# **Surface Transportation**

## **Commitment:**

We will encourage the development of cleaner, more efficient and lower-emitting vehicles, and promote their deployment, by:

"Adopting ambitious policies to encourage sales of such vehicles in our countries, including making use of public procurement as appropriate to accelerate market development;"

-Gleneagles Plan of Action: Climate Change, Clean Energy, and Sustainable Development<sup>1260</sup>

# **Background:**

According to official UNFCC figures released in November 2005, transportation accounts for between 17 percent and 26 percent of G8 member states' greenhouse gas (GHG) emissions. The G8's commitment to the promotion of more environmentally-friendly and fuel-efficient vehicles can thus be seen in the context of a wider effort to generate consensus around international action on climate change, particularly with the some large emitters resisting pressure to join into international legally-binding commitments to make emissions reductions. Indeed, "the development of cleaner, more efficient and lower-emitting vehicles" is a policy area around which even those who downplay the importance of climate change can come together as part of a larger international consensus, as the issue is often one framed in terms of energy security and energy independence, particularly from imported oil. While there have been few discussions specifically on the subject of automobiles at the several G8 Ministerial meetings leading up to the July 2006 St. Petersburg Summit, this is an issue that may come up at the Summit given that the Russian presidency has chosen energy security as its main theme.

Team Leader: Brian Kolenda

#### **Assessment:**

Work in Progress Lack of Compliance Full Compliance -1 0 +1 +1 Canada +1 France Germany +1 Italy +1 Japan Russia -1 United Kingdom +1 **United States** +1 +1 European Union 0.67 Overall

<sup>&</sup>lt;sup>1260</sup> Climate Change, Clean Energy, and Sustainable Development, Gleneagles G8 Summit (Gleneagles), 8 July, 2005. Accessed: 22 January 2006. www.g8.utoronto.ca/summit/2005gleneagles/climatechange.html.

# **Individual Country Compliance Breakdown:**

#### 1. Canada: +1

Canada has fully complied with its Gleneagles commitment to encourage the development and sales of "cleaner, more efficient and lower-emitting vehicles" through a number of innovative programs introduced both immediately following the Gleneagles Summit and well into 2006. What follows is a description of some of the programs the Canadian government has undertaken, but it is by no means a comprehensive list. Of significance is the fact that no major federal transportation initiative was included in a list of fifteen climate change related programs that Natural Resources Canada announced would be "wound down" as of 13 April 2006. <sup>1261</sup>

Natural Resources Canada (NRCan) announced early in 2005 that it would fund a pilot project called Natural Gas for Vehicles Market Transformation from 1 April 2005 to 31 March 2006. In an effort to shift Canadian markets towards environmentally-friendly transportation, the program will pay Canadian businesses, organizations, and individuals that operate vehicles in "high-fueluse fleets," including municipal, provincial, and utility fleets, up to \$3,000 upon the purchase or lease of a new natural-gas vehicle (NGV). Although the project was announced before the Gleneagles Summit, in late July, the Canadian government, working in association with the Canadian Natural Gas Vehicle Alliance (CNGVA), renewed its commitment to encourage the sale of more efficient, lower-emitting vehicles by announcing an extension of the pilot project and an additional \$1.8 million of funding. 1263

On 7 September 2005, the Alberta Research Council (ARC) together with Natural Resources Canada announced the launch of an online Biofuels Quality Registry on which biodiesel producers can sign up to have their products tested for quality. The two-year \$100 000 program encourages small and medium sized biodiesel producers and consumers to regularly register their products for quality analysis, and will provide monetary incentives to this end. The program is part of the Canadian Government's Biodiesel Initiative. Providing resources for the development of the biodiesel industry builds consumer confidence in alternatives to traditional fuels harmful to the environment, such as gasoline, and may contribute to increased sales of products and vehicles that can run on these innovative sources of clean energy. It is also evident that the government is allocating funds to accelerate market development for biodiesel products.

G8 Research Group Final Compliance Report, June 12, 2006

<sup>&</sup>lt;sup>1261</sup> Climate Change Programs, Natural Resources Canada (Ottawa), 13 April 2006. Accessed: 22 May 2006. www.nrcan-rncan.gc.ca/media/newsreleases/2006/200609a.e.htm

www.nrcan-rncan.gc.ca/media/newsreleases/2006/200609a\_e.htm.

1262 The Natural Gas for Vehicles Market Transformation Project, Natural Resources Canada (Ottawa), 27 July 2005. Accessed: 3 January 2006. www.nrcan-rncan.gc.ca/media/newsreleases/2005/200562a e.htm.

<sup>&</sup>lt;sup>1263</sup> Natural Gas Vehicles: Government of Canada Increases Funding for Conversion Systems, Natural Resources Canada (Ottawa), 27 July 2005. Accessed: 6 January 2006.

www.nrcan-rncan.gc.ca/media/newsreleases/2005/200562 e.htm.

ARC and Government of Canada Launch Biofuels Analysis Incentive Program, Government of Canada (Edmonton), 7 September 2005. Accessed: 22 December 2005. www.nrcan-rncan.gc.ca/media/newsreleases/2005/200570\_e.htm.

