might actually create marketing opportunities for the manufacturers and dealers. Therefore it is extremely difficult to quantify the economic impact of the proposed Directive.

Does the proposal contain measures to take account of the specific situation of small and medium sized firms?

No. The proposed Directive will have very minor effects on small businesses.

3. CONSULTATION

Experts from most Member States were consulted as well as representatives from the European Automobile Manufacturers Association (ACEA), Eurocommerce, the European Committee for Motor Trades and Repairs, the European Conference of Ministers of Transport (ECMT), the Austrian Energy Agency, the European Environment Bureau (EEB) and the European Federation for Transport and Environment (T&E). Those Member States that have participated in the development of the proposal have been favourably disposed to the establishment of a labelling scheme. Some Member States would prefer in the first instance to have a simple and flexible scheme that could become, in a second step, a harmonised scheme across Europe when more is known about the effectiveness of different labels. The auto industry are also favourably disposed as they think that such a scheme will provide useful information to the consumer. Finally, environmental NGOs felt that the scheme could help in the efforts to reduce the specific emissions of CO₂ from new cars.

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