



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the promotion of clean road transport vehicles

(presented by the Commission)

{SEC(2005) 1588}

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

The Commission, in its Green Paper on the security of energy supply [COM(2000) 769: "Towards a European strategy for the security of energy supply"] published in 2000, highlighted the continuing growth of the transport sector and the related high level of energy consumption, CO₂ emissions and dependence on oil. The paper emphasised the importance of taking action on the supply side, but also on the demand side in order to influence demand for alternative fuels and technologies. The Commission committed itself to take action to support the development of a new generation of vehicles.

In 2001, the Commission's White Paper on the European transport policy for 2010 [COM(2001) 370: "European Transport policy for 2010: time to decide"] also noted the need for further measures to combat emissions from transport and stated that the Commission would encourage the development of a market for "clean vehicles".

The Green Paper on energy efficiency [COM(2005) 265: "Energy Efficiency or Doing More With Less"] proposes concrete actions, such as the public procurement of less polluting and more energy efficient vehicles in order to build up a market for these types of vehicles.

There is a considerable potential for reducing the emissions of vehicles. However, at the moment these technologies are still more expensive than those used in conventional vehicles.

As far as the European vehicle mass production industry is concerned, manufacturers are unlikely to produce special vehicle series to respond to local or even national incentives aimed at improving energy efficiency or reducing pollutant emissions. Action at Community level is therefore needed in order to encourage the investments required for the manufacture of vehicles that are more energy-efficient and less polluting.

The resulting increased demand would provide support for vehicle manufacturers to develop vehicles with better performances in terms of energy consumption and pollutant emissions. This could then allow a turn-around in demand and create markets of sufficient size and the necessary economies of scale to broaden industrial production to large series.

The objective of this proposal is to reduce pollutant emissions by the transport sector and contribute to the establishment of a market for clean vehicles. This is particularly relevant for agglomerations and zones in difficulties to meet the requirements of the Air Quality Directive (Directive 1996/62/EC on air quality and Directive 1999/30/EC on limit values of pollutants in ambient air).

An environmentally enhanced performance standard has already been established in EU legislation for vehicles above 3.5 t weight for optional use, such as tax incentives.

This proposal takes a next step and uses the existing "Enhanced environmentally friendly vehicle" ("EEV") for Heavy Duty Vehicles, above 3.5 t weight, as defined in Directive 2005/55/EC (OJ L 275, 20.10.2005, p. 1) to implement it on a mandatory basis for part of the fleet. Public bodies are required to allocate minimum quota of their annual procurements (purchasing or leasing) of heavy duty vehicles to vehicles meeting the Enhanced environmentally friendly vehicle performance standard.

The clean vehicle procurement obligation proposed in this Directive is limited, in a first stage, to vehicles above 3.5 t weight in order to allow the smooth introduction of environmental award criteria into the vehicle procurement process and to prepare public bodies and industry for a possible extension to other vehicle categories in later stages. The impact assessment carried out for this legislative proposal has shown that a positive impact on competitiveness of European industry with a net economic gain and the best cost/benefit result can be obtained with this kind of focused procurement obligation. This category of vehicles includes buses and most utility vehicles, such as refuse collection lorries.

An extension of the clean vehicle procurement obligation to passenger cars and light duty vehicles based on a thorough impact assessment could be considered at a later stage, once environmentally enhanced performance standards have been developed for them.

This Directive is expected to result over the long term in a general improvement in the environmental performance of the whole fleet through economies of scale, lower costs and wider deployment of enhanced environmentally friendly vehicle technologies.

- **General context**

The European Council, on several occasions, has committed itself to take measures in this area. In particular, the Helsinki European Council in 1999 agreed a strategy on the integration of environment and sustainable development in transport policy (Council document 11717/99). Among the most urgent areas for action, the Council identified the growth in greenhouse gas emissions from transport as well as other transport nuisances. The Gothenburg European Council in 2001 re-affirmed the importance of a Community strategy for sustainable development, in particular with respect to proactive measures in the transport sector.