<sup>&</sup>lt;sup>1265</sup> The Biodiesel Initiative, Alberta Research Council (Edmonton), 9 January 2006. Accessed: 9 January 2006. www.biofuels.arc.ab.ca/BTSC/NRCan/Default.ksi

On 8 March 2006, the Government of Canada launched a sustainable-transportation project together with the provincial government of Manitoba to encourage the use of cleaner fuels in fleet operations. The project will invest \$174 000 in the installation of a storage and fuelling facility in Winnipeg, Manitoba, for an environmentally-friendly fuel known as E85. The facility will allow provincially and federally operated fleet vehicles to fill up on the high ethanol content fuel that is not currently available commercially. Page 1267 Ron Lemieux, Minister of Transportation and Government Services of Manitoba said, "This station will serve our fleet vehicles in the Winnipeg area and eventually lead to providing this environmentally-friendly fuel to the thousands of E85-capable vehicles now registered in Manitoba." Page 1268

On 24 March 2006, the Manitoba Motor Dealers Association (MMDA) and Natural Resources Canada (NRCan) launched a joint pilot project to encourage the marketing of fuel-efficient vehicles and other fuel-saving initiatives. <sup>1269</sup> NRCan's \$90 000 investment in the program aims to raise public awareness about fuel-efficiency and will encourage the 120 MMDA automobile dealerships that sell approximately 200 000 vehicles per year to use the EnerGuide label. The project will run until 31 May 2006. <sup>1270</sup>

On 23 May 2006, Rona Ambrose, Minister of the Environment, announced the launch of a Federal government process to move to 5% biofuel content by 2010. 1271

Analyst: Taleen Jakujyan

## 2. France: +1

The French government has complied fully with its Gleneagles commitment to reducing harmful carbon dioxide emissions produced by vehicles. On 1 January 2006, the tax credit announced by Prime Minister Dominique de Villepin in November 2005 in his *Vehicle Emission Reduction Plan* came into effect. Following up on this commitment made in 2005, this national fiscal policy grants tax credits of up to €2,000 (a 30% increase from previous years,) to people who purchase low-emissions vehicles. It further allocates €100 million over the next five years for R&D into more efficient vehicles. <sup>1272</sup>

<sup>&</sup>lt;sup>1266</sup> Manitoba Launches Model Ethanol Fuel Station, Government of Manitoba, 8 March 2006. Accessed: 14 May 2006. www.gov.mb.ca/chc/press/top/2006/03/2006-03-08-03.html.

 <sup>&</sup>lt;sup>1267</sup> Manitoba Launches Model Ethanol Fuel Station, Government of Manitoba, 8 March 2006. Accessed: 14 May 2006. www.gov.mb.ca/chc/press/top/2006/03/2006-03-08-03.html.
 <sup>1268</sup> Manitoba Launches Model Ethanol Fuel Station, Government of Manitoba, 8 March 2006. Accessed: 14 May

<sup>2006.</sup> www.gov.mb.ca/chc/press/top/2006/03/2006-03-08-03.html. <sup>1269</sup> 2006 Manitoba Fuel Efficiency Frenzy, Government of Canada, 24 March 2006. Accessed: 15 May 2006.

www.nrcan-rncan.gc.ca/media/newsreleases/2006/200606\_e.htm.

<sup>&</sup>lt;sup>1270</sup> 2006 Manitoba Fuel Efficiency Frenzy, Government of Canada, 24 March 2006. Accessed: 15 May 2006. www.nrcan-rncan.gc.ca/media/newsreleases/2006/200606\_e.htm

<sup>&</sup>lt;sup>1271</sup> Transcript of a Scrum with the Honourable Rona Ambrose, Minister of Environment Canada and the Honourable Clay Serby, Saskatchewan minister of Regional, Economic and Cooperative Developers and deputy Premier at the Launch of a Canadian Renewable Fuel Strategy, 23 May 2006. Date Accessed: June 29 2006. www.ec.gc.ca/minister/speeches/2006/060523 t e.htm

Dealing with Climate Change: Vehicle Emissions Reduction Plan. Date Accessed: 9 May 2006. www.iea.org/dbtw-wpd/textbase/pamsdb/detail.aspx?mode=cc&id=2340.

On 6 January 2006, Minister of Ecology and Sustainable Development Nelly Olin announced the commencement of the "Etiquette d'Energie" program. As of 10 May 2006 it has become mandatory for all new vehicles sold in France to display a label that clearly indicates its level of CO<sub>2</sub> emissions. The energy label is colour-coded and runs from the letters A through G, with "A" representing vehicles emitting 100gCO<sub>2</sub>/Km or less, while "G," 250gCO<sub>2</sub>/Km or more. The goal of this program is to raise the public's awareness about French and foreign made vehicles, with the hopes this information will enable them to make more environmentally friendly car purchases in the future.

The energy-label program is furthermore an important tool in de Villepin's fiscal policy. Vehicles receiving a label of E or G, 200gCO<sub>2</sub>/Km-250gCO<sub>2</sub>/Km or more are subject to taxation beginning July 2006. <sup>1277</sup> This taxation program is a follow-up on de Villepin's 2005 announcement. Drivers with vehicles producing 200-250gCO<sub>2</sub>/Km may pay as much as 2€/gCO<sub>2</sub> while cars emitting more than 250gCO<sub>2</sub>/Km may pay up to 4€/gCO<sub>2</sub> or €4769 a year. <sup>1278</sup> This tax further applies to all state and corporate vehicles with the hope that their acquisition of more efficient vehicles will set a positive example to French consumers. <sup>1279</sup>

Analyst: Elaine Kanasewich

## **3. Germany: +1**

Although it got off to a slow start in the beginning of the compliance period, recent developments have placed the German Government in full compliance with its Gleneagles Summit commitment to support the development and marketing of fuel-efficient and lower-emitting vehicles. The funding unveiled in March supporting the development of vehicles powered by hydrogen demonstrates Germany's full compliance with its Gleneagles commitment in surface transportation. In addition, the German Government has demonstrated efforts to join with international partners to break ground with cleaner fuel technology in the surface transport field.

