SIXT SE

SIXT SE, Zugspitzstraße 1, 82049 Pullach

Bundesministerium für Wirtschaft und Energie
Referat IVA5
10100 Berlin

Per E-Mail an: BUERO-IVA5@bmwe.bund.de

Pullach, 03.02.2026

Clean Corporate Fleets Legislativvorschlag der EU-Kommission
Ihre E-Mail vom 29.01.2026

Sehr geehrte Damen und Herren,

vielen Dank, dass Sie uns die Gelegenheit geben, zu dem Legislativvorschlag „Clean Corporate Fleets“ der EU-Kommission Stellung zu nehmen. Bevor wir Ihre konkreten Fragen beantworten, möchten wir die Position von SIXT zusammenfassen:

Mobilität muss emissionsfrei werden – das ist unbestreitbar. SIXT hat deshalb bereits sehr viel in die Transformation zur Elektromobilität investiert. Den Legislativvorschlag der EU-Kommission zu „Clean Corporate Fleets“ lehnt SIXT allerdings entschieden ab. Er adressiert leider nicht die grundlegenden Ursachen für das schleppende Tempo der Transformation. Stattdessen verfolgt der Vorschlag einen vollkommen verfehlten Ansatz, dessen Umsetzung zahlreiche Arbeitsplätze in der Automobilindustrie und im Tourismus gefährden wird. Der Vorschlag ignoriert den Umstand, dass die dafür erforderliche flächendeckende Schnellladeinfrastruktur in weniger als vier Jahren unmöglich aufgebaut werden kann. De facto führt er – statt der angekündigten Flexiblisierung – zu einer deutlichen Vorziehung und Verschärfung des Verbrennerverbots für große Unternehmen – und dies nun plötzlich um fünf Jahre oder sogar mehr. Damit wird betroffenen Unternehmen die Planungssicherheit entzogen.

SIXT appelliert daher an die Bundesregierung, den Vorschlag mit planwirtschaftlich anmutender Quoten rundweg abzulehnen und sich in den Beratungen mit den anderen Mitgliedstaaten federführend für eine Ablehnung starkzumachen. Für eine erfolgreiche Transformation ist es

SIXT SE
Zugspitzstraße 1
82049 Pullach, Deutschland

Steuer-Nr.: 143/316/40000
UstID | VAT: DE129275176

KONTAKT
T +49 (0) 89 | 7 44 44 - 0
F +49 (0) 89 | 7 44 44 - 86666
www.sixt.com

FIRMENSITZ
Pullach, Deutschland
Handelsregister München: HRB 206738

BANKVERBINDUNG
UniCredit Bank GmbH
IBAN: DE20 7002 0270 0000 0829 10
BIC: HYVEDEMM

Vorsitzender des Aufsichtsrates:
Erich Sixt
Co-Vorsitzende des Vorstandes:
Alexander Sixt und Konstantin Sixt
Vorstand: Nico Gabriel, Vinzenz Pflanz,
Dr. Franz Weinberger

entscheidend, dass die Politik die erforderlichen Rahmenbedingungen schafft und insbesondere die öffentliche Schnellladeinfrastruktur zügig ausbaut.

Sollte eine vollständige Ablehnung politisch nicht umsetzbar sein, sollten Autovermietunternehmen aufgrund ihrer besonderen infrastrukturellen Herausforderungen von dem Anwendungsbereich des Legislativvorschlags ausgenommen werden.

1. **Wie bewerten Sie den Vorschlag der Kommission vom 16. Dezember 2025 zur Regulierung von sauberen Unternehmensflotten?**

   Da eine Transformation zur emissionsfreien Mobilität alternativlos ist, hat SIXT bereits frühzeitig erheblich in die Elektromobilität investiert. Allerdings musste SIXT feststellen, dass Kunden das eingeschlagene Tempo noch nicht mitgehen wollen. Obwohl die überwiegende Mehrheit unserer Kunden großen Wert auf Nachhaltigkeit legen und auf ein möglichst umweltfreundliches Konsumverhalten bedacht sind, bleibt die Nachfrage nach Elektro-Mietfahrzeugen verhalten – trotz Anreizen und umfangreicher Marketingmaßnahmen. Elektromobilität funktioniert in nennenswertem Umfang bislang nur in dem Anwendungsfall, bei dem zu Hause und/oder am Arbeitsplatz geladen werden kann. Aussagen unserer Kunden zufolge scheuen sie auf Reisen Elektromobilität, weil es – auch in Deutschland – schlichtweg an einer flächendeckenden Schnellladeinfrastruktur fehlt. Bemerkenswerterweise gilt dies selbst für Kunden, die in ihrem Alltag ein Elektrofahrzeug benutzen. Bei dem derzeitigen Ausbautempo in Deutschland und den übrigen Mitgliedstaaten ist es unmöglich, die erforderliche Schnellladeinfrastruktur in weniger als vier Jahren zu erstellen. Diese Kundenresonanz deckt sich mit empirischen Erkenntnissen:

   - Nach Untersuchungen der EU-Kommission befinden sich über 60 % der öffentlichen Ladeinfrastruktur in der EU in drei Ländern, nämlich Deutschland, Frankreich und den Niederlanden (vgl. beigefügtes PDF „Dashboard towards zero-emission vehicles“). Die übrigen 80 % des EU-Territoriums sind „Ladewüste“.

   - Aber auch in Deutschland reicht die Ladeinfrastruktur für eine flächendeckende Elektromobilität nicht aus. Laut Auskunft des Bundesverkehrsministeriums auf eine Bundestagsanfrage im Sommer des letzten Jahres verfügen 50 % der Kommunen in Deutschland über keine einzige öffentliche Ladesäule[1].

[1] https://www.sueddeutsche.de/wirtschaft/e-mobilitaet-fast-jede-zweite-kommune-ohne-e-auto-ladepunkte-dpa.urn-newsml-dpa-com-20090101-250918-930-56693

- Laut Impact Assessment der EU-Kommission erwirtschaften Autovermieter mehr als 50 % ihres Umsatzes an Flughäfen[2]. An allen Flughäfen fehlt es nach eigenen Feststellungen der EU-Kommission an Ladeinfrastruktur[3]. Laut eigenen Angaben hat die EU-Kommission keine Vorstellung, wie dieses Problem in weniger als vier Jahren behoben werden kann. Dies ist umso erschreckender, wenn man berücksichtigt, dass die EU-Kommission dieses Problem bereits in dem beigefügten Dokument vom 05.03.2025 identifiziert hat[4].

- Aus allen Gesprächen, die SIXT mit Flughafenbetreibern geführt hat, wissen wir, dass (a) die EU-Kommission mit keinem Flughafenbetreiber über dieses Problem gesprochen hat und (b) die Flughäfen weder die technischen noch die finanziellen Mittel haben, Schnellladeinfrastruktur zur Verfügung zu stellen. Ein sehr großer deutscher Verkehrsflughafen, der die Transformation vorantreiben will, hat uns beispielsweise mitgeteilt, dass er bei einer Mietwagenflotte von bis zu 14.000 Kfz an diesem Flughafen in 2030 nur zwölf Schnellladestationen für Autovermieter bereitstellen kann und wird.

- Internationale Beispiele wie Norwegen und China belegen eindeutig: Zunächst muss die Ladeinfrastruktur stehen – erst dann steigt die Nachfrage nach Elektrofahrzeugen. Ein Henne-Ei-Problem existiert nicht.

Der Legislativvorschlag betrifft alle großen Unternehmen in der EU. Diese sind für mehr als 50 % der Wirtschaftsleistung der EU verantwortlich sind. Seine Umsetzung wird nicht nur Autovermieter vor große Herausforderungen stellen, sondern auch gravierende negative Effekte auf Automobilindustrie und Tourismus haben:

Schon heute verlängern Unternehmen die Haltedauern ihrer bestehenden Verbrennerfahrzeugflotten. Eine Umsetzung des Legislativvorschlags würde dies beschleunigen und zu einem „Havanna-Effekt“ führen: Alte Verbrenner werden mangels ausreichender Ladeinfrastruktur nicht gegen neue Elektrofahrzeuge ausgetauscht – mit der Folge, dass der Neufahrzeugabsatz einbricht. Dies wiederum wird negative Auswirkungen auf Arbeitsplätze in

[2] Vgl. S. 5 f.
[3] Vgl. S. 14, 32, 41 sowie Fußnote 87.
[4] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee and the Committee oft he Regions (COM (2025) 96 final), S. 11. Die dort angekündigten Maßnahmen wurden bis heute nicht auf den Weg gebracht.

der Automobilindustrie, aber auch in der Tourismusbranche haben, da Reisende ihr Mobilitätsverhalten an die infrastrukturellen Gegebenheiten anpassen müssen.

Zudem würde die Abhängigkeit von China weiter steigen: 80 % der globalen Batterieproduktionskapazitäten befinden sich in chinesischer Hand, nur rund 13 % in Europa – davon wiederum 97 % mit asiatischen Eigentümern. Selbst ein europäischer Kapazitätsaufbau würde diese Abhängigkeit kaum reduzieren, da China die Förderung und Verarbeitung wesentlicher Rohstoffe dominiert.

Letztendlich wäre eine Umsetzung des Vorhabens rechtswidrig, da die Verordnung gegen höherrangiges EU-Recht und Grundrechte verstoßen würde. Zu diesem Ergebnis gelangt das beigefügte Gutachten der Kanzlei Freshfields vom 07.09.2025, das von Leaseurope in Auftrag gegeben wurde.

2. Wie bewerten Sie die für Deutschland für 2030 und 2035 vorgeschlagenen Quoten u.a. im Hinblick auf Modellverfügbarkeit, Vorhandensein einer ausreichenden Ladeinfrastruktur und Wirtschaftlichkeit für Ihre Geschäftstätigkeit?