The Communication of the Commission to the European Parliament and the Council of 9 February 2005 on the review of the Sustainable Development Strategy of the European Union [COM(2005) 37] re-affirmed the importance of a pro-active transport policy. According to that Communication, the evolution of transport has impacts in several areas, such as the saturation of traffic, the health problems caused by air pollutants, and increased CO₂ emissions, which in turn impact on the climate change objectives of the EU. The Communication refers to the development of cleaner vehicles and traffic management in urban areas and encourages public procurement as a means of promoting eco-innovations, and explicitly recommends a move to "clean" buses.

The European Parliament has also encouraged further action in these areas. In its report on the Community action plan to improve energy efficiency in the European

Community (A5-0054/2001), it argued that insufficient action had been taken at EU level to address transport energy use. It stated that "experience shows that well targeted public procurement programs have the potential of significantly reducing the price of energy efficient equipment, which is yet not commercially viable, and thus making it competitive with conventional technologies". It also called on the Commission to explore appropriate technology fields where large-scale procurement initiatives could result in major efficiency gains.

This proposal responds to the wishes of Council and Parliament to promote clean and energy efficient vehicles, and the recommendations of Member States and stakeholders for a technology-neutral approach and responds directly to the priorities set by the European Council of 22-23 March 2005 in the context of the Lisbon Strategy.

- **Existing provisions in the area of the proposal**

EU legislation has regulated vehicle emissions through the so called "Euro" standards, with limit values becoming tighter over the years. The latest standards implemented are the Euro 4 standards for passenger cars and Light Duty Vehicles, as from January 2005. A proposal for Euro 5 for passenger cars and Light Duty Vehicles will follow in 2006. Relating to Heavy Duty Vehicles, Euro IV standards are in force from October 2005 and the Euro V standards will enter into force in 2008.

The effect of the measures on pollution levels from transport has been significant. Emissions of the various regulated pollutants have fallen by between 20 and 50% on average since 1995. A further decrease is expected, bringing levels down to 25-50% of the 2000 level by 2020 (CAFE - Clean Air For Europe - modelling, 2005).

However, in many places ambient air quality still does not meet the legal requirements set by EU Directives. Limit values for particulates, which came into force from January 2005, pose problems and the same may also be expected in future with nitrous oxide when the limit values are lowered from January 2010. Restrictions on the free circulation of vehicles have already been imposed by cities in order to reduce emissions.

EU legislation provides in Directive 2005/55/EC a definition of an "Enhanced environmentally friendly vehicle" ("EEV") for Heavy Duty Vehicles, above 3.5 t weight, setting lower limit values than envisaged so far for Euro V standards for pollutant emissions. Mandatory introduction of enhanced environmentally friendly vehicles could help public bodies to meet the obligations arising from the Air Quality Directives.

- **Consistency with other policies and objectives of the Union**

The proposal will be complementary to EU measures on minimum standards of pollutant emissions, on CO₂ emission reduction through voluntary agreements, labelling, and fiscal measures, and on promotion of the market introduction of biofuels.

This Directive is in line with the new Commission approach in the field of vehicle taxation. In fact, Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity already

allows, under certain conditions, differentiated excise duty rates for alternative fuels such as biofuels, natural gas, and LPG. Also, the Commission has recently presented a proposal for a Directive (COM(2005) 261 of 5 July 2005) requiring taxation of passenger cars to be based at least partially on CO₂ emissions in order to encourage the purchasing of cleaner and more energy-efficient vehicles. It also includes, in its 3rd "whereas", an invitation to Member States to apply coordinated fiscal incentives for passenger cars fulfilling stricter than Euro 4 polluting emission limits and for expediting the placing on the market of cars satisfying future requirements (Euro 5).

Improvement of conventional and development of the following alternative vehicle technologies have been supported by Community funding from the research and technical development Framework Programmes and the Structural Funds, and promoted by Commission policy papers on alternative fuels:

- a) Vehicles using biofuels, either in high blends in ordinary vehicles or in high blends in specially adapted vehicles.
- b) Natural gas vehicles powered by an engine modified for the combustion of methane, the main component of natural gas.
- c) Vehicles powered by a combustion engine running on liquefied petroleum gas (LPG), consisting of a mixture of light hydrocarbons, mostly propane and butane.
- d) Vehicles powered by electrical motors using energy stored in rechargeable batteries.
- e) Hybrid vehicles, using two types of motors, a combustion engine and an electrical motor, allowing recovery of the braking energy with storage in batteries.
- f) Hydrogen/fuel cell vehicles, using hydrogen as an energy carrier either as a fuel in a combustion engine or in a chemical reaction producing heat and electricity in a fuel cell.