On 17 February 2006, the German Association of the Automotive Industry (VDA) announced in Berlin that the Federal Minister of Transportation Wolfgang Tiefensee welcomed its efforts to

<sup>&</sup>lt;sup>1273</sup> L'etiquette energie: un disposition simple et efficace (Paris) 6 January, 2006. Date Accessed : 9 May, 2006. www.ecologie.gouv.fr/article.php3?id article=4996.

L'etiquett energie/CO2 desormais obligatoire sue toue les vehicules a la vente (Paris), 9 May, 2006. Date Accessed: 9 May 2006, www.ecologie.gouy.fr/article.php3?id article=5754.

Accessed: 9 May 2006. www.ecologie.gouv.fr/article.php3?id\_article=5754.

1275 Appendice 3: Modele d'etiquette pour les vehicules monocarburant (Paris), 9 May, 2006. Date Accessed: 10 May, 2006. www.ecologie.gouv.fr/IMG/pdf/1838\_Annexe\_5\_APPENDICE\_3.pdf.

1276 Appendice 3: Modele d'etiquette pour les vehicules monocarburant (Paris), 9 May, 2006. Date Accessed: 10

Appendice 3: Modele d'étiquette pour les vehicules monocarburant (Paris), 9 May, 2006. Date Accessed: 10 May, 2006. www.ecologie.gouv.fr/IMG/pdf/1838\_Annexe\_5\_APPENDICE\_3.pdf.

<sup>&</sup>lt;sup>1277</sup> Appendice 3: Modele d'etiquette pour les vehicules monocarburant (Paris), 9 May, 2006. Date Accessed: 10 May, 2006. www.ecologie.gouv.fr/IMG/pdf/1838\_Annexe\_5\_APPENDICE\_3.pdf.

<sup>&</sup>lt;sup>1278</sup> Information Presse: Les incitations a l'achat de vehicules moins emetteurs de CO2 nouveautes2006 (Paris), 9 May, 2006. Date Accessed: 9 May, 2006. www.ecologie.gouv.fr?IMG/pdf/incitation vehicules 0506.pdf

<sup>1279</sup> Discourse de Madame Nelly Olin Ministre de l'Ecologie et du Developpement durable, Conference de presse <<Wtiquette energie CO2>> (Paris), 9 May, 2006. Date Accessed: 10 May, 2006. www.ecologie.gouv.fr/IMG/pdf/discours conf etiquette energie 09 05 2006.pdf.

help reduce carbon dioxide emissions by developing alternative fuels and preparing for the widespread employment of hydrogen starting in 2020. The VDA's efforts are in compliance with the German Government's fuel strategy to reduce harmful gas emissions and German dependence on oil for surface transportation. Minister Tiefensee referred to this announcement as a clear sign that it was time that the automobile industry, oil companies and government worked together to advance the development of new cleaner technologies. 1281

On 14 March 2006, Minister Tiefensee was accompanied by his French counterpart Dominique Perben at the opening of the second hydrogen gas station, a project sponsored by the German federal government through the Clear Energy Partnership (CEP). <sup>1282</sup> Tiefensee announced that in the next ten years the German Government would invest €500 million in a new hydrogen and gas cell innovation program aimed at strengthening Germany's commitment to sustainable transportation, although it was not immediately clear what share, if any, of this commitment is 'new' money. <sup>1283</sup>

On 7 April 2006, the second meeting of the Steering Committee of the Fuel Partnership of the German Ministry of Transport and the Chinese Science Ministry took place. German Undersecretary of Transport Joerg Hennerkes announced that Germany and China were ideal partners in the objective to develop alternate fuels for automobiles because German private enterprise has experience in developing new fuels and Chinese industry has improved the efficient and environmentally friendly use of conventional fuels. 1284

Analyst: Taleen Jakujyan

# 4. Italy: +1

Italy has registered full compliance with its Gleneagles Surface Transportation Commitment, proposing substantial national measures that supplement its obligations under ambitious EU-wide compliance activities. Although the Italian government does not appear to have made further announcements since January relating to this commitment, the strength of its efforts in Fall 2005 allow it to retain a full compliance score of +1.

<sup>&</sup>lt;sup>1280</sup> Tiefensee begrüßt deutliche Positionierung des VDA zur Kraftstoffstrategie der Bundesregierung, German Ministry of Transport, Building and Housing, 17 February 2006. Accessed: 10 May 2006. www.bmvbs.de/Presse/Pressemitteilungen-,1632.949993/Tiefensee-begruesst-deutliche-.htm?global back=/Presse/%2c1632%2c6/Pressemitteilungen.htm%3flink%3dbmv liste%26link.sKategorie%3d

<sup>&</sup>lt;sup>1281</sup> Tiefensee begrüßt deutliche Positionierung des VDA zur Kraftstoffstrategie der Bundesregierung, German Ministry of Transport, Building and Housing, 17 February 2006. Accessed: 10 May 2006. www.bmvbs.de/Presse/Pressemitteilungen-,1632.949993/Tiefensee-begruesst-deutliche-.htm?global back=/Presse/%2c1632%2c6/Pressemitteilungen.htm%3flink%3dbmv liste%26link.sKategorie%3d

<sup>&</sup>lt;sup>1282</sup> The Clean Energy Partnership, March 2006. Accessed: 11 May 2006. www.cep-berlin.de/index\_more.html.

