Cost of driving briefing note

Greenpeace – May 2012

Greenpeace commissioned an independent expert to calculate the cost savings that drivers in 15 European states can expect if EU fuel efficiency legislation is implemented as-is, and if it is improved. This briefing accompanies the research to highlight the main findings for the UK and put them in the context of today's record high fuel prices and this summer's expected lobby battle as EU legislation is revised.

Record fuel prices

Fuel prices are at record levels in Germany, France, the UK, Greece, Italy and Spain, according to European Commission data. In April, the average European driver was paying €1.69 per litre of petrol and €1.84 in Italy and Greece [1, 2]. Several governments are discussing measures to shield drivers from further price hikes.

Efficiency saves money

Besides driving less, the best way to shield drivers from rising pump prices is to improve the efficiency of new cars. EU fuel efficiency legislation has been in place since 2009 and is subject to review starting this summer.

Today, drivers in the UK pay £1,731 in annual fuel costs. EU law requires carmakers to reduce average CO2 emissions from 140 grammes per kilometre in 2010 to an indicative 95g CO2/km by 2020. If this figure remains after this summer's legislative review, costs will go down by 23% to £1,335 by 2020.

	2010	**2015**	**2020**	**2025**	**2030**
Annual fuel costs	£1,731	£1,557	£1,335	£1,124	£1,024

Table 1 Annual fuel costs for the driver of an average car in the UK if existing EU fuel efficiency legislation is confirmed (95 gCO2/km)

If EU governments decide to tighten the target to no more than 60g CO2/km by 2025, fuel costs will drop by 60% to £685 by 2030, five years after the target is met and fuel saving improvements have become more common.

	2010	**2015**	**2020**	**2025**	**2030**
Annual fuel costs	£1,731	£1,557	£1,295	£960	£685

Table 2 Annual fuel costs for the driver of an average car in the UK if EU fuel efficiency legislation is extended (60g CO2/km by 2025)

With fuel prices set to rise further, as predicted by the International Energy Agency [3], motorists are in line for higher annual fuel bills. But they will save substantially more money as a result of the improvements in fuel economy than if these were not in place.

Efficiency is achievable

The US government requires carmakers to reduce the fuel consumption in new cars and light trucks by 50 percent between 2011 and 2025. The decision was backed by 13 global carmakers, including Toyota, Ford and BMW but not VW [4].

The European Commission has said it would consider a similar move this year to halve CO2 emissions, and hence fuel consumption, by 2025 [5]. Recent research shows this can be achieved with conventional car technology, while further advances in hybrid and electric car technology will be needed to reach further reductions beyond these levels [6].

Obstruction from the car industry

European suppliers of automotive parts [7], as well as Sweden's Volvo Car Corporation [8], have spoken in favour of the 95g EU target and said the EU should set a non-binding target for 2025 to provide the car industry with investment security.

But Europe's biggest carmaker, the Volkswagen Group, is opposed to the EU law. VW has described the 2020 target as "*not based on sound impact assessment nor on a realistic appreciation of the costs and technical progress necessary to meet the goal within the timescale*" [9]. VW and the other German car companies also vehemently oppose a further target for 2025. They claim this would mean "*making the second before the first step*" and "*acting high-handedly, and playing with the competitiveness of the European car industry*" [10]. Greenpeace is campaigning to stop VW lobbying against fuel efficiency targets. So far, more than 500,000 people worldwide have pledged their support. Greenpeace is calling on the EU to set an ambitious long term CO2 saving target for cars of 60 gCO2/km by 2025.

The research and its author

Greenpeace commissioned independent consultant Malcolm Fergusson to conduct the study highlighted here. Mr Fergusson is a specialist in climate change, energy and transport at national and European levels. He has been a Senior Fellow at the Institute for European Environmental Policy and subsequently Head of Climate Change at the Environment Agency for England and Wales. He is currently working as an independent consultant. Full data and an explanation of the methodology used to reach it is available for each of the 15 European countries studied.

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[1] http://www.bloomberg.com/news/2012-04-29/record-high-gasoline-further-burdens-consumers-in-europe.html
[2] http://ec.europa.eu/energy/observatory/oil/doc/prices/map/2012_04_23_oil_prices_es95.pdf
[3] This assumes that the oil price increases to $115 (USD 2008) per barrel in 2030, in line with World Energy Outlook 2009.
[4] http://www.businessweek.com/news/2011-07-29/automakers-agree-to-54-5-mpg-fuel-economy-rule-obama-says.html
[5] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52010DC0656:EN:NOT
[6] http://www.theicct.org/ghg-reduction-potential-and-costs-ldv-technologies-2
[7] http://www.euractiv.com/climate-environment/tajani-backs-away-2025-fuel-efficiency-fight-news-511735
[8] http://www.reuters.com/article/2012/03/23/uk-eu-car-emissions-idUSLNE82M02420120323
[9] Letter to Greenpeace, June 2010
[10] http://www.welt.de/print/die_welt/wirtschaft/article13920923/Europas-Parlamentarier-wollen-das-Drei-Liter-Auto.html