The increased use of biofuels for vehicles is also an objective of the biomass action plan, which the Commission has recently adopted (COM(2005)628 final)), and which is to be complemented by a Communication on biofuels by early 2006. The rise in biofuels consumption, which the EU wishes to see (with a target of 5.75% market share by 2010), requires a stable framework, including increased market pull from consumers. A larger number of vehicles suited for high blend biofuels would give additional support to a broadening of the biofuel market.

The clean vehicles procurement obligations introduced by this initiative for public bodies will contribute to a general improvement of the performances of the vehicles put on the market, encouraging the manufacturers to invest into the development of cleaner technologies.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

Consultation methods, main sectors targeted and general profile of respondents

The Commission has held consultations with stakeholders and Member States on possible measures to promote the development and market penetration of clean vehicles. Impact assessments on different approaches, based either on technology or performance standards have been carried out.

Consultations have been carried out in the frame of expertise studies realized on two different approaches for this legislative initiative and were accompanied by a Commission internal interservice group. A technology oriented approach was based on the selection of specific technologies. A technology neutral approach was based on the integration of costs for fuel consumption and pollutant emission into the vehicle purchase cost. Two hearings have taken place with stakeholders and national experts. More extended information was collected through questionnaires distributed and assessed in the frame of the expertise studies.

Bilateral contacts have also been engaged with some stakeholders in order to share information.

The initiative for legislative action on the promotion of clean vehicles has also been presented to the High Level Group of the CARS 21 group of Commission and industry.

Summary of responses and how they have been taken into account

The CARS 21 High Level Group of Commission and industry supported the Commission's initiative to put forward a proposal on the promotion of clean and energy-efficient vehicles, on the condition that a technology-neutral and performance based approach is taken.

Support for the proposal of a procurement obligation for public bodies has been expressed at all stages of the consultation, with the recommendation to take a technology-neutral approach.

A focus on part of the market as a kind of pilot introduction of the measure, which would enable to test the methods and the technology requirements, was supported.

- **Collection and use of expertise**

Scientific/expertise domains concerned

The studies carried out provided a qualitative and quantitative analysis of the impact of such an initiative through a cost/benefit analysis, and collected data to evaluate the general framework of this initiative.

Methodology used

Two approaches for a legislative action have been independently assessed by two consultants, COWI, and PriceWaterhouseCoopers. A technology oriented approach took as basis the selection of specific technologies considered as clean and energy efficient. A technology neutral approach considered an internalisation of costs for fuel consumption and pollutant emission into the vehicle purchase cost.

Main organisations/experts consulted

The European Automobile Manufacturers Association (ACEA), European LPG Association (AEGPL), European Association of automobile component suppliers (CLEPA), the oil companies' European association for environment, health, and safety in refining and distribution (CONCAWE), representative CIVITAS cities (Stockholm, Bremen, Rotterdam), DEUTSCHER STÄDTETAG, European Emulsion Fuel Manufacturer's Association (EEFMA), European Natural Gas Vehicle Association (ENGVA), European Council for Automotive R&D (EUCAR), European Federation for Transport and Environment (T&E), International Union of Public Transport (UITP), and European Industry Association (UNICE) were consulted.

National experts of all Member States were consulted through the Joint Expert Group Transport&Environment.

Summary of advice received and used

The existence of potentially serious risks with irreversible consequences has not been mentioned.

The principal conclusions were that this directive could have a positive impact on the market of clean vehicles and on the environment, that the effect of such an initiative was optimal for certain categories of vehicles, and that it could support industry in the development of cleaner technologies. A technology neutral approach was recommended in order to allow flexibility for industry to adjust to technical and economic progress.

Means used to make the expert advice publicly available

Minutes have been distributed to all organisations involved.