<sup>&</sup>lt;sup>1283</sup> The Clean Energy Partnership, March 2006. Accessed: 11 May 2006. www.cep-berlin.de/index more.html.

<sup>1284</sup> Hennerkes: International cooperation with alternative fuels, German Ministry of Transport, Building and Housing, 7 April 2006. Accessed: 10 May 2006. www.bmvbs.de/Presse/Pressemitteilungen-,1632.955599/Hennerkes-Internationale-Zusam.htm?global.back=/Presse/-%2c1632%2c2/Pressemitteilungen.htm%3flink%3dbmv\_liste%26link.sKategorie%3d.

On 20 September 2005, the Italian Ministry of Environment and Territorial Protection released a press statement reaffirming its commitment to sustainable ground transport, and outlining Italy's considerable efforts to promote sustainable transport and car-free commuting during European Mobility Week held between 16 and 22 September, with planned activities in over 30 Italian cities. <sup>1285</sup> The Ministry then made a major policy announcement on 19 October 2005, which provided a comprehensive set of measures to promote sustainable surface transport. <sup>1286</sup> These included €20 million to promote clean fuels, including €15 million to finance an expansion of the Italian rebate program for the conversion of cars to methane and liquefied propane gas fuel (a new federal rebate of €350 that is non-cumulative with other incentives from local and regional governments), <sup>1287</sup> and €5 million to procure sustainable vehicles for public transport systems. <sup>1288</sup> On 15 November 2005 the Ministry signed and announced an agreement with the 'Iniziativa dei comuni per il car sharing (ICS)' worth €10 million to establish an incentive program (up to €700 per person) for joining car sharing programs in major Italian cities. <sup>1290</sup>

Italy has also complied with several EU-wide programs to promote fuel-efficient and alternative energy vehicles. The European Commission announced on 21 December 2005 a directive to create a market to promote cleaner vehicles, which would impose a quota for the purchase of clean vehicles on all public bodies (25 percent of annual procurement of heavy-duty vehicles over 3.5 tonnes), estimated to lead to the purchasing of 52,000 vehicles. On that same day, the European Commission also formally proposed its Euro 5 standard for vehicular emissions, which

<sup>&</sup>lt;sup>1285</sup> Prima Conferenza sulla Mobilite Sostenibile, Ministero dell'Ambiente e della Tutela del Territorio (Rome), 20 September 2005. Accessed: 8 January 2006. www2.minambiente.it/Sito/comunicati/ 2005/20\_09\_05.asp.

<sup>2005/20</sup>\_09\_05.asp.

1286 Smog: in arrivo incentivi di 350 euro per convertire auto a GPL e Metano, Ministero dell'Ambiente e della Tutela del Territorio (Rome), 19 October 2005. Accessed: 8 January 2006.

www2.minambiente.it/Sito/comunicati/2005/19\_10\_05.asp; Accordo di Programma: Incentivi per la promozione dei carburanti per autotrazione basso impatto ambientale (Parma), 19 October 2005. Accessed: 8 January 2006. www.governo.it/governoinforma/dossier/auto incentivi/accordo.pdf.

<sup>1287</sup> Incentivi per convertire auto a GPL e Metano. Presidenza del Consiglio dei Ministri (Rome), 21 October 2005. Accessed: 8 January 2006. www.governo.it/governoinforma/dossier/auto incentivi/

<sup>&</sup>lt;sup>1288</sup> Incentivi per convertire auto a GPL e Metano. Presidenza del Consiglio dei Ministri (Rome), 21 October 2005. Accessed: 8 January 2006. www.governo.it/governoinforma/dossier/auto incentivi/

<sup>&</sup>lt;sup>1289</sup> Iniziativa dei comuni per il car sharing (ICS), ICS, 8 January 2005 (Palermo, Italy), Accessed: 8 January 2005. www.icscarsharing.it/.

<sup>&</sup>lt;sup>1290</sup> Ambiente: bonus di 700 euro per chi rottama auto per aderire a car sharing, Ministero dell'Ambiente e della Tutela del Territorio (Rome), 15 November 2005. Accessed: 8 January 2006. www2.minambiente.it/Sito/comunicati/2005/15 11 05.asp

Directive on the promotion of clean road transport vehicles. European Commission. (Brussels). 21 December 2005. Accessed: 6 January. europa.eu.int/rapid/pressReleasesAction.do?reference=

MEMO/05/495&format=HTML&aged=0&language=EN&guiLanguage= en; The European Commission wants to promote clean vehicles. European Commission Press Release. IP/05/1672 (Brussels). 21 December 2005. Accessed: 7 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference

<sup>=</sup>IP/05/1672&format=HTML&aged=0&language=EN&guiLanguage=en.

Directive on the promotion of clean road transport vehicles. European Commission.(Brussels) 21 December 2005. Accessed: 6 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference

<sup>=</sup>MEMO/05/495&format=HTML&aged=0&language=EN&guiLanguage=en.

would see cuts in nitrous oxide emissions by 20 percent and 25 percent for gasoline and diesel automobiles, respectively. 1293

Analyst: Matto Mildenberger

# 5. Japan: 0

The Japanese government has, as at the interim report, not registered full compliance with its Gleneagles commitment to promote environmentally friendly surface transportation. It has advanced a number of initiatives to meet this commitment, including world-leading truck and bus fuel economy standards, but the majority of its other initiatives do not sufficiently address the issue of vehicular transport specifically to justify a score of full compliance. Critically, Japan has not yet addressed its Gleneagles commitment to market development for cleaner vehicles either by encouraging consumer sales of fuel-efficient vehicles or using public procurement policies.

