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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on Clean Corporate Vehicles

Delegations will find attached document SWD(2025) 1061 final.

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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council

on Clean Corporate Vehicles

{COM(2025) 994 final} - {SEC(2025) 994 final} - {SWD(2025) 1060 final}

A. Need for action

What is the problem and why is it a problem at EU level?

This initiative seeks to boost the uptake of zero-emission vehicles (ZEV) in corporate fleets of cars, vans and lorries. Corporate vehicles represent around 58% of new registrations of cars, around 90% of new registrations of vans and virtually all new registrations of lorries in the EU. Corporate cars typically have significantly higher yearly mileage than cars owned by citizens and reach the second-hand market much faster, which is very relevant considering that 75% of car registrations are second-hand registrations. Corporate fleets such as rental and leasing car fleets, company cars, and logistics fleets have a significant potential to accelerate the ZEV uptake, which will help reduce transport emissions, boost the competitiveness of the EU automotive industry, and ensure a fair transition. This potential, however, remains underexploited.

The first problem that the initiative aims to address concerns the current low share of ZEVs in corporate fleets (i.e. 17% of new registrations for cars, 8% for vans and 3.7% for lorries in the first half of 2025). The share of ZEVs in rental fleets is significantly below the market average, but the share in leasing fleets, corporate cars, logistics fleets and true fleets such as taxis and ride-hailing is also insufficient.

The second problem addressed by the initiative is the insufficient availability of affordable ZEVs for citizens and SMEs. The portfolio of zero-emission car models is still mostly focused on the higher end of the market; smaller, more affordable models have started to enter the market only recently. The higher purchase cost of new ZEVs represents a significant barrier to their uptake, resulting in missed opportunities for savings on the total cost of ownership and competitiveness, when this higher purchase cost is not addressed through tailored financial solutions. Furthermore, ZEVs availability on the second-hand vehicle market is still limited, due to the relatively short time since their increased uptake in terms of new registrations. This hinders consumers' and SMEs' capacity to benefit from potential savings offered by ZEVs. Corporate cars reach the second-hand market much faster than cars purchased by citizens. Rental cars are typically re-sold within one year, and leased vehicles within 3-5 years, and could therefore play a critical role in accelerating the availability of second-hand ZEVs. Similarly, for commercial vehicles, while large companies tend to buy new vans and lorries, those vehicles are typically re-sold after a few years, mostly to SMEs, so the share of ZEVs in new registrations by large companies is a critical factor in determining the availability of affordable ZEVs for SMEs and smaller logistics operators.

What should be achieved?

The general objective of the initiative is to support the decarbonisation of the EU road transport sector, while safeguarding the competitiveness of the European automotive industry and ensuring a fair transition, in line with the European Green Deal, the Sustainable and Smart Mobility Strategy and the Competitiveness Compass. A shift towards zero-emissions road transport is essential to the EU's economy-wide greenhouse gas emissions reduction targets, and for the global competitiveness of the EU automotive sector, as clearly noted in the Clean Industrial Deal and particularly in the Industrial Automotive Action Plan.

The initiative will contribute to this general objective by pursuing three specific objectives designed to address the two problems identified: (1) stimulate the demand for ZEVs in the corporate segment; (2) reduce fossil fuels expenditures in the road transport sector; and (3) accelerate the ZEV availability on the second-hand market.

What is the value added of action at the EU level (subsidiarity)?

A rapid increase in ZEVs' demand in corporate vehicles across the EU is necessary, and national measures alone will lead to an insufficient result. Without an overall regulatory push at the EU level ensuring that Member States take sufficient action in order to reach a common, but differentiated ambition level, ZEVs demand will not be sufficiently stimulated, and a patchwork of insufficient actions may disadvantage fleets operating across borders and limit the efficient allocation of ZEVs in the internal market.