Der Vorschlag sieht unterschiedliche Quoten für die einzelnen Mitgliedstaaten vor. Für Deutschland sieht der Vorschlag eine ZEV[5]-Quote von 54 % und eine kombinierte ZEV/LEV[6]-Quote von 83 % vor. De facto bedeutet dies eine Elektroquote von 83 %, da Low-Emission Vehicles nur Fahrzeuge mit CO_2-Emissionen bis 50 g/km umfassen. Für die überwiegende Mehrheit der übrigen Mitgliedstaaten sind deutlich niedrigere Quoten vorgesehen, wobei selbst diese unrealistisch und praxisfremd sind. So ist beispielsweise für Frankreich und Italien eine Quote von „lediglich“ 69 % vorgesehen, für Spanien, Estland, Tschechien, Slowenien und Zypern eine Quote von „nur“ 55 % und für Polen, Portugal, Griechenland, Bulgarien, Rumänien, Ungarn, Litauen und die Slowakei sogar „nur“ 48 %.

Die Ermittlung der Quoten für die einzelnen Mitgliedstaaten ist auf Seiten 25 ff. des Impact Assessment der EU-Kommission erläutert. Sie ist nicht an realen Gegebenheiten wie der Ladeinfrastruktur orientiert. Vielmehr basieren die Quoten auf einem pseudowissenschaftlichen Modell, das sich am Elektrifizierungsgrad sowie Pro-Kopf-BIP orientiert und deshalb zu willkürlichen Ergebnissen führt. Es ist nicht nachvollziehbar, weshalb für Deutschland im

[5] ZEV = Zero-Emission-Vehicle.
[6] LEV = Low-Emission-Vehicle gemäß Art. 3(1)(m) der EU-Verordnung 2019/631

Vergleich zu anderen Mitgliedstaaten besonders hohe Quoten gelten sollen. Sollen hier Mitgliedstaaten, die mit der Transformation weiter vorangeschritten sind als andere und ein höheres BIP pro Kopf haben, dafür „bestraft“ werden?

Wie oben bemerkt, wird in der gesamten EU die Schnellladeinfrastruktur für den erhofften Hochlauf für den Kauf von Elektrofahrzeugen durch große Unternehmen nicht ausreichen. Die unzureichende Ladeinfrastruktur wird zu einem spürbaren Rückgang der Nachfrage großer Unternehmen nach Neufahrzeugen führen. Dies wird wiederum einen Abbau von Arbeitsplätzen nach sich ziehen.

Zudem enthält der Gesetzesvorschlag ein unlösbares Problem für Autovermieter: Wie oben ausgeführt, geht die EU-Kommission in ihrem Impact Assessment selbst davon aus, dass die größten strukturellen Herausforderungen für Autovermieter darin bestehen, dass an Flughäfen keine ausreichende Ladeinfrastruktur geschaffen werden kann. Der Legislativvorschlag möchte verbindliche Quoten genau für die Betreiber von Flotten vorschreiben, die bei der Umsetzung den größten Hindernissen ausgesetzt sind. Dieser Umstand, dass die EU-Kommission etwas offensichtlich Unmögliches vorschreiben möchte, macht den Legislativvorschlag, wie oben bereits erwähnt, rechtswidrig, da dies gegen höherrangiges Recht und EU-Grundrechte verstößt (vgl. beigefügtes Memo der Kanzlei Freshfields).

Zur Modellverfügbarkeit können wir aufgrund der zahlreichen Unwägbarkeiten keine verlässliche Aussage tätigen. Sollte die „Made in Europe“ Vorschrift aufgehoben oder modifiziert werden, ist zu erwarten, dass das Vorhaben vor allem den Absatz von asiatischen Produkten erhöhen könnte.

Egal wie man es dreht oder wendet: Die EU-Kommission wird mit ihrem Vorschlag – sollte er sich so durchsetzen – dafür sorgen, dass die Preise für Verbraucher deutlich ansteigen. Der Wertverlust zwischen Anschaffung eines elektrischen Neufahrzeugs und dessen Verkauf als Gebrauchtwagen ist aufgrund der niedrigen Gebrauchtwagenpreise von Elektrofahrzeugen viel höher als der Wertverlust eines Fahrzeugs mit Verbrennermotor. Wenn stattdessen alte Verbrennerfahrzeuge länger gehalten und nicht gegen neue Elektrofahrzeuge ausgetauscht werden können, steigen der Reparaturbedarf und damit die Kosten für den Unterhalt, die am Ende die Kunden tragen müssen.

3. **Welche Auswirkungen sehen Sie auf Wertschöpfung und Beschäftigung in Ihrer Geschäftstätigkeit?**

Die Umsetzung des Legislativvorschlags wird den Preis für die Anmietung von Fahrzeugen signifikant erhöhen (vgl. die Antworten zu Frage 2). Ob und inwiefern mögliche Auswirkungen auf Arbeitsplätze abgefangen werden können, können zum jetzigen Zeitpunkt nicht abgesehen werden.

4. **Wie bewerten Sie die Anforderung im Regulierungsvorschlag, dass ab 2028 staatliche finanzielle Unterstützung nur noch für ZLEV und ZEV aus EU-Produktion vergeben werden darf?**

Nach unserer Einschätzung hat die EU hierfür keine Gesetzgebungskompetenz; diese liegt ausschließlich bei den Mitgliedstaaten.

Darüber hinaus ist dieser Vorschlag mit heißer Nadel gestrickt, in vielerlei Hinsicht unausgereift und wird kaum umsetzbar sein.

Dem Vorschlag lässt sich nicht entnehmen, unter welchen Voraussetzungen ein Fahrzeug als EU-Produkt gilt. Dies soll in einer delegierten Verordnung geregelt werden. Die gesetzgebenden Organe wissen demnach (noch) nicht, was sie hier konkret beschließen sollen. Es ist äußerst bedenklich, dass die Definition und Ausarbeitung eines derart zentralen Punktes dem Gesetzgebungsverfahren nachgelagert werden sollen.

Darüber hinaus besteht die Gefahr, dass dieser Vorschlag von Handelspartnern außerhalb der EU als unzulässiges Handelshemmnis empfunden und deshalb Handelskonflikte auslösen wird. Es ist kaum vorstellbar, dass die USA, China, Japan und/oder Südkorea eine solche Regelung folgenlos hinnehmen werden.

Außerdem wird die „Made in EU“-Klausel die Auswahl, aber auch die Erhältlichkeit von Fahrzeugmodellen einschränken.

Zudem ist nicht klar, was genau mit staatlicher finanzieller Unterstützung gemeint ist. Dieser Begriff könnte wohl auch die steuerliche Absatzbarkeit von Abschreibungen auf Verbrennerfahrzeuge umfassen. Die Regelung wird mithin untragbare finanzielle Folgen für

Flottenbetreiber haben und das Verbrennerverbot für große Unternehmen faktisch auf 2028 vorziehen und mithin in weniger als zwei Jahre in Kraft treten lassen.

5. Gibt es Vorschläge von Ihnen, wie der Regulierungsvorschlag geändert werden sollte z.B. zur Verbesserung der Effektivität, Kostenminderung?

SIXT spricht sich klar gegen planwirtschaftlich anmutende Vorgaben aus und plädiert stattdessen für die Schaffung erforderlicher Rahmenbedingungen und marktwirtschaftlicher Anreize. Wie eingangs dargestellt, appelliert SIXT deshalb an die Bundesregierung, den Legislativvorschlag zu Elektroquoten im Rat entschieden abzulehnen und sich auch gegenüber den anderen Mitgliedstaaten nachdrücklich für eine Zurückweisung des Vorschlags einzusetzen. Sollte eine vollständige Ablehnung politisch nicht durchsetzbar sein, müssen zumindest Autovermietunternehmen aufgrund ihrer besonderen infrastrukturellen Herausforderungen vom Anwendungsbereich des Regelwerks ausgenommen werden.

Für eine erfolgreiche Transformation müssen zunächst die notwendigen Rahmenbedingungen geschaffen werden. Dazu zählt allem voran ein beschleunigter und flächendeckender Ausbau der öffentlichen Schnellladeinfrastruktur. Erst wenn die erforderlichen Rahmenbedingungen geschaffen sind, kann die Nachfrage nach Elektromobilität nachhaltig wachsen. Elektrofahrzeuge sind technisch hochwertige Produkte, die Menschen begeistern, wenn die erforderlichen Rahmenbedingungen für ihre Nutzung gegeben sind. Ohne eine ausreichende Ladeinfrastruktur führen Quotenregelungen hingegen zu Frustration bei Nutzern, zu wirtschaftlichen Schäden und letztlich auch zu politischen Verwerfungen.

Für Rückfragen und einen vertiefenden Austausch stehen wir jederzeit gerne zur Verfügung.