Japan's major vehicular economy policy change since the Gleneagles summit is an ambitious initiative that would set strict new fuel economy standards for trucks and buses over 3.5 tonnes. The standards, which came into effect in April 2006 and which represent the first such standards anywhere in the world, would by 2015 aim to improve fuel efficiency by 12 percent over 2002 levels. The Japanese Ministry of Economy, Trade and Industry (METI)'s funding of research into surface materials led to the May 2006 announcement of a breakthrough in less wind-resistant automobile surfaces, however, the funding for this project was allocated in 2004. 1295

Another ambitious initiative is the Japanese Ministry of Environment's comprehensive Environmental Tax Plan that was announced on 25 October 2005. Although it is a revision of a 2004 plan that remained unimplemented, the Japanese government now plans to introduce a comprehensive tax on consumption-related GHG emissions, including the burning of fossil fuels in cars, by January 2007. The plan would create a tax on gasoline of about JPY1.52 per litre of gasoline and is expected to lower consumption of gasoline and raise in total about JPY370 billion in annual revenue, some share of which would go to fund research into energy efficient technologies and "promote the increase[d] use of energy-saving ... low emission

<sup>&</sup>lt;sup>1293</sup> Clean Cars: Commission proposes to reduce emissions, European Commission (Brussels) 21 December 2005. Accessed: 8 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference= IP/05/1660&format=HTML&aged=0&language=EN&guiLanguage=en.

Japan to Issue World's First Fuel Economy Standards for Large Trucks and Buses (Washington DC), 30 September 2005. Accessed: 15 January 2006. www.greencarcongress.com/2005/09/japan\_to\_issue\_.html. May 2006. Washington DC), 30 September 2005. Accessed: 14 May 2006. www.media.mazda.com/news\_release/management\_info/2006/0511\_e.html. Detailed Plan for Environmental Taxes (Basic Outline), Ministry of Environment in Japan, 25 October 2005, Accessed: 3 January 2006. www.env.go.jp/en/topic/cc/taxol051025.pdf.; Japan's Environment Ministry Now Calls for Carbon Tax by 2007, Green Car Congress (Washington DC), 26 October 2005. Accessed: 15 January 2006. www.greencarcongress.com/2005/10/japans\_environm.html.

<sup>&</sup>lt;sup>1297</sup> Japan's Environment Ministry Now Calls for Carbon Tax by 2007, Green Car Congress (Washington DC), 26 October 2005. Accessed: 15 January 2006. www.greencarcongress.com/2005/10/japans environm.html.

cars." <sup>1298</sup> However, the Environment Ministry has not yet set a firm date for when the automobile-specific taxes will be introduced, which will be likely after the January 2007 date of the other emissions taxes. <sup>1299</sup>

On 28 September 2005 Japan launched the Voluntary Emissions Trading Scheme, under which 34 selected companies and corporate groups are required to commit to their own targets on the reduction of greenhouse emissions, in exchange for subsidization of the costs of retrofits. These subsidies have the potential to be used for firms' automobile fleets, but it is unclear what share, if any, of the subsidies will in the final implementation be devoted towards improving vehicular fuel economy or expand the use of renewable energy sources in automobiles.

Analyst: Asif Farooq

## 6. Russia: -1

The Russian government not complied with the commitments made at the Gleneagles Summit with regards to surface transportation and the promotion of low-emission vehicles. Particular note must be made of the fact that Russia has not moved on implementing any programs to fulfil this commitment since assuming the G8 presidency in January 2006. Russia has made no effort to encourage Russian consumers to buy or drive low-emission vehicles, has made no changes to its procurement policies vis-à-vis cleaner vehicles, nor has it made any substantial financial contribution or commitment into research and development of low-emission vehicles.

The only policy Russia has adopted towards reducing automobile emissions was verbalized at a press conference held by Deputy Minister of Foreign Affairs Alexander Yakovenko who announced that on 6 October 2005, the Russian government approved special technical regulations on requirements for emissions of harmful (polluting) substances of motor vehicles. This initiative imposes new criteria and standards for cars based on the Euro 2 standard for automobile emissions with the hope that this will allow for an eventual move towards Euro 3, 4 and 5 efficiency standards. On 21 December 2005, the Russian News and

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<sup>&</sup>lt;sup>1298</sup> Detailed Plan for Environmental Taxes (Basic Outline), Ministry of Environment in Japan, 25 October 2005. Accessed: 3 January 2006. www.env.go.jp/en/topic/cc/taxol051025.pdf.

<sup>&</sup>lt;sup>1299</sup> Japan's Environment Ministry Now Calls for Carbon Tax by 2007, Green Car Congress (Washington DC), 26 October 2005. Accessed: 15 January 2006. www.greencarcongress.com/2005/10/japans environm.html.

Japan Launches Voluntary Emissions Trading Scheme, International Emissions Trading Association (Geneva), September 28 2005. Accessed: 30 December 2005. www.ieta.org/ieta/www/pages/index.php?IdSitePage=962.