EU level action will ensure greater market certainty regarding the demand for ZEVs from corporate fleet operators across the EU, sending a necessary market signal for vehicle manufacturers as well as charging infrastructure providers. It will also ensure a faster impact on market build-up everywhere in the EU, thanks to clearer and harmonised market signals. It will help safeguard the competitiveness of the EU automotive industry and accelerate the uptake of ZEVs in second-hand markets in the EU. Furthermore, existing EU level supply-side measures, such as CO_2 emission performance standards for road transport vehicles, will be complemented more effectively by demand-side measures taken at the same level, rather than relying on national measures.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?

Two main groups of policy options have been designed (PO1 and PO2), each including three different levels of ambition for the uptake of zero-emission cars, vans and lorries (PO1A, PO1B, PO1C, and PO2A, PO2B, PO2C, respectively). An assessment of the possible inclusion of certain minimum EU content criteria in line with the Industrial Accelerator Act was also undertaken.

The first group of options (**PO1**) sets targets for Member States. It will require each Member State to ensure that, starting from 2029, ZEVs represent at least a certain share of new registrations of corporate cars, vans, and lorries by large companies in its territory during that year. Corporate vehicles registered by SMEs or citizens are not included in the scope. The minimum national targets are set at different levels of ambition for cars, vans, and lorries, to ensure consistency with the CO_2 emission performance standards and reflect the different level of technology and market development. For cars and vans, additionally, the level of ambition is modulated across Member States based on GDP per capita and on the share of ZEVs in new registrations in 2024, to reflect the capacity to absorb higher initial capital costs and the presence of relevant enabling conditions such as charging infrastructure. For lorries, the targets are set at the same level across all Member States, because of the significant share of long-distance transport activity across Member States and the resulting risk that differentiated targets would distort the internal market. This group of policy options will require Member States to activate key national policy levers such as incentives for ZEVs uptake in corporate fleets through differentiated vehicle and income taxation or e.g. favourable road charging regimes. It will ensure the necessary flexibility and minimise the risk of imposing strict targets on specific fleets whose operational requirements cannot yet be met with ZEVs.

The second group of options (**PO2**) follows the same approach for cars and vans but mobilises demand for ZEV lorries through a target on minimum shares of ZEVs in transport activity of individual large companies. By addressing certain companies directly, this group of policy options secures a specific implementation pathway but also increases compliance costs. Large companies

will be required to report yearly the total road freight transport activity performed on their behalf – by their own lorries and by direct and indirect sub-contractors – in tonne-kilometres, and ensure that a minimum share of that activity has been performed with ZEVs. This approach aims to provide certainty of demand from large shippers for freight transport services performed through ZEVs. It relies on this guaranteed shippers' demand to push transport operators to increase the share of ZEVs in their fleets.

PO1 is the preferred option, given that it is considered effective in reaching the policy objectives, it presents net benefits, and it avoids the risk of imposing significant burdens. It also performs better in terms of subsidiarity and proportionality, as it allows Member States to set the measures that are best suited for the specific market conditions in their territory and enable markets to ramp-up ZEVs in corporate fleets in the most cost-efficient manner while avoiding the administrative cost of setting stringent targets on individual fleets. This policy option is fully coherent with other relevant legislation in the field, particularly the CO_2 standards for light and heavy-duty vehicles.

The choice between PO1A, PO1B, and PO1C, which only differ in terms of level of ambition of the national targets, requires political decision. This choice has implications in terms of the overall costs and benefits for large companies, SMEs, citizens and national administrations. PO1A, PO1B and PO1C would all result in net economic, social, and environment benefits, albeit to varying degrees. The assessment shows that PO1C is the most effective in addressing the objectives, has the highest net benefits, shows the highest benefits to costs ratio and leads to the lowest indirect net costs for citizens among PO1A, PO1B and PO1C. It however also leads to the highest indirect net costs for SMEs and highest losses in tax revenues for national administrations. PO1B also shows relatively high effectiveness and similar benefits to costs ratio with PO1C. It leads to somewhat lower indirect net costs for SMEs, lower losses in tax revenues for national administrations and only somewhat higher indirect net costs for citizens. Finally, PO1A has the lowest net benefits and benefits to costs ratio out of PO1A, PO1B and PO1C, but it is still effective in addressing the objectives. It shows the lowest net costs for SMEs and lowest losses in tax revenues for national administrations, while its net costs for citizens are relatively similar to those of PO1B.