Mit freundlichen Grüßen

SIXT SE

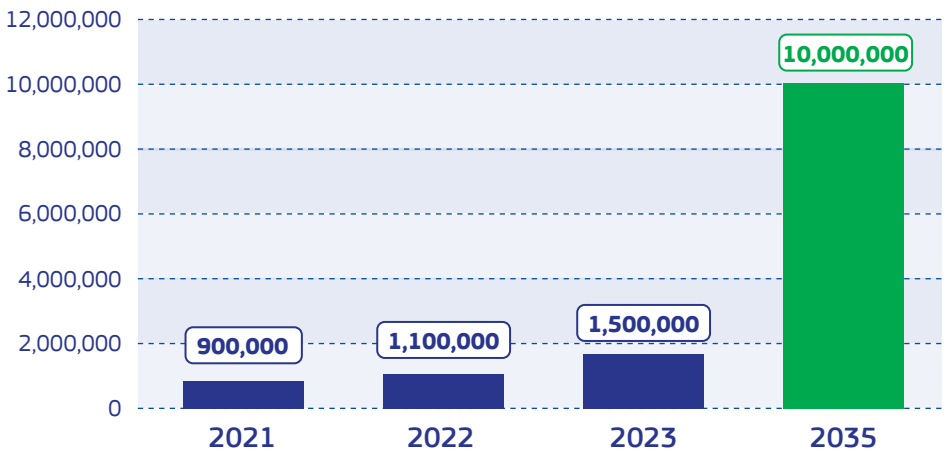
European Commission

DASHBOARD TOWARDS ZERO-EMISSION VEHICLES

#Route35

1. Deployment and market shares

New battery electric vehicles registered in the EU



Sales of new electric vehicles are increasing in the EU, but still need to grow 7 times by 2035, to match projected demand

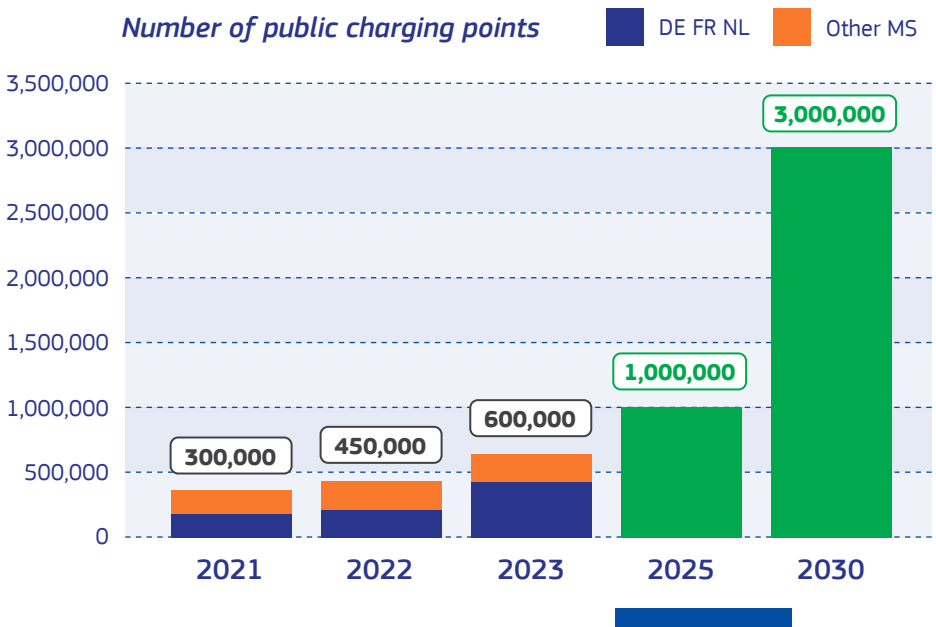
Market share of "made in China" EVs increasing exponentially: from 1% in 2021 to 20% in 2023

2. Affordability

Only 6 models sold for less than **€30,000** including 3 Chinese ones
As of 1/1/24, no model below **€20,000** average price (without incentives)

3. Infrastructure

Number of public charging points



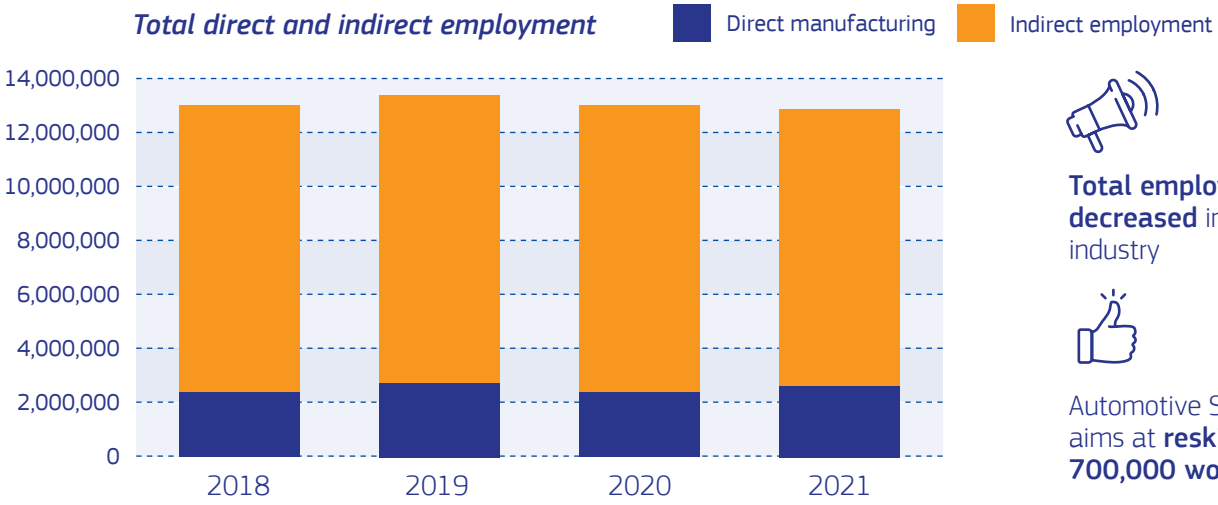
Overall number of **charging points increasing** according to alternative fuel infrastructure regulation target

But 61% of charging points in three EU countries

No data on **grid** preparedness for charging needs

4. Jobs and skills

Total direct and indirect employment

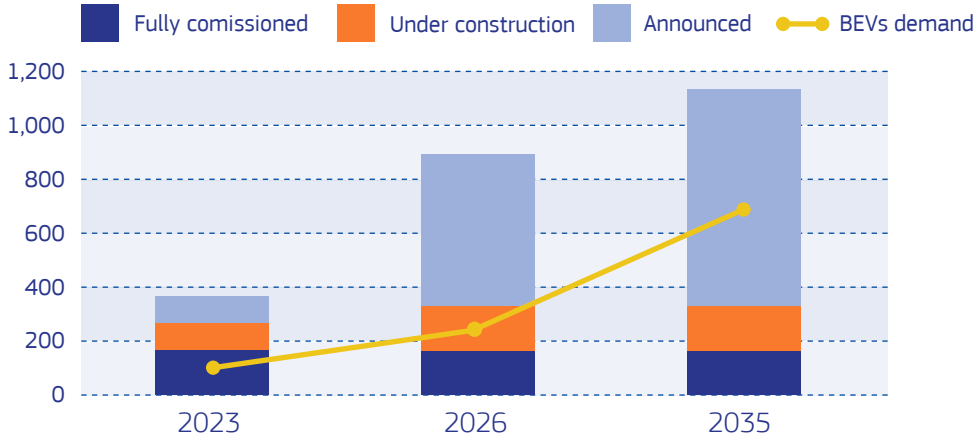


Total employment has recently **decreased** in the automotive industry

Automotive Skills alliance aims at **reskilling/upskilling 700,000 workers by 2027.**

5. Access to resources

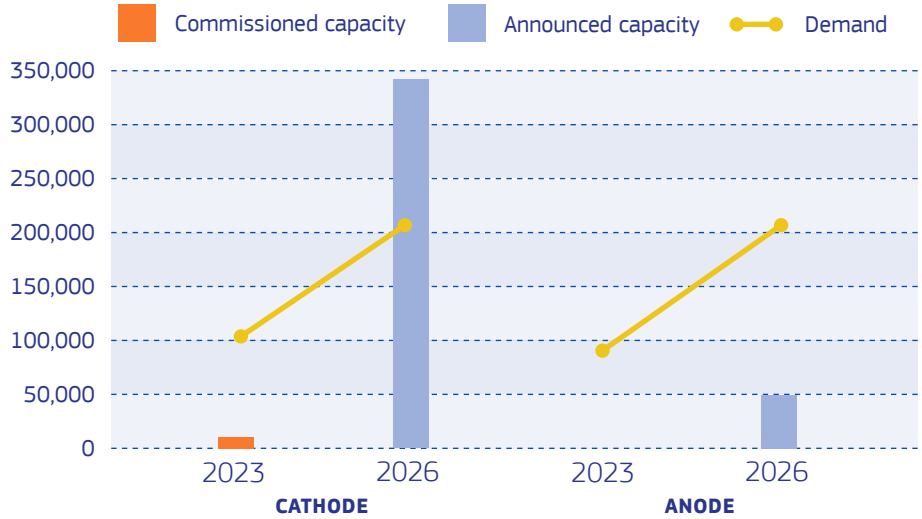
EU demand for EV batteries vs. EU battery gigafactories capacity (GWh)



Announced batteries gigafactories can more than cover demand

But quick acceleration of construction required

Demand for cathode and anode materials vs. production capacity (tonnes)



Cathode and, esp. anode, capacity insufficient to satisfy demand. **Risk of serious dependencies at batteries component level**

Raw materials supply risk

Print ISBN 978-92-68-14356-8 doi:10.2873/327980 ET-05-24-263-EN-C
PDF ISBN 978-92-68-14357-5 doi:10.2873/28007 ET-05-24-263-EN-N

EUROPEAN
COMMISSION

Brussels, 5.3.2025
COM(2025) 96 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Decarbonise Corporate Fleets

1. INTRODUCTION

The automotive industry is a core engine of European prosperity, innovation and growth. As the Automotive Action Plan notes, the sector is in full transition, experiencing structural changes at unprecedented speed and magnitude over the coming years and decades, driven by the accelerating shift to zero-emission mobility and the increasing integration of digital technologies. Future vehicles will be increasingly clean, connected and automated. Corporate fleets are at the heart of this transition.

Currently, there are almost 290 million vehicles on European roads. Only 6 million are zero-emission vehicles. Corporate vehicle registrations, i.e. vehicles purchased by legal entities and not by physical persons, make up around 60% of car registrations in the EU. In the case of vans, buses, coaches, and trucks, the whole market is effectively corporate, as almost none of those vehicles are registered in the name of private individuals. Hence, measures in the corporate segment can have a positive impact on the overall market.