<sup>&</sup>lt;sup>1301</sup> Russian Deputy Minister of Foreign Affairs Alexander Yakovenko Answers a Media Question Regarding Approval by Government of Special Technical Regulations on Requirements for Emissions of Harmful (Polluting) Substances of Motor Vehicles Manufactured in the Russian Federation, Ministry of Foreign Affairs of the Russian Federation (Moscow), 6 October 2005. Dart of Access: 4 January 2005.

 $www.ln.mid.ru/brp\_4.nsf/e78a48070f128a7b43256999005bcbb3/c1b73a1e4adeee38c325709200585e94? OpenDocument.$ 

<sup>&</sup>lt;sup>1302</sup> Russian Deputy Minister of Foreign Affairs Alexander Yakovenko Answers a Media Question Regarding Approval by Government of Special Technical Regulations on Requirements for Emissions of Harmful (Polluting) Substances of Motor Vehicles Manufactured in the Russian Federation, Ministry of Foreign Affairs of the Russian Federation (Moscow), 6 October 2005. Dart of Access: 4 January 2005.

Information Agency, *Moskovskiye Novosti*, reported that the Russian Industry and Energy Ministry would submit a blueprint to the Cabinet by 26 December 2005 proposing the eventual shift from the Euro 2 emission standard to the much more efficient and stringent Euro 4 standard which most of Western Europe already abides by. As of May 2006, the Cabinet has yet to act on the proposition. This attempt to move to Euro 4 standard is nonetheless being received with skepticism, with *Moskovskiye Novosti* reporting the shift to Euro 4 will most likely be hindered by the fact the majority of Russian cars are so old that it will take many years to achieve any palpable improvements in emissions reduction. <sup>1304</sup>

The commitment clearly calls for the government to encourage and promote the use and development of cleaner, more fuel-efficient vehicles. While the government's decision to require all Russian vehicles to meet the Euro 2 efficiency standard is in the spirit of the commitment, it is not significant enough a development to be counted as evidence of compliance given "the gap in vehicular exhaust standards" that is exemplified in the fact that almost all the other G8 countries already require Euro 3-, 4- or 5-equivalent efficiency standards. 1306

Analyst: Elaine Kanasewich

# 7. United Kingdom: +1

The United Kingdom has demonstrated full compliance with its Gleneagles commitment to promote the development of fuel-efficient vehicles and technologies. It has engaged in a number of partnership and regulatory initiatives domestically, and has complied or will likely comply with a number of changes to European Union regulations such that it receives a full compliance score.

The UK government's actions on domestic regulation have been significant and broad, impacting a number of key transport sectors. To address emissions from private vehicles, a new consumer fuel efficiency-labelling program was announced on 10 February 2005 funded via the UK Department for Transport and the Department of Trade and Transport, which was to be voluntarily rolled out by all 42 automobile manufacturers operating in Britain from July to September 2005. Addressing cleaner personal transport, UK Transport Secretary Alistair Darling announced on 10 November 2005 the Renewable Transport Fuels Obligation, a new

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Russia to upgrade it gasoline (Moscow), 21 December, 2005. Date Accessed: 11 May, 2006. en.rian.ru/russia/20051221/42599874.html.

en.rian.ru/russia/20051221/42599874.html.

1304 Russia to upgrade it gasoline (Moscow), 21 December, 2005. Date Accessed: 11 May, 2006. en.rian.ru/russia/20051221/42599874.html.

<sup>&</sup>lt;sup>1305</sup> Russian Deputy Minister of Foreign Affairs Alexander Yakovenko Answers a Media Question Regarding Approval by Government of Special Technical Regulations on Requirements for Emissions of Harmful (Polluting) Substances of Motor Vehicles Manufactured in the Russian Federation, Ministry of Foreign Affairs of the Russian Federation (Moscow), 6 October 2005. Dart of Access: 7 January 2005.

<sup>&</sup>lt;sup>1306</sup> Emission Standards- European Union, Cars and Light Trucks, Dieselnet, December 2005. Accessed: 3 January 2005. www.dieselnet.com/standards/eu/ld.html.

<sup>&</sup>lt;sup>1307</sup> Environmentalists and motor industry collaborate to introduce new 'green' label for cars, Low Carbon Vehicle Partnership (London), 1 February 2005. Accessed: 6 January 2006. www.lowcvp.org.uk/ newsandevents/news.cfm?news id=160.

regulation that would require that 5 percent of all fuel sold in Britain by 2010 come from a renewable source, such as biomass, solar or wind. Darling estimated the potential CO2 savings in 2010 would be "1 million tonnes of carbon dioxide emissions in 2010 — the equivalent of taking a million cars off the road." <sup>1308</sup>

March 2006 saw the introduction of a number of key initiatives in the UK's surface transport strategy. The 2007 UK Budget that was announced on 22 March saw a change in the Vehicle Excise Duty to increase the levy on a wider range of major polluting vehicles and the raising of incentives on the least-polluting automobiles. With the release of the UK's Climate Change Programme 2006 on 28 March 2006, the UK government announced that it would, beginning in 2008, introduce the Renewable Transport Fuel Obligation with a series of defined interim target levels for renewable content in petrol and diesel. 1310

At the European level, as EU President from July through December 2005, the UK supported a number of initiatives that targeted GHG emissions from surface transport. The European Commission on 12 August 2005 adopted a Biomass Action Plan, which promotes fuel standards and research and development. On 15 December 2005, the European Parliament voted in favour of a 2003 proposal to amend the 1999 Eurovignette Directive that would see all member states have to amend road fees for transport trucks so that they were charged rates based on the Euro fuel efficiency standards by 2010. It is expected that the plan will download more emissions-related costs onto road users and improve total average UK truck fuel efficiency.

