Analyses OSW

CENTRE FOR EASTERN STUDIES 10.07.2013 www.osw.waw.pl

Germany opposes stricter carbon emission limits for cars

Artur Ciechanowicz

On 27 June, Ireland, then holding the presidency of the Council of the EU, decided to postpone the vote on carbon emission limits for cars due to pressure from Germany. The vote was postponed following a personal intervention from Chancellor Angela Merkel at the level of Ireland's prime minister. Merkel deemed that the new regulations could affect the industry and bring down employment levels in Germany. The compromise proposal developed by the EU member states and the European Parliament, which was supposed to be passed at the European Council, envisaged that the average carbon emission limit for cars to be manufactured in 2015–2020 would be 95 grams instead of 120 grams per kilometre. Currently, this ratio is at 139 g for Volkswagen, 140 g for BMW and 153 g for Mercedes, while Renault, Peugeot and Fiat each have a ratio of 130 g. Most countries, including France and Italy have criticised Merkel's intervention, which bypassed the regular procedures. These countries had hoped that the new regulations would allow the smaller cars produced by their manufacturers to gain competitive advantage over the German brands.

Commentary

- By postponing the vote, Germany wishes to gain time to build a coalition that would block the compromise. So far, Germany's stance has been backed by Slovakia and the Czech Republic. The German government also hopes to convince Croatia - which joined the EU on 1 July – to back its arguments. If the number of votes is insufficient, another possible scenario will be to put pressure on Lithuania – which took over the presidency from Ireland on 1 July – to postpone the vote on carbon emission limits for cars until a time after the parliamentary election in Germany scheduled for September this year.

- Germany has blocked the compromise proposal for the imposition of the carbon emission limits also due to the fact that it too strongly restricted the 'super credits' mechanism. This mechanism offered car manufacturers greater limits for manufacturing high-combustion cars in exchange for manufacturing emission-free electrical cars. The German automotive industry, seeing that the generous super credit system is conducive for them, is also arguing that this scheme can be also a source of support for innovative projects.

- Germany’s stance proves that it is interested in a selective implementation of the climate policy at the EU forum, i.e. in those areas which will not affect the key sectors of the German economy. Germany is currently ignoring the fact that cars are responsible for 12% of carbon emissions in the EU, and that this proportion is growing. It does, however, see that a tougher climate policy could lead to the deindustrialisation of Germany, which would affect the country’s economy. An inconsistency similar to that on the EU stage can be observed in Germany’s domestic policy. Germany offers generous subsidies for renewable energy sources, but at the same time protects the sectors of industry with high energy consumption levels against contributing to these subsidies. It can be expected that in the immediate future Germany will take action directly targeted at supporting renewable energy sources and creating demand for these on the EU market, and at avoiding further burdens on German heavy industry.