The Regulations setting CO_2 standards for passenger cars and vans and for trucks represent an effective supply-side measure, setting progressively higher emission reduction targets for manufacturers.

From 2035 onwards, new cars and vans will be allowed for registration in the EU only if zero-emission[1]; for heavy-duty vehicles, the increasingly stringent targets culminate in a 90% CO_2 emissions reduction from 2040 onwards, while all new urban buses will have to be zero-emission as from 2035[2]. These measures should now be supplemented by appropriate stimulus to the demand for zero-emission vehicles, whereby support to corporate vehicles plays a key role.

Accelerating the uptake of zero-emission vehicles in corporate fleets can benefit the European automotive industry and help increase its competitiveness and resilience at this pivotal moment. It can also help with reducing transport emissions further due to the higher milage of corporate vehicles. Transport accounts for a quarter of EU's total greenhouse gas emissions and is a major contributor to air pollution. In urban areas, some of which have enacted increasingly tight low-emissions zones, the impact of zero-emissions vehicles on improving air quality is very pronounced. Hence, accelerating the uptake of zero-emission vehicles co-benefits pollution reduction and our citizens' health.

EU vehicle manufacturers generally have higher market shares in corporate vehicles than in private ones. An accelerated demand for zero-emission vehicles from corporate fleets can help regain growth and competitiveness of the European automotive sector, reduce overall cost of operations over the lifetime of the vehicle for fleet operators and help consumers by improving second-hand car market offerings and hence reducing the costs of zero-emission vehicles.

Such action therefore can make an important contribution to the industrial action plan on the automotive industry, while also contributing to the objectives of the Clean Industrial Deal, the European Green Deal, and the Compass for Competitiveness.

Any measure would need to take into account cost-efficient and fast reduction of emission as well as territorial dimensions and challenges in less developed regions and in (sub)urban, rural or remote areas including gaps in (recharging) infrastructure.

[1] Regulation (EU) 2019/631
[2] Regulation (EU) 2019/1242

This Communication presents an overview of the market for the companies and vehicles considered as corporate fleet and their challenges, opportunities and good practices that can help accelerate zero-emission vehicles update in corporate fleets with the view to achieving the 2035 zero-emission target. It also includes actions that Member States can take already today to increase the uptake ahead of the legislative proposal that the Commission is working on and which should be adopted by the end of the year. It can also serve as a blueprint and best practice example for our neighbourhood and partner countries.

2. WHAT ARE CORPORATE FLEETS?

The markets of corporate fleets, their actors and their business models vary substantially. Depending on the market segment, market actors can be very large, operating thousands of vehicles, or very small, operating just a few. Many actors are SMEs. But at the same time, only a few large companies control the majority of leasing operations, which are responsible for the vast majority of corporate vehicle registrations.

There is currently no definition in EU legislation of what entails a corporate fleet. For the purpose of this Communication, all vehicles registered by a legal entity (as opposed to a physical person) are considered corporate vehicles[3]. Thus, corporate fleets could be divided into five broad categories, covering cars, vans and heavy-duty vehicles (trucks, buses and coaches):

- **Company cars** – vehicles provided by an employer to an employee as a benefit in kind; their share in the total fleet varies significantly between Member States due to differences in their fiscal treatment and general employment rules and conditions. In many cases, the cars are procured through leasing.

- **Leasing** – companies leasing cars to other companies (large as well as SMEs) and private individuals, and leasing vans to other companies. This category overlaps with some of the others, as for example company cars and vehicles used in true fleets are often procured through leasing.

- **Rental** – companies renting cars to other companies or private individuals. While car rental is mostly touristic or business, van rental typically offers a logistics and mobility option for companies.

- **True fleets** – vehicles registered by companies and used for their own commercial activities, include different types of vehicles, entities, and business cases, such as:

    - Urban mobility service car fleets – taxis, ride-hailing, car sharing – excluding scheduled public transport;

    - Large fleets of logistics vans – last-mile and urban delivery fleets operated by postal services, e-commerce, large retailers etc.;

    - Service cars and vans – vehicles used to transport personnel and equipment, as well as to provide services operated by e.g. engineering or telecom companies for their repair works, or individual vehicles registered by service providers;

[3] With the exception of *inter alia* ambulances, fire trucks, etc.

- Buses and coaches – almost exclusively registered by legal entities, including urban buses which are mostly used by public authorities and entities subject to public procurement rules and to the mandatory targets for zero-emission vehicles under the Clean Vehicles Directive, while coaches are operated by both public and commercial entities as they drive peri-urban and interurban scheduled public transport, long-distance interurban passenger transport, as well as tourist services;

- Trucks – almost exclusively registered by legal entities, includes large logistics companies, freight buyers and others operating fleets of hundreds of trucks to micro- and SMEs operating a single truck.

- **Vehicles registered by manufacturers themselves** – e.g. salon and test vehicles; unlike other types of corporate fleets, these vehicles are more directly influenced by general market trends (including in private sales) than by other specific factors.

3. WHY ACTION IS NEEDED

The CO_2 standards for cars and vans as well as for heavy duty vehicles require a gradual increase in the registrations of zero-emission vehicles. Sales of battery-electric vehicles (BEVs) in the EU have been continually rising until the beginning of 2024. In 2023, the share of new battery-electric car sales reached 14.6%. This was spurred by better environmental awareness, expanded model offerings, and government incentives.

However, the growth curve required for compliance with the CO_2 standards by 2030 is steep. There was a slight decrease in sales in 2024, with registration shares of electric cars dropping by one percentage point to 13.6% on the EU market. Other zero-emission vehicles such as hydrogen fuel cell vehicles are still in very early market stage.

Several factors can explain the market developments in 2024. For example, there was a discontinuation of subsidies in some major markets at the end of 2023. The overall difficulties for general automotive sales, driven by the difficult economic context conditions in the EU, is also a likely factor.

In this context, corporate vehicle registrations play an important role, being responsible for about 60% of all new car registrations in the EU. Fleet operators, and particularly larger ones, are often in a better position to negotiate prices for vehicle purchase and may also benefit from various fiscal incentives - such as favourable tax depreciation rules - VAT deduction or favourable benefit-in-kind treatment. This is the case for example for car leasing, which is a consolidated market, dominated by a relatively small number of large operators that are responsible for around 3 million new vehicle registrations per year (approximately 30% of new car sales).[4]

Available data[5] suggests, however, that this potential is not fully activated at an average EU level: the zero-emissions vehicle share in corporate car fleets has been lagging behind the share in sales to private individuals in the past years. The respective shares for 2023 were 12.3% in

[4] There is a certain level of overlap between this and other categories of corporate fleets, as e.g. company cars or true fleets are often procured through leasing
[5] Dataforce (2024)

corporate compared to 14.1% in private this has narrowed slightly to 12.4% compared to 13.8% in 2024.

In 2024, the number of zero-emission light commercial vehicles (vans), buses, coaches, and trucks across the EU has continued to climb steadily compared with 2023, but with uneven situation. Van sales grew overall, and zero-emission van had a share of 6.1% of new registrations. The bus and coach segment has also continued its upward trend, with overall sales growing and electric buses accounting for 18.5% of all registrations, or more than one third of new urban buses. Although still a very small market overall, new sales of zero-emission trucks have recorded a growth of about 10% from 2023 levels, and recorded a registration share of 2.3% in new truck sales.

When looking at single Member State markets, large variations in the share of zero-emission vehicle registrations show up, also because of corporate fleets: for example, Germany saw BEV car sales dropping by 27% in 2024, while Belgium saw an increase of 37%, and the latter market action is largely driven by corporate car fleets following changes to the national taxation scheme. This underlines the need to look at all factors that influence the decisions of corporate fleet managers to purchase zero-emission vehicles, including model availability, model price, availability of recharging infrastructure, national taxation, other fiscal and non-fiscal incentives (e.g. urban access rights) and other regulatory requirements. For example, in the case of true fleets, operational requirements (e.g. the need to operate for long hours and distances with limited time to recharge), the availability of dedicated recharging infrastructure, and specific conditions such as the need to access low-emission zones or to comply with requirements to obtain a licence, often represent the main factors determining the choice of vehicle to be used.

4. CHALLENGES AND OPPORTUNITIES

In order to proceed with the suitable actions to boost the uptake of zero-emission vehicles towards 2035, it is important to take into account the fact that the **challenges** for decarbonised corporate fleets vary according to the use cases and their characteristics.

Leasing fleet operators are increasingly including zero-emission cars into their fleets. However, according to the sector, slowly changing customer preferences and perceived concerns about seamless recharging experience prevent a faster switch to zero-emission vehicles. Leasing fleet operators also point to high purchase prices and uncertainties about residual values of zero-emission vehicles and demand on the second-hand market, which can have an impact on the risk assessment of the companies . They also emphasise incentives of fiscal treatment of the leased vehicles, which on many occasions still favour the purchase of a conventional vehicle.

Rental fleet operators note persistent problems with offering zero-emission cars in large number for rent. They indicate that this is due to lack of customer interest, particularly on very short-term rental, uncertainties about residual value and customer demand for second-hand zero-emission vehicles, and a general lack of suitable fast-recharging infrastructure at rental hubs, for example at airports and other mobility hubs.

Customer preference, model availability and price, concerns about recharging infrastructure and fiscal treatment of the vehicles, and uncertainties about demand on the second-hand market are reported to be among the main factors influencing the choice of vehicles also for **van rental and leasing**.

