



The German Paradox: the battle on reducing CO2 from Cars

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IES Autumn Lecture Series:
The European Union and the Fight against Climate Change

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The German Advisory Council on the Environment



Explaining the German Paradox

Why does a key driver of the national, EU and
international Climate Agenda slow down
progress on Cars?

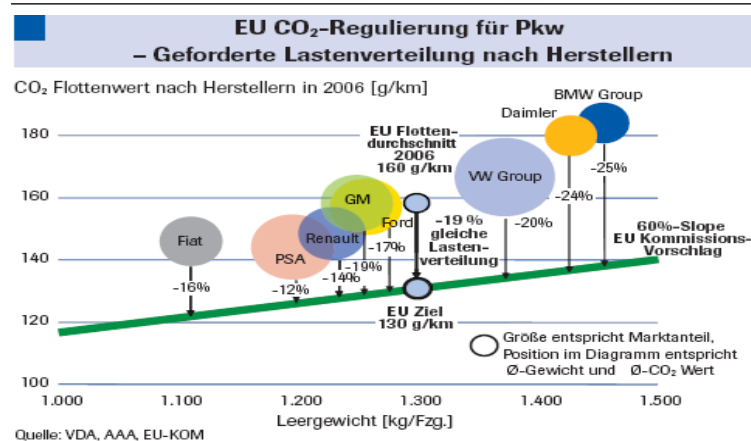
The German Advisory Council on the Environment

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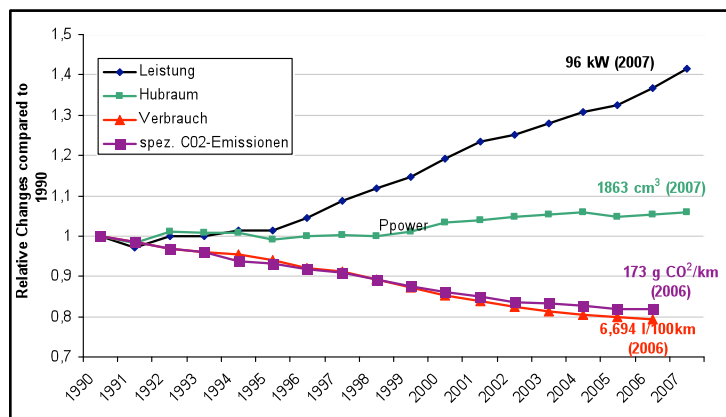
Key points

- Its more than symbolic policy
- Its not simply the industrial structure
- A heavily subsidized trajectory
- Industry influence in a Federalist State
- The battle of two competing frames on industry policy

The German Problem: Heaviest cars – highest reductions



The wrong national trajectory: weight and power eat-up efficiency improvements (1995 bis 2007)



SRU/UG 2008/Abb. 3-4; Datenquelle: Europäische Kommission 2006f, S. 12; ACEA 2008; BMU o. J.

Manufacturers cost for a reduction of 30 g CO2/km

Erhöhung der Herstellungskosten in Euro pro Fahrzeug*

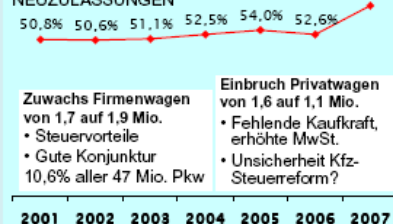
Benzin**			Diesel**		
Small**	Medium**	Large**	Small**	Medium**	Large**
759**	590**	463**	1494**	987**	582**

SRU/UG*2008/Tab.*3-10; Datenquelle: ZIEROCK-et*al.:2007, S.:16; TNO-et*al.:2006*

2007: 62% of new sold cars in Germany receive some form of tax relief

2007: Fast 62 Prozent der Neuzulassungen sind Firmenwagen

ANTEIL FIRMENWAGEN AN NEUZULASSUNGEN



Zuwachs Firmenwagen von 1,7 auf 1,9 Mio.

- Steuervorteile
- Gute Konjunktur
- 10,6% aller 47 Mio. Pkw

Einbruch Privatwagen von 1,6 auf 1,1 Mio.

- Fehlende Kaufkraft, erhöhte MwSt.
- Unsicherheit Kfz-Steuerreform?

Entwicklung zeigt Asymmetrie der Bedingungen für Firmen- vs. Privatkäufer:

- steuerlich
- wirtschaftlich
- und ökologisch!

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Dienstwagenbesteuerung Bild 1

Premium Cars have the highest share of company hold new car sales

6 der 12 Anbieter mit höchstem FW-Anteil sind ausgesprochene Edelanbieter

NEUZULASSUNGEN NACH FIRMENWAGENANTEIL 2007

Hersteller	Alle Pkw	Firmenwagen	Anteil FW in %
ALPINA (=Edel-BMW)	279	227	81,4%
MG ROVER (GB)	87	70	80,5%
AUDI (D)	234 917	180 033	76,6%
MASERATI (I)	517	384	74,3%
FORD (D)	213 439	158 397	74,2%
OPEL	283 854	209 301	73,7%
SAAB,- SCANIA (S)	4 121	2 931	71,1%
BMW	284 610	201 433	70,8%
PORSCHE	17 663	12 358	70,0%
BENTLEY (GB)	538	365	67,8%
VOLVO (S)	33 484	22 623	67,6%
JAGUAR (GB)	3 720	2 508	67,4%

Quelle: KBA Neuzulassungen 2007 (ohne Scyab) **Edelanbieter**

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Dienstwagenbesteuerung Bild 2



Level of tax relief for business cars and impacts

Total purchase and running costs
of company cars: 23 Mrd. Euro
Total estimated tax relief: ca. 9 Mrd. Euro

With a reformed tax basis
the average CO₂-emissions
would be close the EU average



Closed Trading – the SRU 2008 approach

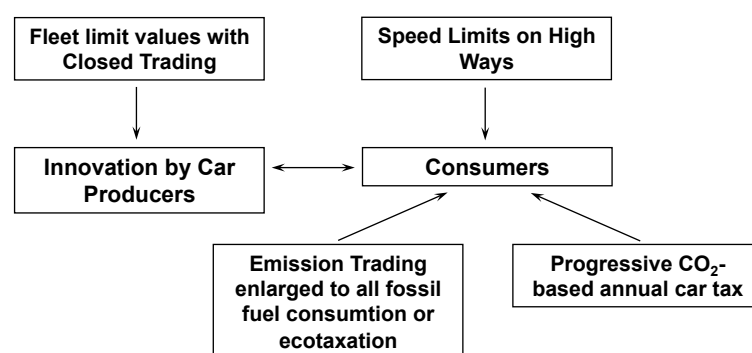
Cap and Trade Variant based upon uniform limit value:
Allows for trading between producers exceeding limit values
and those below the limit values

Key Advantages:

- strong innovation incentive for all car types
- Flexibility and low cost target achievement

Policy Mix for CO₂-Reduction from road transport – the SRU-Model 2008

Target: 80-95 g CO₂/km in 2020



Further Reading:

- Environment Report 2008:
http://www.umweltrat.de/english/edownload/envirrep/UG_2008_summary.pdf
- CO₂-Reduction from Cars 2005:
http://www.umweltrat.de/english/edownload/specrepo/Reducing_CO2_Emissions_from_Cars.pdf