• **Impact assessment**

The main policy options considered were voluntary agreements, information dissemination, and regulatory actions. The no-policy case provides a benchmark against which the other policy scenarios have been compared.

o *Voluntary agreements* imply an uncertainty on the result and difficulties in assessing the evolution and the implementation of efforts to reach the objective. They are nevertheless an incentive to progress for manufacturers. Overall, a voluntary initiative would only involve a part of public bodies and this would mean that its effect on the overall market would be much smaller than a general obligation. Another

problem might be that vehicles responding to the procurement initiative might not be offered by manufacturers in the whole of the EU. Since the objective of the policy is to promote the market for clean road transport vehicles it does not seem effective to pass a new voluntary agreement with the car manufacturing industry. A voluntary scheme would imply a campaign of information and persuasion to be enforced with the aim of orienting purchase decisions.

- o *Dissemination of information* on using environmental criteria in the vehicle procurement process: this policy option would not involve any direct requirements. However, information and knowledge spread must be organised and EU can provide information to the Member States. Access to information will make it easier for public bodies to take environmental criteria into account when awarding contracts and purchasing vehicles. Availability of information about technical characteristics and additional financial cost will help decision making when procuring vehicles. It could help overcoming a lack of knowledge barriers and increase public sectors procurement of clean vehicles.

- o *An explicit requirement* that public procurement of road vehicles takes into account energy consumption and pollution emissions.

Different approaches for a legislative initiative to promote clean road transport vehicles have been analysed: a technology neutral approach based on the integration of energy and pollutant costs in the procurement decisions; a technology oriented approach based on selected technologies; a technology neutral approach based on an existing emissions standard.

The impact assessment has shown that a positive impact on environment and on competitiveness of European industry can be expected. A net economic gain and the best cost/benefit result can be obtained with a focused procurement obligation on the category of vehicles above 3.5 t, which includes buses and most utility vehicles such as refuse collection lorries.

A quota of 25% of clean vehicle procurement would be a good compromise between the objectives of large impacts on air quality improvement and clean vehicle market development on one side, and affordable extra investment cost and mass market availability of clean vehicles on the other side. Public authorities still need to be given the flexibility for procurement according to specific requirements for which no EEV vehicles are available yet.

The quota of 25% in the Heavy Duty Vehicle market, with a share of 1/3 of public procurement, represents about 10% of the total market. This would be about the minimum required for mass production series large enough to achieve economies of scale. Procurement of environmentally better performing vehicles also should not go beyond what is required to bring cost down in order to optimise the use of public money and confine it to the support necessary to get these technologies economically viable so that they are taken up by the wider private markets on a competitive basis. This broader market uptake will then provide also much larger environmental gains.

Only the Heavy Duty Vehicle sector with the large market power of public procurement offers the possibility of effective market leverage with a reasonably small

share of the orders. Therefore the obligation for clean vehicle procurement should be limited to this sector based on a thorough impact assessment in a first stage. An increase of the quota and an extension to other vehicle sectors could be considered at a later stage on the basis of the technical and economic development unleashed by this initiative.

The Commission carried out an impact assessment - SEC(2005) 1588 - listed in the Work Programme .

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

Public bodies are required to allocate minimum quota of their annual procurements (purchasing or leasing) of heavy duty vehicles to vehicles meeting the Enhanced Environmentally Friendly Vehicle (EEV) performance standard.

The clean vehicle procurement obligation proposed in this Directive is limited, in a first stage, to vehicles above 3.5 t weight in order to allow the smooth introduction of environmental award criteria into the vehicle procurement process and to prepare public bodies and industry for a possible extension to other vehicle categories.

- **Legal basis**

Article 175(1) of the Treaty establishing the European Community

- **Subsidiarity principle**

The subsidiarity principle applies insofar as the proposal does not fall under the exclusive competence of the Community.

Policies to promote green public procurement and more energy efficient and cleaner vehicles have been already adopted in some places at local level. As far as the European vehicle mass production industry is concerned, manufacturers are unlikely to produce special vehicle series to respond to local or even national incentives. Mandatory targets for green public procurement at EU level could provide the market with significant assurance for the future of clean vehicles and thus provide a real stimulus to vehicle manufacturers. This could help considerably improving the economics of vehicle production where a critical mass needs to be reached to allow costs coming down to competitive levels. Moreover, this action at EU level would support the competitive position of the EU automotive industry, as underlined in the Commission's 2004 competitiveness report.