Zero-emission **trucks** present a significantly higher purchase cost compared to conventional ones; the availability of fast recharging infrastructure is rapidly increasing, but operators often still hesitate to switch to electric options, especially for long-haul operations. Truck operators need to be able to install recharging infrastructure in their depot, to have access to infrastructure allowing sufficient recharging compatible with the truck's operational needs during the mandatory breaks. The average age of trucks in the EU is about 14 years, and the first owner typically operates the truck for 5 years. The used market for trucks is about double the size of the new market, with a clear dynamic of first use in North and Western Europe, while second or third-life is with users in Southern and Eastern Europe.

The consolidated actor structure of the **car leasing sector** and its significant overlaps with other types of corporate fleets would make initiatives targeting zero-emission leasing cars relatively straightforward to implement and potentially highly effective. Leasing can also represent a significant opportunity to overcome the barrier of high purchase costs preventing access to those vehicles for lower income users, and can support a wide second-hand market.

Short-rental cars are usually among the fastest to reach the second-hand market – often within one or two years. This provides an opportunity to rapidly increase the availability of zero-emission vehicles on the second-hand market through initiatives targeting this type of corporate fleet, especially if accompanied by measures supporting the purchase of zero-emission second-hand vehicles. Increasing the offer of zero-emission rental car options would offer significant benefits in terms of emission reductions, given their high yearly mileage.

A faster shift to zero-emission **rental and leasing vans** would present an opportunity to overcome the initial high purchase cost of electric vans and allow the decarbonisation of transport operations of many small and medium businesses. Given the relatively high yearly mileage of this type of vehicle, a faster shift to zero-emission would also bring significant benefits in terms of emission reductions.

In general, for **company cars**, it is the fiscal treatment that is the main lever determining the choice of vehicles, offering a significant opportunity to accelerate the shift to zero-emission vehicles through fiscal interventions.

As corporate fleets allow for aggregation and generally have predictable charging behaviour, they are highly relevant for bi-directional charging functionalities. By injecting electricity back into the grid, vehicle-to-grid (V2G) will generate incomes from these flexibility services.

5. GOOD PRACTICES AND PRIORITIES FOR ACTION

The Commission carried out an Open Public Consultation on Greening Corporate Fleets in 2024.[6] The Open Public Consultation covered cars, vans, trucks and coaches. 267 responses were received from various stakeholders – mainly businesses and business associations (72% of responses), followed by NGOs (11%), citizens (9%) and public authorities (3%). It showed a clear consensus about the desirability of a faster penetration of zero-emission vehicles in corporate fleets. The Open Public Consultation also confirmed the view that a higher share of zero-emission vehicles in corporate fleets would be beneficial in terms of GHG emissions reduction and built up of second-hand car markets, improving the affordability of zero-emission vehicles. But it also noted to ongoing problems and challenges, including higher

[6] OPC - Greening corporate fleets

purchase cost, risks related to residual values and lack of availability of vehicles (mostly heavy-duty).

The consultation clearly pointed out that costs (purchase, operational and total cost of ownership) are defining the purchase decisions of corporate vehicle fleet operators. Fiscal treatment (in income, corporate and vehicle registration tax, annual vehicle circulation tax and fiscal treatment of specific vehicles, e.g. company cars as benefit-in-kind) was widely regarded as a key factor across all types of fleets. Fiscal measures were consistently identified as the most effective way to achieve such a faster shift, across all types of corporate fleets.

Good practice example – Adjustments to the tax system

An example of how the tax system can be adjusted to increase the share of zero-emission corporate vehicles is Belgium, which has reformed its company car scheme as of 2021 to promote the adoption of zero-emissions vehicles and reduce the tax advantages for traditional internal combustion engine (ICE) vehicles and plug-in hybrid electric vehicles (PHEVs)[7]. The main levers were:

- changes to the tax deductibility of vehicle costs, progressively limiting the deductibility of all costs for non zero-emission vehicles, acquired between 1 July 2023 and 31 December 2025, to reach 0% by 2028 and the fuel expenses (petrol or diesel) of fuels used in a PHEV, acquired from 2023 onwards to 50%, while 100% deductibility remains for zero-emissions vehicles and for electricity usage;

- modification of the reference CO_2 emission values used to calculate the taxable benefit-in-kind for private use of company cars to reflect the decreasing average emissions of newly registered cars in Belgium.

While the reform is being gradually rolled-out, since 2024 Belgian sales of zero-emissions vehicles have drastically increased, roughly tripling over the course of two years and making Belgium the third biggest market in Europe for zero-emission vehicles, in total sales. Charging infrastructure expanded massively in Belgium in the past three years, even quicker than vehicle sales, with fast charging increased nearly 10-fold. **The Belgian example shows that a targeted focus to modification of existing fiscal measures can have a significant effect on the total market**.

Some Member States introduced accelerated depreciation measures as an incentive for the acquisition of electric vehicles. One of the good examples is Spain, where newly acquired clean vehicles and charging stations for such vehicles can be freely depreciated[8], if used for economic activities. The free depreciation is available for tax periods beginning on or after 1 January 2024 and applies to new investments that begin in the tax periods starting in 2024 and 2025[9].

[7] "Loi du 25 novembre 2021 organisant le verdissement fiscal et social de la mobilité" officially entered into force in January 2023.

[8] In 2023 the newly acquired electric vehicles could benefit from the accelerated depreciation with a doubled standard rate.

[9] Spain, Royal Decree Law 4/2024

Another example is Czechia, where clean vehicles acquired and put in use in the period from 1 January 2024 until 31 December 2028 can be depreciated in 2 years. The depreciation is limited to 60% of the acquisition price in the first 12 months and up to 40% for the next 12 months[10].

The outcomes of the Open Public Consultation are consistent with available information and market analysis showing that corporate vehicle taxation regimes are highly impactful. Experience shows that revisions to the taxation framework to ensure a more equal or favourable footing of zero-emission vehicles in corporate fleets, or introduction of other incentives such as malus or bonus/malus schemes providing more favourable treatment to lower emitting vehicles than to higher emitting ones, can result in a surge in new zero-emission corporate vehicle registrations.

In addition, the consultation pointed out special support schemes and operational incentives (exemptions from access restrictions, road charging, tolling or parking conditions as well as social leasing schemes including an Ecoscore, etc.) as effective, in particular for rental and leasing fleets, large logistics fleets, urban mobility fleets and company cars.

Good practice examples - taxi regulations for zero-emissions vehicles

There are several examples in Europe, where city or regional authorities have enacted dedicated regulations requiring zero-emissions operations by taxi fleets, to align with their climate and air quality plans.

Hamburg has set a specific goal for taxi operations: newly registered taxis should increasingly be zero-emission so that by 2030, the entire taxi fleet operating in Hamburg will follow suit. This will be achieved primarily through the licensing process, where taxi operators must demonstrate compliance before receiving or renewing their operating licenses. Hamburg is also providing financial support, such as subsidies for purchasing zero-emission vehicles and installing adequate charging or hydrogen-refuelling infrastructure.

In Amsterdam, all taxis operating in the restricted areas of the city centre are expected to be zero-emission by 2025, and after that date, new taxi permits will only be granted to zero-emission vehicles. By 2030, the city intends to extend this requirement to all taxis operating throughout the municipality. To help taxi operators transition, the local government offers subsidies and other forms of support, while also working to establish a robust charging and fuelling infrastructure, with a focus on expanding fast-charging points in high-demand locations like Amsterdam Central Station and Schiphol Airport.

The consultation also underlined the availability of recharging and refuelling infrastructure as a key influencing factor. While the mandatory targets set in the Alternative Fuels Infrastructure Regulation[11] will ensure a sufficient coverage across the Member States, and in particular along the TEN-T, the exact location, number and power outputs of individual recharging points at specific locations will be determined locally.

[10] Section 30a(1) of the Act. 1 of Act No. 586/1992 Coll., on Income Taxes, as amended
[11] Regulation (EU) 2023/1804

The availability of the right number and type of recharging points at some of these locations will be crucial to meet the specific requirements of certain types of corporate fleets; for example, taxi and ride-hailing fleets depend on publicly accessible recharging points in the urban areas where they operate, while rental car fleets operating at airports often require dedicated recharging infrastructure, but depend on the airport for their deployment. On the other hand, some fleets such as public transport bus fleets tend to rely exclusively on their own dedicated infrastructure, either at depots or for opportunity charging at bus stops.

Trucks use depot charging as the primary option, but especially for long-haul operations they need access to sufficiently fast charging infrastructure to meet their operational needs by recharging during the mandatory breaks. As announced in the Action Plan on Automotive, the Commission will work on a European Clean Corridor initiative to fast-track the deployment of HDV charging hubs along key logistics corridors in the TEN-T as critical infrastructure, by streamlining of permitting and leveraging financing to de-risk investments, linking to the provisions for specific grid priority areas under the Renewable Energy Directive. The initiative will bring together fleet operators, charge point operators, electricity grid operators and public authorities as appropriate in the context of the respective TEN-T corridor and thus serve as a useful platform for both raising awareness of needs of all involved actors as well as creating confidence among corporate fleet operators on the feasibility of seamless longer-distance operations.

Good practice examples – recharging points at airports

Zaventem Airport, in Brussels, has deployed 750 recharging points for passengers and staff in its parking areas The deployment of several hundred additional recharging points at Paris airports (Orly and Charles de Gaulle) has been announced by the end of 2025, covering more than 600 slow recharging points at the public parking areas as well as fast recharging points to meet the requirements of rental companies and taxi drivers, and ultra-fast chargers available for different users. Making sufficiently fast recharging options available to rental car fleets and taxis at locations such as airports or other mobility hubs is crucial to allow the transition of this type of fleet to electric vehicles; this can in turn contribute to making the overall operation of the airport more sustainable.