Analyst: Brian Kolenda

## 8. United States: +1

The United States has fully complied with its Gleneagles commitment to promote environmentally friendly vehicles through a number of initiatives. Regulatory changes to emissions standards, international partnerships, tax incentives and funding for research and development of fuels have been key elements of the US strategy to meet this commitment.

<sup>&</sup>lt;sup>1308</sup> Government says RTFO will save a million tonnes of CO2, Low Carbon Vehicle Partnership (London), 10 November 2005. Accessed: 6 January 2006. www.lowcvp.org.uk/newsandevents/news.cfm?news id=303.

<sup>&</sup>lt;sup>1309</sup> Beckett backs Budget to tackle climate change, Defra (London), 22 March 2006. Accessed: 22 May 2006. www.defra.gov.uk/news/2006/060322d.htm.

<sup>&</sup>lt;sup>1310</sup> Beckett backs Budget to tackle climate change, Defra (London), 22 March 2006. Accessed: 22 May 2006. www.defra.gov.uk/news/2006/060322d.htm.

European Commission adopts action plan to increase use of biomass for energy and transport, Low Carbon Vehicle Partnership (London), 8 December 2005. Accessed: 6 January 2006. www.lowcvp.org.uk/newsandevents/news.cfm?news\_id=327

<sup>&</sup>lt;sup>1312</sup> Sustainable transport — Towards fairer infrastructure charging, European Commission (Brussels), 15 December 2005. Accessed: 6 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference=IP/ 05/1614&format=HTML.

<sup>&</sup>lt;sup>1313</sup> Sustainable transport — Towards fairer infrastructure charging, European Commission (Brussels), 15 December 2005. Accessed: 6 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference=IP/ 05/1614&format=HTML.

On 29 December 2005 the US Environmental Protection Agency (EPA) introduced a new rule mandating that automobile manufacturers must show that all cars and light-duty trucks that have minimum fuel efficiency standards applied to them will be able to meet those standards throughout the planned lifetime of the vehicle. Following on the heels of that announcement, the EPA announced a proposal on 10 January 2006 that would see improvements to the testing procedures to make fuel efficiency estimates of vehicles more accurate for consumers deciding to purchase automobiles. More stringent fuel efficiency standards for heavy vehicles were introduced in December 2005 and will be implemented by 2007. Administration officials have also brought forward a proposal reform the structure of the current Corporate Average Fuel Economy (CAFE) standard program to allow it to apply to passenger cars as well. 1317

In addition, the EPA has engaged in a number of international partnerships to promote fuel efficiency. The agency signed a memorandum of understanding with Canada's Natural Resources Canada (NRCan) ministry that lays out plans "to cooperate and share information in research, development, and projects to save fuel and reduce emissions." <sup>1318</sup>

These regulatory actions were complemented recently by the US Congress' passing into law in August 2005 of a new clean vehicular tax credit along with the Energy Policy Act 2005. Having come into effect on 1 January 2006, the tax credits will reduce American consumers' and firms' tax liability by up to \$3,400 for each purchase of a fuel-efficient vehicle. Finally, the 2007 US budget proposals from the US Department of Energy include money for a number of new programs, including \$149.7 million for Biomass and Biorefinery Systems research and development as part of the Department's new Biofuels Initiative.

Analyst: Asif Farooq

<sup>&</sup>lt;sup>1314</sup> Final Rule for Emissions Durability Testing, Environmental Protection Agency (Washington), 29 December 2005. Accessed: 15 December 2005. www.epa.gov/otaq/regs/ld-hwy/cap2000/420f05061.pdf.

<sup>&</sup>lt;sup>1315</sup> EPA Proposes New Test Methods for Fuel Economy Window Stickers, Environmental Protection Agency (Washington), 10 January 2006. Accessed: 15 January 2006. www.epa.gov/fueleconomy/420f06009.htm. <sup>1316</sup> EPA Chief Hails Clean Diesel Progress at 2007 Trucks and Buses Showcase, U.S. Environmental Protection

Agency, 8 May 2006, Accessed: 14 May 2006.

yosemite.epa.gov/opa/admpress.nsf/68b5f2d54f3eefd28525701500517fbf/c3a2a8e5addd0460852571680050ecd9!O penDocument.

1317 Reforming CAFÉ Standards For Passenger Cards Testimony Before The Senate Transportation and Merchant

 <sup>&</sup>lt;sup>1317</sup> Reforming CAFÉ Standards For Passenger Cards Testimony Before The Senate Transportation and Merchant Marine Subcommittee, U.S. Department of Justice, Office of Public Affairs, 9 May 2006, Accessed: 14 May 2006. www.dot.gov/affairs/minetasp050906p2.htm.
 <sup>1318</sup> US EPA & NRCan Press Event for Official Signing of the Memorandum of Understanding (MOU) and

<sup>&</sup>lt;sup>1318</sup> US EPA & NRCan Press Event for Official Signing of the Memorandum of Understanding (MOU) and Licensing Agreement, Environmental Protection Agency (Washington), 14 September 2005. Accessed: 15 January 2006. www.epa.gov/smartway/documents/420f05041.htm.

New Energy Efficiency Tax Credits Take Effect, US Department of Energy (Washington), 3 January 2006. Accessed: 6 January 2006. www.energy.gov/news/2852.htm.