Action on national level only would risk fragmentation of the internal market and lead to the development of different mini-series of vehicles responding to different national or regional requirements. This would lead to high costs and prevent economies of scale. Cost for the public would be unnecessarily high, and industry would be disadvantaged in its competitiveness.

Focused public procurement on a European level offers a sufficiently large market for clean vehicles. It would also be a logical follow-up to Community funding of pilot

fleets of clean vehicles, supported under the Research and Development Framework Programmes and under Structural Funds. Community funding, for example the structural and cohesion funds could be used to promote the technological developments of clean vehicles, for the development of clean public transport in urban areas, and for the provision of distribution networks for alternative vehicle fuels.

The draft Community Strategic Guidelines for Cohesion for the period 2007-2013 state that these investments in clean transport could be accompanied by proper traffic management, with particular attention to safety, in accordance with national and Community standards. National or regional strategies could also take into account the need to achieve a balanced (and clean) modal split that serves both economic and environmental needs.

Public bodies collectively procuring cleaner vehicles would provide a significant stimulus to vehicle manufacturers and provide assurance of a market for these types of vehicles, as stated in the Green Paper on energy efficiency. With this Directive, in a first stage, a minimum procurement quota of 25% of clean vehicles is introduced for the vehicle categories where public procurement has a significant market share. Once market experience has been gained, the procurement obligation could be extended to all vehicle categories.

Automotive industry produces for a highly integrated EU-wide market. Support to the development of clean vehicle markets therefore should be harmonised on EU level to provide a cost-effective frame for industry. Air quality limits are set by EU legislation. The reduction of pollutant emissions therefore should also be supported by actions applicable throughout the Union.

Total procurement by public bodies accounts for some 16% of EU GDP. Total annual vehicle procurement by public authorities has been estimated to be in the order of 110 000 passenger cars, 110 000 light duty vehicles, 35 000 lorries and 17 000 buses for EU-25. The corresponding market shares are slightly below 1% for cars, around 6% for vans and lorries, and around one third for buses.

A significant impact on the vehicle market can only be achieved by accumulating public procurements through harmonised criteria on EU level.

The objective of promoting clean vehicles cannot be sufficiently achieved by the Member States, but requires action at Community level in order to provide a critical mass of vehicles for cost-efficient developments by European industry.

The proposal therefore complies with the subsidiarity principle.

- **Proportionality principle**

This initiative introduces mandatory rather than voluntary procurement actions for public bodies in order to provide market pull for clean vehicles. The Directive sets only one single number for the quota of clean vehicles in one vehicle category.

Member States keep the responsibility to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive.

Quota for only part of the procurements (25%) have been introduced in order to optimise cost and market impacts, to allow a smooth introduction and to keep margins of flexibility for public bodies for procurement according to specific requirements.

- **Choice of instruments**

Proposed instruments: directive.

Other means would not be adequate for the following reason(s).

A mandatory approach is essential to create the necessary incentive for manufacturers to develop clean vehicles for a broader market.

An obligation on public authorities to allocate a certain quota of their annual road transport vehicle procurements to clean vehicles can make a substantial impact on air quality and provide the necessary support for broader market introduction of innovative technologies. Independent operators providing transport services under concession or permission of public authorities shall be given similar obligations to ensure fair competition.

Mandatory introduction of enhanced environmentally friendly vehicles could help public bodies to meet the obligations arising from the Air Quality Directives.

4) BUDGETARY IMPLICATION

The proposal has no implication for the Community budget.

5) ADDITIONAL INFORMATION

- **Review/revision/sunset clause**

The proposal includes a review clause.

- **Correlation table**

The Member States are required to communicate to the Commission the text of national provisions transposing the Directive as well as a correlation table between those provisions and this Directive.

- **Detailed explanation of the proposal**

Article 1 defines the objective of the Directive.

Article 2 defines public body and clean vehicles for the purposes of the Directive.

Article 3 creates an obligation for Member States to ensure that public bodies and independent operators providing transport services under concession or permission from a public body allocate a quota of 25% of their total annual purchasing or leasing of vehicles with a weight greater than 3.5 t to clean vehicles.

Article 4 provides for the definition of clean vehicles in Article 2, point (b) and the

quota established in Article 3 to be adapted to take account of technological developments, following changes to the definitions of clean vehicles. The Commission will be assisted by a regulatory committee.