Good practice examples – island electrification in Greece

Astypalaia, a Greek island in the South Aegean, is undergoing a pioneering transformation into a “Smart & Sustainable Island” through an ambitious collaboration between the Greek government and Volkswagen Group. Initiated in 2020 and rolled out from early 2021, the pilot project aims to replace the island’s conventional fleet with electric vehicles alongside implementing e-scooters, e-bikes, and a new on-demand ride-sharing service utilising electric vehicles. Charging infrastructure, once sparse, has expanded considerably, while solar farms are being built to supply the growing number of EVs with clean energy. The initiative has garnered significant attention, demonstrating how smaller, diesel-reliant islands can shift toward renewable energy and carbon-neutral mobility. Astypalaia’s ongoing initiatives highlight its transition to sustainable tourism, offering a real-world example of how e-mobility, renewable energy, and modernized public transport can create a low-impact, future-focused travel destination.

6. WHAT CAN BE DONE TODAY

The automotive market needs demand strengthening now. There are several actions that can already be taken today by different actors at the European, national, regional and local level, to accelerate the transition to zero-emission vehicles in corporate fleets. These actions will complement and anticipate the legislative proposal that the Commission is preparing for end 2025 that will look at all policy options to increase the uptake of zero-emissions vehicles in corporate fleets.

6.1. Making zero-emission vehicles more attractive through fiscal policy

Currently, Member States are supporting the company car market with more than EUR 40 billion annually through subsidies or fiscal treatment (reductions or exemptions from registration tax, annual vehicle tax, etc.), with most of that amount used for conventional vehicles[12]. While the situation is varied across Member States, with state support ranging up to substantive amounts such as EUR 16 billion per year in Italy, some element of support is prevalent in most Member States.

At present, there are subsidies and fiscal regimes that do not support the switch of corporate fleets to zero-emission vehicles in quite a few Member States – in some the taxes or tax benefits are similar, so that the higher purchase price disincentives the zero-emission vehicles, whereas in some others higher tax benefit apply to purchasing and operating a conventional vehicle.

Changing these fiscal regimes can have a quick and decisive role in the transition to zero-emissions vehicles in corporate fleets, as the fiscal treatment of different vehicles is one of the main drivers influencing operators' choices. It can potentially offer the possible advantage of having lower public budgetary implications as compared to direct purchase subsidies, as this could entail a more targeted use of existing fiscal provisions in favour of zero-emission vehicles.

Action should be taken to make systems more favourable to zero-emission options, by either reducing comparative benefits for conventional vehicles or improving the treatment of zero-emission vehicles. The benefits of targeted changes to fiscal treatment of conventional corporate vehicles are highly visible in Belgium, as detailed in the example presented above. This can also be achieved in the field of VAT by modifying the VAT Directive in order to reduce the right to deduct input VAT for conventional vehicles. When revising such measures, it is important to include criteria to safeguard supply chain resilience and sustainability, such as for example rules of origin, circularity and sustainability criteria, as described in the Automotive Action Plan.

In this context, the Commission also recalls that EU State aid rules offer wide and flexible opportunities for Member States to support activities contributing to the uptake of zero-emission vehicles, including by reducing taxes for the purchase or leasing of such vehicles, as well as supporting the necessary recharging and refuelling infrastructure. The Commission is hence encouraging Member States to make use of such opportunities.

Such fiscal measures could be complemented by extended use of available options under the Eurovignette Directive whereby road usage instruments where zero-emission vehicles could be exempted and by using the revenue, such as road tolling or road charging, to support the

[12] Company car fossil fuel subsidies in Europe, T&E 2024

decarbonisation of the road transport sector, including through investing into recharging infrastructure. This is described further in the Automotive Action Plan.

When public authorities have measures in place favouring the provision of company cars (e.g. through taxation), the Commission invites them to ensure that these are formulated in a way that creates an incentive to choose zero-emission vehicles over conventional ones, and that criteria are included that ensure the sustainability and European supply chain resilience, in line with the Automotive Action Plan. The Commission also encourages public authorities to consider similar measures also for other types of corporate fleets, and to use part of the revenue raised from road usage instruments for public support infrastructure for recharging and refuelling. The Commission will also, as part of its green VAT initiative scheduled for 2026, consider a progressive removal of the VAT deduction related to conventional vehicles.

6.2. Possibilities at local level with urban mobility services' fleet

Urban mobility services' fleets, such as taxis, ride-hailing and car-sharing fleets, represent another type of corporate fleet with a strong link with local and urban mobility. They typically operate based on licences granted at local level, which set conditions for their operation. Many operators of these types of fleets have expressed their intention to play a positive role in the decarbonisation of road transport. Due to their business model, area of operation and operational requirements, the choice whether to switch to zero-emission vehicles is highly dependent on conditions set directly or indirectly by local authorities.

In particular, access to recharging infrastructure meeting the operational requirements of the urban mobility fleet is often identified as a key factor. This can take the form both of publicly accessible slow recharging points for overnight charging in the case of drivers who do not have a garage and rely on street parking, and of fast recharging points allowing a quick top up during short breaks in the daily operation. Another key element is the provision of operational incentives such as allowing zero-emission urban mobility service fleets to use dedicated lanes or providing easier access to parking. The existence of zero- and low-emission zones can represent a key factor accelerating this transition, as the need to access those areas will make the choice of a zero-emission vehicle significantly more attractive.

In addition to creating more favourable conditions for zero-emission vehicles in urban mobility fleets, local and regional authorities can play a more direct role in accelerating the transition by setting requirements for the share of zero-emission vehicles, including sustainability and supply chain resilience criteria, as a condition for the granting of licences and concession for their operation.

Public transport authorities and operators are at the forefront of the transition to zero-emission fleets. In 2024, every third new urban bus registered in the EU was battery electric, representing the highest share of new zero-emission vehicles in corporate fleets, but public authorities face budgetary constraints in the purchase of further zero-emission buses; it will be crucial to ensure that the right conditions are in place to allow them to keep investing in this solution in the coming years.

The Commission invites local and regional authorities to include requirements on the share of zero-emission vehicles in the licencing process for local private fleets such as taxi, ride-hailing and car-sharing fleets including criteria to ensure the sustainability and supply chain resilience in line with the Automotive Action Plan, to provide enabling conditions and ensure an appropriate offer of recharging infrastructure, and to envisage local incentives such as privileged access to parking spaces or use of dedicated lanes to make the services offered through zero-emission vehicles more attractive. The Commission also encourages national

authorities to support this effort by setting more favourable fiscal conditions for corporate zero-emission vehicles compared to corporate conventional vehicles, and by providing financial support and incentives for public transport authorities and operators switching to zero-emission buses.

6.3. Rental companies: airport trailblazers

Vehicles used in short (few days to few weeks) rentals, such as the ones from rental fleets at hubs such as airports and rail stations, can be particularly effective in reaching a high number of private drivers, increasing visibility of zero-emission solutions, offering an opportunity to try a new powertrain, and addressing existing user concerns such as range anxiety.

Furthermore, the presence of a fleet of electric rental vehicles at airports or other mobility hubs will encourage a faster deployment of public and private recharging infrastructure (e.g. in hotels, conference centres, touristic areas) in the area served by that airport, which in turn will further increase visibility and facilitate a faster uptake of zero-emission vehicles, while also promoting sustainable tourism.

On the other hand, the capacity of airport rental fleets to switch to zero-emission vehicles can be limited by local factors, such as availability of recharging infrastructure.

When switching to electric vehicles, meeting some of these operational requirements will require additional effort in the short term. The current fast turnaround between rentals cannot be ensured with slow charging only; to avoid significantly longer waiting times between rentals, the use of fast chargers will be required. It also seems likely that more vehicles would be returned with the battery less than completely full, due to the current comparatively limited availability of recharging infrastructure in the vicinity of the airport; more vehicles will therefore need to be recharged at the car rental facilities.

Companies operating large airport rental fleets will therefore require multiple fast or ultra-fast charging points, and an upgrading of their electricity grid connection to ensure the required power output; the need to upgrade the electricity grid connection will be even more relevant when multiple rental companies operate at the same facilities – as is the case at most airports. The deployment of recharging infrastructure at the airport facilities where the rental cars operate is usually not under the direct control of those companies but needs to be ensured through the airport.

A coordinated approach involving the airport and the different rental companies operating on its premises therefore represents a way forward to accelerate the deployment of recharging infrastructure and zero-emission vehicles in rental fleets.

By Q3 2025, the Commission will launch an initiative aimed at accelerating the deployment of zero-emission vehicles in selected airport rental fleets, based on voluntary commitments by the participating airports and the participating rental companies, to secure upgraded electricity grid connections and facilitate the deployment of recharging infrastructure used by rental companies on airport premises. In a second step, other mobility hubs like railway stations may be considered.

7. NEXT STEPS

Increasing the share of zero-emission vehicles in corporate fleets can bring significant benefits in terms of emission reductions, competitiveness for European OEMs and – if accompanied

with adequate policies[13]– also in terms of fairness of the climate transition. There are actions that can already be taken now on national, regional and local level for different types of corporate fleets and bring immediate benefits, but a legislative initiative can provide the necessary legal framework in the longer term across the whole automotive sector.

In the preparatory work for the legislative initiative to be presented by the end of 2025, the Commission will build on the outcomes of the Open Public Consultation on the overall problems and suitability of possible measures that the Commission carried out already in 2024.

In that consultation, no clear consensus emerged as regards the scope and type of measure for a possible European initiative. The results of the Open Public Consultation, as well as the outcomes of the Automotive Dialogues carried out in the last month, underline the relevance of an ongoing dialogue with relevant stakeholders. This is why, in addition to the Impact Assessment procedure for the proposal, the Commission will launch a **high-level dialogue** with relevant stakeholders, starting as of Q2 2025, to discuss relevant measures and options for action on corporate fleets, as well as market dynamics and needs. This will provide the possibility for further exchange and collaboration on activating all relevant actors at national and European level for an accelerated uptake of zero-emission vehicles in corporate fleets.