<sup>1320</sup> Senate Committee on Energy and Natural Resources, U.S. Department of Energy (Washington DC) 9 February 2006, Accessed: 11 May 2006. www.energy.gov/news/3176.htm.

## 9. European Union: +1

The European Union has registered a high degree of compliance with its Gleneagles Surface Transportation Commitment, pursuing a comprehensive and imaginative set of reforms and policies to facilitate the development of cleaner transport alternatives.

The main thrust of these efforts has been legislation passed through EU governance in the fall of 2005. Notably, on 20 September 2005, the European Parliament passed a lengthy directive to promote the reduction of vehicle emissions. 1321 Critical elements of this directive included clarification and harmonization of emissions standards; commitment to require more expansive testing of vehicle emissions type and levels; commitment to improve the quality of motor fuel; provisions to require onboard diagnostics for the detection of deterioration in emission control equipment; and explicit permission to allow member states to offer tax incentives or subsidies to manufacturers in the clean surface transport sector. 1322 Responsibility for the implementation of the directive was placed with the European Commission. It was followed on 21 December 2005 by a European Commission directive to create a market to promote cleaner vehicles. 1323 This latter directive imposed a quota for the purchase of clean vehicles on all public bodies (25 percent of annual procurement of heavy-duty vehicles over 3.5 tonnes), estimated to lead to the purchasing of 52,000 vehicles. 1324 The European Commission also formally proposed its Euro 5 standard for vehicular emissions, which would see cuts in nitrous oxide (a GHG) emissions by 20% and 25% for gasoline and diesel automobiles, respectively. 1325 Similarly, on 7 December 2005, the European Union proposed a biofuel and biomass action plan. Measures relating to transport include a review of how fuel standards might better encourage the development of biomass transport options. 1326

<sup>&</sup>lt;sup>1321</sup> Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005, Official Journal L 275, 20/10/2005 P. 0001 — 0032, European Commission (Brussels), 20 October 2005. Accessed: 7 January 2006. europa.eu.int/eurlex/lex/LexUriServ/LexUriServ.do?uri=CELEX:32005L0055:EN:HTML.

Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005, Official Journal L 275, 20/10/2005 P. 0001 — 0032, European Commission (Brussels), 20 October 2005. Accessed: 7 January 2006. europa.eu.int/eurlex/lex/Lex/UriServ/Lex/UriServ.do?uri=CELEX:32005L0055:EN:HTML.

Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005, Official Journal L 275, 20/10/2005 P. 0001 — 0032, European Commission (Brussels), 20 October 2005. Accessed: 7 January 2006. europa.eu.int/eurlex/ex/LexUriServ/LexUriServ.do?uri=CELEX:32005L0055:EN:HTML.

Directive on the promotion of clean road transport vehicles, European Commission (Brussels), 21 December 2005. Date ofAccess: 6 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference

<sup>=</sup>MEMO/05/495&format=HTML&aged=0&language=EN&guiLanguage=en. And, The European Commission wants to promote clean vehicles, European Commission (Brussels), 21 December 2005. Accessed: 7 January 2006.europa.eu.int/rapid/pressReleasesAction.do?reference

<sup>=</sup>IP/05/1672&format=HTML&aged=0&language=EN&guiLanguage=en.

<sup>1325</sup> Clean Cars: Commission proposes to reduce emissions, European Commission (Brussels), 21 December 2005. Date ofAccess: 8 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference = IP/05/1660&format=HTML&aged=0&language=EN&guiLanguage=en.

<sup>&</sup>lt;sup>1326</sup> Renewable energy: European Commission proposes ambitious biomass and biofuels action plan and calls on Member States to do more for green electricity. European Commission (Brussels) 7 December 2005, IP/05/1546 Accessed: May 15 2006

europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1546&format=HTML&aged=0&language=EN&guiLanguage=en.

Additionally, the EU continued the expansion and promotion of several of its existing 'clean transport' programs. On 8 July, the Directorate General for Energy and Transport "published its fourth and last call for proposals (total value of €214 million) under the 6th Framework Programme for Research, Technology Development and Demonstration," available in three issue areas, including "Sustainable Surface Transport." Similarly, at the third annual meeting of the cities taking part in the EU's CIVITAS program for cleaner and better transport in cities, Jacques Barrot, EU Commissioner for Transport and Tourism, reiterated the Commission's support to continue the program under the seventh Framework Programme for Research and Development (2007-2013), committing to select new demonstration cities in 2007 with a special emphasis on new EU member states. <sup>1328</sup>

Finally, on 13 January 2006, the EU unveiled its Strategy for the Urban Environment. While this proposal was not accompanied by specific legislation, it re-affirmed the EU's commitment to clean urban transport, and promised capacity-development and support for regional and local governments across the EU in creating sustainable urban transport plans. <sup>1329</sup>

Analyst: Matto Mildenberger

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<sup>&</sup>lt;sup>1327</sup> DG TREN — 6FP: Fourth call for proposals is now open, CIVITAS (Brussels), 8 July 2005. Accessed: 6 January 2006. www.civitas-initiative.org/news.phtml?id=171.

<sup>&</sup>lt;sup>1328</sup> Clean urban transport: the European Commission wants to build on the results of the CIVITAS programme, European Commission (Brussels), 3 November 2005. Accessed. 8 January 2006. europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1368&format=HTML&aged=0&language=

Ouestions and Answers on the Thematic Strategy on the Urban Environment. Memo 06/09 of the European Commission (Brussels). Accessed: May 15 2006. www.europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/06/9&format=HTML&aged=0&