Article 5 concerns the creation of a regulatory committee and its rules of operation.

Article 6 creates obligations for Member States to report on the procurement and the stock of clean vehicles and for the Commission to compile and publish this information, and to assess the implementation of the Directive as well as actions taken by Member States to promote the purchase and lease of environmentally friendly vehicles of less than 3.5 t and propose possible further actions including an extension of the Directive to cover other categories of vehicle.

Articles 7, 8 and 9 are the normal provisions relating to the entry into force and transposition of the Directive.

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the promotion of clean road transport vehicles

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 175(1) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁴,

Whereas:

- (1) Natural resources and their prudent and rational utilisation as referred to in Article 174(1) of the EC Treaty, include oil, which ranks first in the European energy consumption but is also a major source of pollutant emissions.
- (2) Commission Communication entitled "A sustainable Europe for a Better World: a European Union strategy for Sustainable Development"⁵, presented to the Gothenburg European Council of 15 and 16 June 2001, identified greenhouse gas emissions and pollution caused by transport among the main obstacles to sustainable development.
- (3) Commission Green Paper "Towards a European strategy for the security of energy supply"⁶ stressed the large potential for energy saving in the transport sector and the need for urgent action in the area. It proposed action to encourage the take-up of more efficient and less polluting technologies.
- (4) The Commission White Paper "European transport policy for 2010: time to decide" attributes the main responsibility for the continuous rise of transport-related CO₂ emissions to road transport. The White Paper concluded that measures taken to date to

¹ OJ C , , p. .

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ C , , p. .

⁵ COM(2001) 264.

⁶ COM(2000) 769.

reduce motor vehicle greenhouse gas emissions and European energy dependency had proved inadequate.

- (5) Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July 2002 laying down the Sixth Community Environment Action Programme⁷ acknowledges the need for specific measures to enhance energy-efficiency and energy saving, the integration of climate change objectives into transport and energy policies as well as the need for specific measures in the transport sector to address energy use and greenhouse gas emissions.
- (6) Commission Green Paper on Energy Efficiency or Doing More With Less⁸ proposed specific measures to improve energy efficiency in transport and suggested as a concrete action the public procurement of less-polluting and more energy-efficient vehicles in order to build up a market for these types of vehicles.
- (7) The Community has committed itself to an 8% reduction in CO₂ emissions between 1990 and 2008-2012 under the Kyoto Protocol. Measures relating to energy efficiency and renewable energy sources are important elements of the action needed to comply with the provisions of the Kyoto Protocol, as provided for in the Communication from the Commission to the Council and the European Parliament on EU policies and measures to reduce greenhouse gas emissions: towards a European Climate Change Programme (ECCP)⁹.
- (8) Performance standards should be used for the promotion of clean vehicles. A standard for Enhanced Environmentally friendly Vehicles (EEV) has been defined in Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005 on the approximation of the laws of the Member States relating to measures to be taken against the emission of gaseous and particulate pollutants from compression ignition engines for use in vehicles, and the emission of gaseous pollutants from positive ignition fuelled with natural gas or liquefied petroleum gas for use in vehicles¹⁰ for vehicles above 3.5 t weight. At present, this standard appears to be the most appropriate to be used for the definition of a clean vehicle in this Directive. However the possibility of amending this definition to take into account the latest technical progress should be provided for.
- (9) Vehicles with low fuel consumption or using alternative fuels, including biofuels, natural gas, LPG or hydrogen, and different technologies, including electrical or combustion/electrical hybrid systems, can contribute to a reduction of emissions and pollution.
- (10) Mandatory procurement of clean vehicles should contribute to reduce pollution and energy consumption and favour a faster market introduction of these vehicle technologies.

⁷ OJ L 242, 10.9.2002, p. 1.

⁸ COM(2005) 265.

⁹ COM(2000) 88.

¹⁰ OJ L 44, 16.2.2000, p. 1.