In the preparation of the **legislative initiative**, the Commission will look into different aspects, including the type of entities, vehicles and fleets to be prioritised, the level of ambition, the impact on air pollution, the territorial dimension, assessing technologies and the impact of mass and volumes on emissions as well as the need to ensure competitiveness while reducing reporting and administrative burdens for enterprises and especially SMEs – which represent the majority of actors for some types of corporate vehicles – in line with the priorities of the Competitiveness Compass.

It is important that the options take due account of regional and other specificities and acknowledge that any such measures must go hand in hand with appropriate incentives and the overall financial capacity for the roll-out of adequate recharging infrastructure.

Uptake of zero-emission vehicles in corporate fleets will be helped by other action to address the most effective use of purchase support at national level. In line with action announced in the Commission's Automotive Action Plan the Commission intends to work closely with Member States on fiscal regimes and incentives for company cars, including on alignment on possible approaches and common criteria (e.g. sustainability and resilience) for national incentives for corporate fleets. It is essential that Member States start, where relevant, swift action to create favourable fiscal conditions for zero-emission vehicles.

[13] Including fiscal and social policies in line with the Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality.

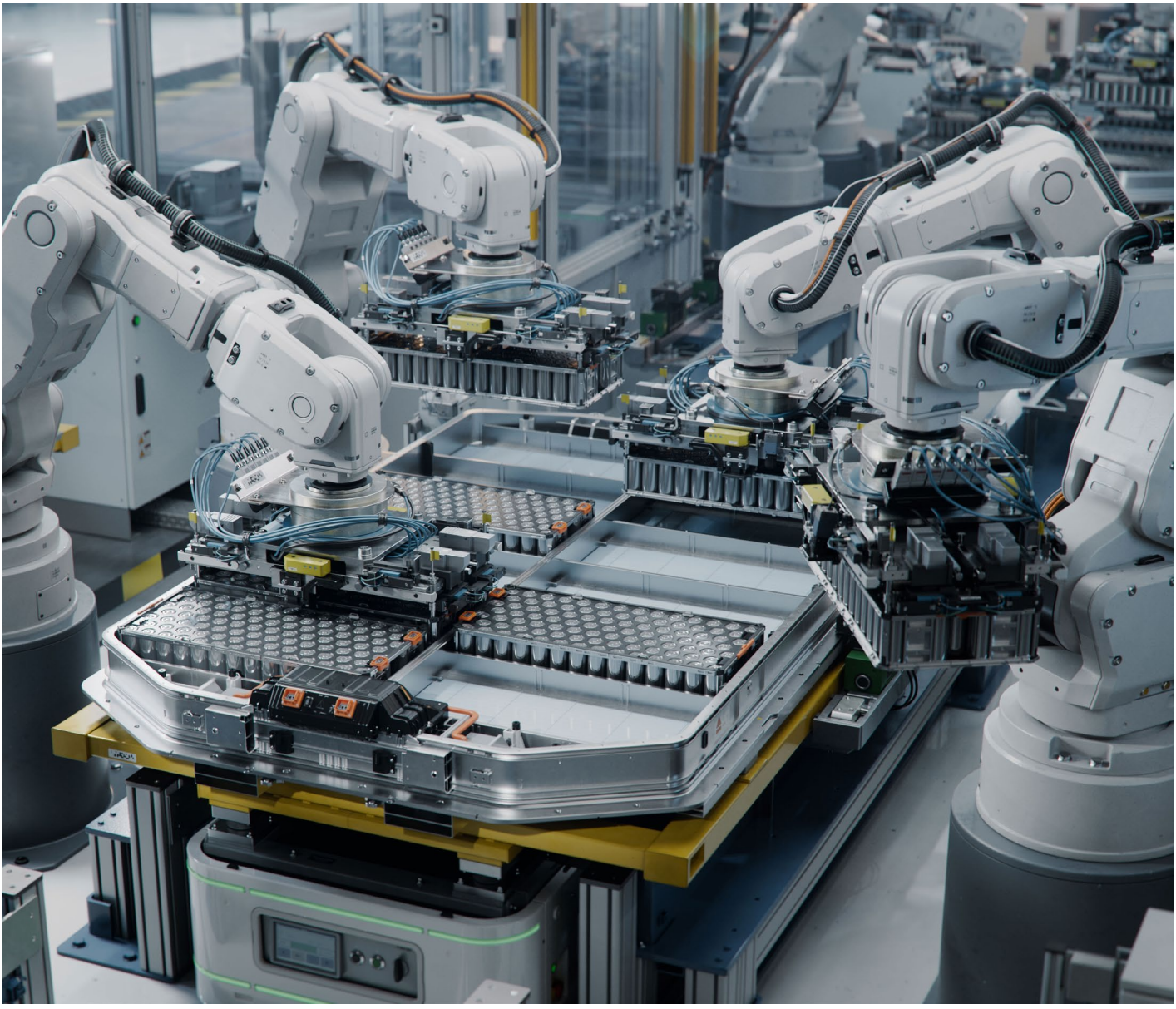
Deloitte.

Together makes progress

European Battery Sovereignty

Towards greater competitiveness and less dependency

Europe's automotive industry stands at a strategic crossroads. As the global shift towards electric mobility accelerates, the continent's heavy reliance on Asian battery manufacturers poses growing risks to its industrial sovereignty. Despite ambitious targets, Europe's battery production remains limited in terms of both capacity and control. Our latest analysis shows that without decisive action, the continent risks becoming a permanent price taker in one of the most critical segments of the electric vehicle (EV) value chain. We quantify the extent of market concentration and regional dependency, and outline what European OEMs and suppliers must do now to secure competitiveness and resilience in the battery race.



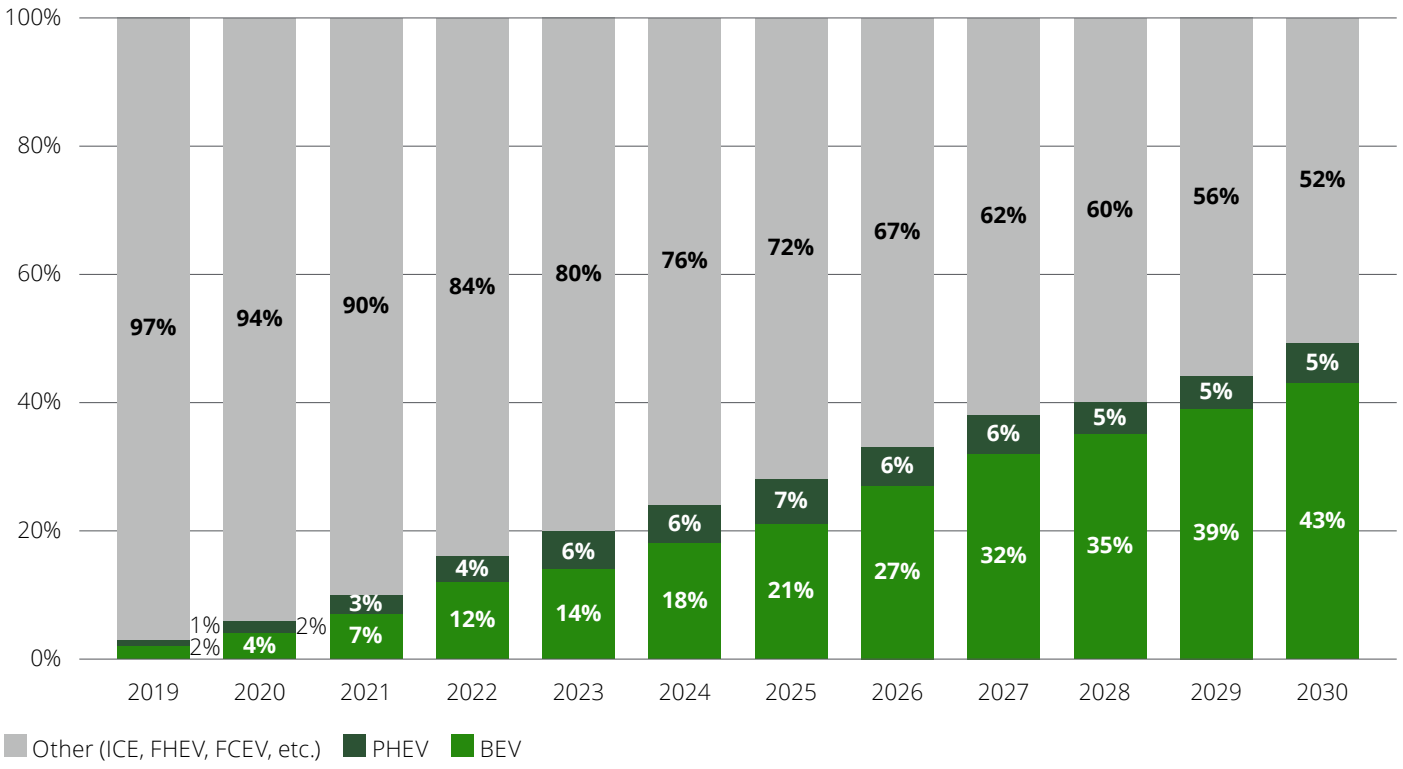
Electric mobility is gaining momentum across regions in a particularly heterogenous manner, as penetration rates vary significantly from one geography to the other. Despite this, the overall global trajectory points towards continued growth, driven by regulation, technological advancements and growing consumer acceptance overall, with fully electric vehicles (BEVs) projected to surpass 40 percent market share by the end of the decade (see Figure 1).