What are different stakeholders' views? Who supports which option?

Stakeholders broadly agree that the ZEVs uptake in corporate fleets remains too limited compared to the EU's climate and industrial policy goals, and that a higher corporate ZEVs share would bring benefits in terms of emission reduction and affordability of ZEVs through the second-hand market. Stakeholders generally support financial incentives to accelerate this transition, while support for ZEVs mandates at the level of companies or fleets is more limited. Environmental NGOs strongly support the proposal, including both national targets (PO1) and targets for shippers (PO2), while vehicle manufacturers and consumer associations generally expressed conditional support for the proposal's objectives, with divergent views about the options. The level of support is generally lower among transport operators. Some large logistics companies and transport operators oppose any initiative in this field, while others indicate support for some measures, such as financial incentives or national targets (PO1), but not for mandates for individual companies. Leasing and rental companies and associations also generally oppose ZEVs mandates. Freight transport operators specifically expressed concerns about possible mandates on shippers (PO2), noting that they would not expect to be able to pass on the extra costs of switching to ZEVs to the shippers.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)?

Total benefits are estimated at EUR 68.8 billion for PO1A, EUR 98.3 billion for PO1B and EUR 132.2 billion for PO1C, expressed as present value over 2029-2050 relative to the baseline. More specifically:

- Large businesses will benefit of adjustment costs savings (mainly fuel and other operation costs savings), as well as reduced tax expenditure, deriving from the shift to ZEV in their fleet. The total benefits for large businesses are estimated at EUR 40.3 billion in PO1A, EUR 56.9 billion in PO1B and EUR 74.9 billion in PO1C.
- SMEs and citizens will indirectly benefit from fuel and operational cost savings and reduced tax expenditure, in their case deriving from the increased availability of second-hand ZEV. The total benefits for SMEs are estimated at EUR 10.3 billion in PO1A, EUR 14.4 billion in PO1B and EUR 18.9 billion in PO1C and for citizens at EUR 2.9 billion in PO1A, EUR 6.1 billion in PO1B and EUR 11.6 billion in PO1C.
- National administrations would benefit of an increase in tax expenditures, due to the uptake of ZEV, estimated at EUR 13.5 billion in PO1A, EUR 16.6 billion in PO1B and EUR 18.9 billion in PO1C.
- From a societal perspective, the main benefits refer to savings in external costs of CO2 emissions, noise and air pollutant emissions resulting from the increase in the share of ZEVs in vehicle fleets of large companies, with higher yearly mileage, and the faster availability of second-hand ZEVs leading to an overall increase of the share of ZEVs on the road. External costs savings are estimated at EUR 1.9 billion in PO1A, EUR 4.3 billion in PO1B and EUR 7.9 billion in PO1C, expressed as present value over 2029-2050 relative to the baseline.

When also considering the total costs, the net benefits are estimated at EUR 6.5 billion in PO1A, EUR 13.6 billion in PO1B and EUR 23 billion in PO1C, expressed as present value over 2029-2050 relative to the baseline. The corresponding benefits to costs ratio is 1.1 for PO1A and around 1.2 for PO1B and PO1C. Including EU content criteria would increase total costs but PO1A, PO1B and PO1C would still result in net benefits (EUR 3.4 to 4.7 billion in PO1A, EUR 9.2 to 11 billion in PO1B and EUR 17.5 to 19.9 billion in PO1C). Overall, the EU content requirements are expected to contribute to the creation of a stable lead market for European steel and aluminium manufacturers, battery manufacturers and electric vehicle component manufacturers, enhancing their competitiveness and helping attract new investments in EU production capacity in those sectors.