- (11) This Directive does not prevent Member States from also promoting the procurement of vehicles with enhanced environmental performance in the categories below 3.5 t weight, by giving preference to the latest Euro pollutant emission standards according to Directive 70/220/EEC and, in the category of passenger cars, to vehicles with CO₂ emissions of less than 120 g/km, taking into account all vehicle technologies including those based on gasoline and diesel as well as alternative fuels and technologies, such as biofuels, natural gas, LPG, hydrogen, and electrical or combustion/electrical hybrid systems.
- (12) Obligations to purchase or lease vehicles should be applied in a similar way to all providers of public transport services.
- (13) Clean vehicles have a higher purchase price than conventional ones as the market for these types of vehicles is not well developed. Creating a minimum demand such vehicles should ensure that manufacturers respond positively, leading to the market introduction of more efficient and effective technologies. As demand grows, economies of scale should lead to cost reductions.
- (14) Higher cost for clean vehicles should not lead to a degradation of the quality of public transport services. Financial support from national and appropriate Community funds can therefore compensate for the higher procurement costs incurred. A positive overall cost-benefit result for society is expected through a reduction of environmental and health impacts.
- (15) The measures necessary for the implementation of this Directive should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹¹.
- (16) Since the objective of promoting clean vehicles cannot be sufficiently achieved by the Member States, but requires action at Community level in order to provide a critical mass of vehicles for cost-efficient developments by European industry, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the EC Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS DIRECTIVE:

Article 1
Subject matter

This Directive requires Member States to take appropriate action to ensure that public bodies procure a certain quota of clean vehicles.

¹¹ OJ L 184, 17.7.1999, p. 23.

Article 2
Definitions

For the purpose of this Directive the following definitions shall apply:

- (a) "Public bodies" shall mean State, regional or local authorities, bodies governed by public law, associations formed by one or more such authorities or one or more of such bodies governed by public law; public undertakings.

"A body governed by public law" means any body:

- established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character,
- having legal personality, and
- financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

"A public undertaking" is any undertaking over which public bodies may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it. A dominant influence on the part of public bodies shall be presumed when these authorities, directly or indirectly, in relation to an undertaking:

- hold the majority of the undertaking's subscribed capital, or
- control the majority of the votes attaching to shares issued by the undertaking, or
- can appoint more than half of the undertaking's administrative, management or supervisory body.

- (b) "Clean vehicle" shall mean a new road transport vehicle complying with an "EEV" (Enhanced Environmentally friendly Vehicle) standard as defined in Article 1(c) and quantified in Section 6.2.1 of Annex I to Directive 2005/55/EC of the European Parliament and of the Council in its current version.

Article 3
Promotion of clean vehicles

Member States shall ensure that a quota of 25% of the road transport vehicles with a technically permissible maximum laden weight of more than 3.5 t, which are purchased or leased in a given year by public bodies and operators providing transport services under concession or permission from a public body, herein referred to as operators, are clean vehicles as defined in Article 2.

Article 4
Adaptations to technical progress

1. The definition of a clean vehicle as set out in Article 2(b) may be adapted to technical progress in accordance with the procedure referred to in Article 6(2).
2. The quota of clean vehicles established in Article 3 may be increased in view of technical progress and to take account of developments in the vehicles market in accordance with the procedure referred to in Article 5(2).

Article 5
Committee

1. The Commission shall be assisted by a committee.
2. Where reference is made to this paragraph Articles 5 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at...*[may not exceed 3 months]*

3. The Committee shall adopt its Rules of Procedure.

Article 6
Reporting and review

1. On an annual basis, with effect from the date referred to in Article 7(1), Member States shall compile, for the calendar year concerned, statistics on the numbers and relative shares of enhanced environmentally friendly vehicles purchased or leased by public bodies or operators.

Each year, Member States shall forward that information, no later than 30 September, to the Commission.

2. On the basis of that information, the Commission shall prepare an annual report on compliance with the requirements laid down in this Directive.

By no later than three years from the date referred to in Article 7(1), the Commission shall prepare a report on the application of this Directive and on the actions taken by individual Member States aiming at the procurement of clean vehicles below 3,5 t weight. The report shall assess the effects of this Directive, the reporting by Member States and the need for further action, and make proposals as appropriate, in particular on an extension of the clean vehicle procurement obligation to passenger cars and light duty vehicles below 3.5 t weight.

Article 7
Transposition

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 12 months from the date in Article 8 at the latest. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

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

Article 8
Entry into force

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

Article 9
Addressees

This Directive is addressed to the Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President