

Department for Transport  
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20 August, 2020

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Dear Environment Strategy Team,

## **LDV CO2 emission performance standards consultation response**

The BVRLA represents the demand side of the automotive industry. Our members engage in vehicle rental, leasing and fleet management, purchasing around 50% of new vehicles sold annually in the UK. The sector supports over 465,000 jobs and supplies UK businesses and consumers with a combined fleet of over five million cars, vans and trucks.

The BVRLA welcomes the opportunity to comment on the implementation and operation of the UK emissions regulation scheme at the end of the transition period on 31 December 2020. The scope of this consultation is understandably limited to resolving “deficiencies/inoperabilities” which would occur from directly transposing EU law. However, the proposed resolutions must be in line with the DfT’s commitment to pursue “a future approach as we leave the European Union that is at least as ambitious as the current arrangements for vehicle emissions regulation”.

Without at least equally ambitious regulations, the UK risks an immediate reduction in manufacturer allocation of new zero-emission vehicles (ZEVs). The challenge of the UK securing sufficient ZEV supply will be most pressing at the end of the transition period for a number of reasons:

- There is a current global manufacturing shortage of batteries and vehicles
- Ongoing impacts of the COVID-19 pandemic could disrupt the global value chains involved in producing ZEVs
- The potential fines OEMs face in the EU market next year will absorb much of global ZEV supply
- Numerous EU countries have increased their incentives programmes for ZEVs in response to the COVID-19 pandemic
- Currency fluctuations at the end of the transition period could reduce the profitability of the UK market

All these pressures require the UK CO2 regulations to be most ambitious at their time of introduction, the fiercest competition for supply will be Q1 2021. The BVRLA views the proposed resolutions to inoperabilities around exchange rates and average fleet weights as not consistent with the commitment to be “at least as ambitious”, critically undermining the zero-emission transport agenda.

The first is the decision to maintain the EU formulae ‘as-is’ rather than comparing the manufacturer’s fleet against the average mass of relevant UK vehicles. The UK’s average new car mass needs to be used from the point of implementation or else 2021 targets will be lower in the UK, reducing the incentive to supply ZEVs. Also, future reductions are based on 2021 levels and starting the regulations on a weaker footing sets a tone in direct contrast to the sentiment of “at least as ambitious”. Using UK fleet weights in the future, as is currently envisaged, is too late.

Secondly, the decision to peg the Euro – GBP exchange rate is a mistake. The Euro – GBP exchange rate has been highly volatile since the UK decided to leave the EU. There are no grounds to suggest this volatility will end or that Sterling will strengthen at the end of the transition period.

### **British Vehicle Rental and Leasing Association**

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A weakening in Sterling would undermine both the attractiveness of the UK new vehicle market and the effectiveness of the proposed fines. This will create a twofold effect incentivising manufacturers to supply ZEVs into the EU above the UK. The exchange rate used for the calculation of the fines must be able to be adjusted to reflect any depreciation in Sterling. A provision allowing for a review of the exchange rate before the levelling of any fines needs to be included.

We look forward to continued engagement with DfT.

Yours sincerely,



**Gerry Keaney**  
Chief Executive

## About the BVRLA

- Established in 1967, the BVRLA is the UK trade body for companies engaged in vehicle rental, leasing and fleet management.
- BVRLA members are responsible for a combined fleet of over five million cars, vans and trucks on UK roads, that's 1-in-8 cars, 1-in-5 vans and 1-in-4 trucks. The vehicle rental and leasing industry supports over 465,000 jobs, adds £7.6bn in tax revenues and contributes £49bn to the UK economy each year.
- On behalf of its 1,000+ member organisations, the BVRLA works with governments, public sector agencies, industry associations and key business influencers across a wide range of road transport, environmental, taxation, technology and finance-related issues.
- BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.
- The association achieves this by maintaining industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection and governance programme and government-approved Alternative Dispute Resolution service. To support this work, the BVRLA promotes best practice through its extensive range of training, events and information-sharing activities.

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