What are the costs of the preferred option (if any, otherwise main ones)?

Total costs are estimated at EUR 62.3 billion in PO1A, EUR 84.8 billion in PO1B and EUR 109.2 billion in PO1C, expressed as present value over 2029-2050 relative to the baseline. These costs mainly consist of direct adjustment costs for large businesses (EUR 8.3 billion in PO1A, EUR 11.9 billion in PO1B and EUR 15.6 billion in PO1C), indirect costs for SMEs (EUR 25.8 billion in PO1A, EUR 33.1 billion in PO1B and EUR 39.4 billion in PO1C) and for citizens (EUR 9.7 billion in PO1A, EUR 12.1 billion in PO1B and EUR 15 billion in PO1C), losses in tax revenues for national administrations (EUR 18.4 billion in PO1A, EUR 27.7 billion in PO1B and EUR 39.1 billion in PO1C) and some limited administrative costs for national administrations and the European Environment Agency.

What are the impacts on SMEs and competitiveness?

SMEs are not directly affected by the preferred option. However, assuming that vehicle manufacturers maintain the minimum share of ZEVs in new registrations required to meet their emission reduction targets under the CO_2 emission performance standards, the increased demand for new ZEVs by large companies will reduce the availability of new ZEVs for SMEs, resulting in lower capital costs and higher fuel and other operation costs in the short to medium term. This will be partly compensated by fuel costs and other operation costs savings resulting from the increased availability of second-hand ZEVs. Net costs for SMEs are estimated at EUR 15.6 billion in PO1A, EUR 18.7 billion in PO1B and EUR 20.5 billion in PO1C, expressed as present value over 2029-2050 relative to the baseline. Per vehicle per year this would however represent up to EUR 21.1 in PO1A, EUR 29.6 in PO1B and EUR 38.5 in PO1C, while PO1B and PO1C are projected to lead to net benefits in the medium to long term. PO1A, PO1B and PO1C are expected to help increase the competitiveness of road transport operators, companies making use of transport and logistics services, thanks to a reduction in fuel and other operation costs, as well as vehicle manufacturers thanks to greater certainty of demand. At aggregate level, for large businesses and SMEs, the net benefits are estimated at EUR 16.4 billion in PO1A, EUR 26.3 billion in PO1B and EUR 38.7 billion in PO1C, expressed as present value over 2029-2050 relative to the baseline.

Will there be significant impacts on national budgets and administrations?

The preferred policy option is expected to generate limited administrative costs for national administrations. Monitoring and reporting on the targets will be ensured directly by the Member States, by extracting the relevant data from their vehicle registries and submitting it yearly to the Commission (estimated at EUR 10,350 per year at EU level in PO1A, PO1B and PO1C). While Member States are already able to differentiate corporate from private vehicles in their registry, the exclusion of corporate vehicles registered by SMEs will require a one-off adaptation of the registries (estimated at EUR 0.23 million in PO1A, PO1B and PO1C). At the same time, national administrations are expected to experience losses in tax revenues due to the higher uptake of ZEV and the associated reduction in fuel consumption, estimated at EUR 4.9 billion in PO1A, EUR 11.1 billion in PO1B and EUR 20.2 billion in PO1C.

Proportionality

The preferred policy option is considered proportionate as action at EU level is limited to what is necessary to accelerate the uptake of ZEVs in the corporate segment, support the competitiveness of the sector, and accelerate ZEVs availability on the second-hand market to the extent it is needed to ensure a fair and just transition. It leaves full flexibility for public authorities at national, regional and local levels to decide the necessary measures to spur uptake while ensuring that the proposal's objectives are satisfactorily met.

D. Follow up

When will the policy be reviewed?

Five years after the legislation will have been applied, the Commission shall carry out an evaluation to verify to what extent the objectives of the initiative have been reached and provide its main findings on implementation in a report to the Council and the European Parliament. The report shall, where necessary, be accompanied by appropriate recommendations.