

Greening corporate fleets

How to accelerate the shift to zero-emission vehicles

€220bn
passenger
cars
+
€70bn
commercial
vehicles

Leaseurope members are the leading buyers of new low and zero-emitting vehicles (LEV/ZEV) in Europe

- Leaseurope, the European Federation of Leasing Company Associations, is an umbrella body bringing together 46 national associations throughout Europe representing bank-owned, captives and independent lessors as well as long and short-term automotive rental companies.
- Approximately 54% of all vehicles registered in the European Union are purchased by Leaseurope members. That's almost €300bn of investment every year.
- The European fleet leasing industry is outperforming the rest of the new vehicle market in purchasing LEV/ZEVs.

Leaseurope members play a leading role in supporting the Green Deal

The leasing and rental industries play a leading role in meeting the European Commission's policy objective of increasing the use of low and zero emitting vehicles on Europe's roads, as part of the Green Deal:

- **Lowering the average age and emissions of the European car parc:** The average age of the leased and rented fleets is just over two years, with short term rental being even younger.
- **Supporting European businesses on their transitions to sustainability:** Over 40% of SMEs in Europe rely on leasing to fund their business investments. Leasing and rental companies support businesses to invest in LEV / BEVs, by making them available at affordable rates and taking away residual value risk.
- **Making LEV/ZEV more affordable:** As well as leasing new vehicles directly to consumers, the leasing and rental industries are the primary channel for providing affordable second-hand LEV/ZEVs to the consumer market.
- **Offering attractive and innovative new ZEV solutions:** European leasing and rental companies invest substantially to offer affordable and attractive LEV/ZEV mobility solutions, including financing of vehicles and charging solutions.

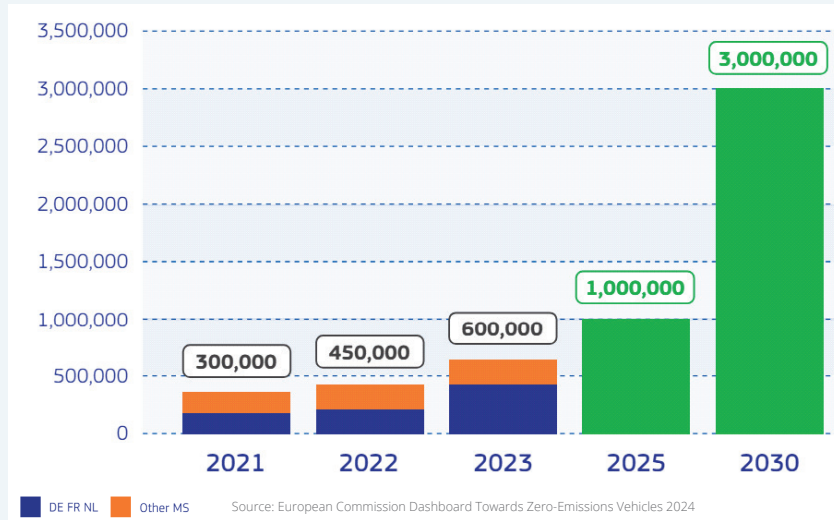


ZEV uptake key enabling conditions

- **Vehicle availability and cost:** The availability and cost of ZEVs, ensuring the rental and leasing industry can continue to meet business customer needs at an affordable cost of usage.
- **Charging availability and cost:** The availability of charging infrastructure, including both home-based and public charging, and grid preparedness. (See graph on next Page)
- **Residual value risk:** The ability of bank and non-bank owned leasing and rental companies to absorb highly variable Residual Value risk, which can result in profits in one year turning to losses the next year - whilst still meeting relevant prudential regulatory requirements.
- **Stability of market support structures:** Demand for both new and second-hand vehicles relies heavily on having stable fiscal or other incentive structures for users over the medium to long-term, covering both new cars and the second-hand market.
- **Costs and benefits compared to other options:** A 'mandate' proposal should be carefully assessed against other options for promoting take-up of ZEVs, as well as development of alternative powertrain technologies and/or synthetic fuels.

Number of public charging points in Europe: Actual and required

This Commission chart shows the massive scale of charging point investment (supported by grid capability) needed to support the shift to ZEVs. Today more than 60% of charging points are found in three EU Member States.



Risks of a mandate

Any measures to accelerate the shift to ZEVs for corporate fleets that do not address the ZEV uptake key enabling conditions risk undermining the policy objective of reducing emissions in Europe's car parc. Any stimulating measures, including a potential mandate, should consider the wider mobility ecosystem:

- **Ineffective policy outcomes:** Many businesses facing only ZEV leasing and rental options would keep ICE vehicles or purchase LEVs, or give employees options to do so, and would be likely to keep these non-ZEVs for longer.
- **Fewer low-emissions cars for the second-hand market:** If businesses purchase cars instead of lease and keep them for longer, this will reduce the supply of affordable low emissions vehicles into the second-hand market, resulting in higher average age and emissions of the European car parc
- **Higher prices:** Mandatory use of ZEVs together with still uncertain effects of new tariffs are likely to lead to less affordable ZEV options for European businesses and consumers

A mandate risks harming:

- European consumers and businesses ranging from SMEs to large corporations that depend on mobility services provided by the European leasing and rental industry
- Europe's ability to achieve its environmental objectives whilst at the same time protecting and promoting economic activity
- The wider automotive supply chain

Leaseurope recommendation

To accelerate the shift to zero-emission vehicles in corporate fleets, Leaseurope recommends attention is focused on addressing the enabling conditions to ZEV take-up, including promoting the availability of suitable and affordable ZEV vehicles and developing the charging infrastructure.

Additionally, there must be a consistent and stable regulatory framework that promotes investment in ZEVs by all players: businesses using vehicles, leasing and rental companies, and all parts of the automotive supply chain. The framework needs to reflect the fact that every business user is different, with different mobility needs, in different financial situations, and at different stages in their transitions to becoming more sustainable.

Attempting to force European businesses to switch to ZEVs faster than enabling conditions allow will lead to significantly higher costs and business risks. But as the enabling conditions are met, with the rental and leasing fleet changing regularly, Leaseurope expects take-up of ZEVs to grow rapidly.



Please see our website for our full position paper
www.leaseurope.org