In order to accelerate this transformation and meet the decarbonization goals, clarity and stability for manufacturers, suppliers, and investors alike are crucial. The rise of EVs is not just about transforming manufacturer product portfolios; it involves reshaping the entire automotive value chain. Suppliers must adapt to new component requirements, such as electric drivetrains and power electronics. Meanwhile, the aftermarket faces a shift in service needs due to fewer moving parts and different maintenance cycles. To stay competitive, companies need to rethink business models, invest in new capabilities, and form strategic partnerships.

Yet one thing is clear: At the heart of this transformation lies the high-voltage battery – a key technology that not only determines vehicle performance and range but also represents by far the single most expensive component in an EV. Innovations in cell chemistry, energy density, and recycling are opening new avenues for cost reduction and sustainability. The ability to produce advanced batteries at scale within Europe will be a decisive factor in securing industrial sovereignty by reducing reliance on foreign players.

As of today, China is leading the global race in electric mobility, with approximately 43 percent of vehicle sales in 2024 having been electric[1]. Chinese manufacturers, already dominant in their domestic market, are now actively expanding abroad. With the U.S. market largely closed off due to trade tensions and tariffs, Europe has emerged as the next strategic target. In 2024, Chinese brands already accounted for 11 percent of total passenger vehicle sales in Europe. Meanwhile, European OEMs still hold a leading position in their home market, with 57 percent of sales. However, this balance is at risk of shifting, and a key factor in maintaining Europe's competitiveness will be its ability to produce its batteries domestically.

Fig. 1 – EV ramp-up worldwide (as percentage of passenger vehicle sales)



Source: Deloitte E-Mobility Forecasting Model

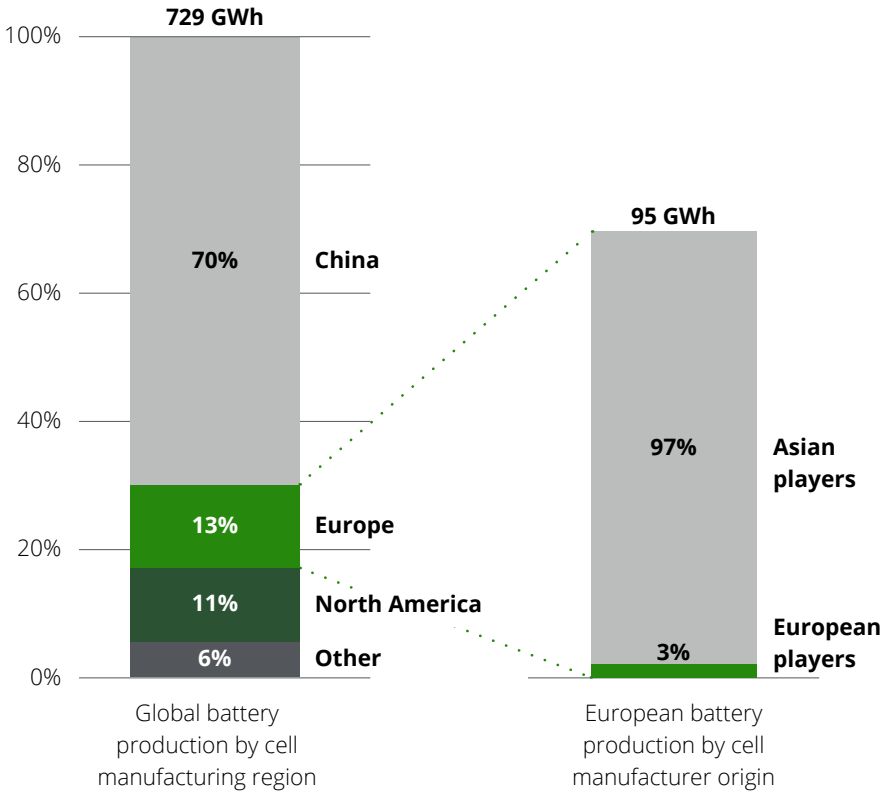
[1] Electric vehicles include battery-electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs).

Status quo of battery manufacturing in Europe: Asian dominance

Despite its importance, battery production does not yet play a major role in Europe. In the global race, it remains a relatively small player compared to other regions. Battery development and production is not only very energy intensive and expensive. It also requires completely different capabilities and know-how than traditional automotive players are used to and have specialized in. Acquiring these new capabilities while securing access to key raw materials and establishing new supply chains is a complex and resource-intensive challenge.

In 2024, around 70 percent of the global supply of BEV battery cells for light vehicles were produced in China (see Figure 2). By comparison, Europe accounted for only 13 percent in the same year. Although this figure is already relatively low, it still misrepresents the continent's industrial strength: 97 percent of this production capacity in Europe, valued at approximately 94 GWh, is controlled by non-European companies, mainly Chinese and South Korean manufacturers. Only one EU-based player managed to produce a limited volume of battery cells in 2024, and these were largely used for own vehicle brands. This heavy reliance on foreign players poses strategic risks for Europe's automotive sector, particularly in terms of supply security, pricing power, and technological sovereignty.

Fig. 2 – Where are today's BEV batteries produced?
(2024, % of production capacity in GWh)

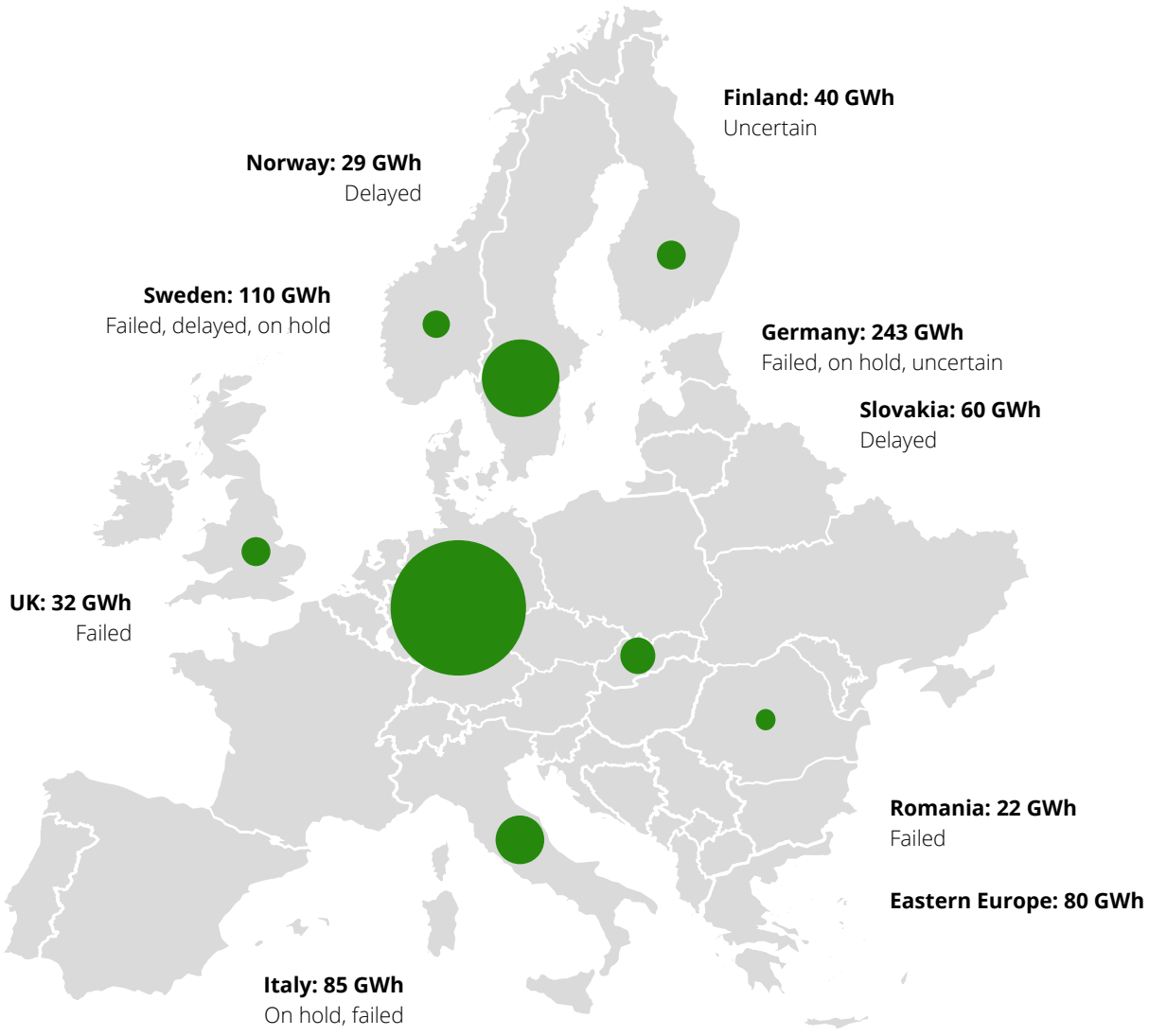


Source: Deloitte Analysis, GlobalData, 2025

The dominance of Asian firms is no coincidence. Over the last few decades, they have secured their leadership position through early, large-scale investments across the entire battery value chain, from raw material mining and processing to cell manufacturing and assembly. Their vertically integrated models and economies of scale allow them not only to serve their domestic market but also to supply a significant share of batteries for EVs assembled in Europe, a strategic advantage already highlighted in our 2023 study on battery cost dynamics[2].

Despite numerous announcements of battery plant projects in Europe in recent years, only a few have progressed as planned. Many initiatives have been delayed, scaled back, or canceled altogether (see Figure 3). The reasons are multifaceted: limited access to critical raw materials, high capital requirements, operational inefficiencies such as high scrap rates, and a lack of clear regulations and demand for electric vehicles have all contributed to the slow development of a competitive domestic battery ecosystem.

Fig. 3 – Battery production capacities in Europe of delayed and failed projects

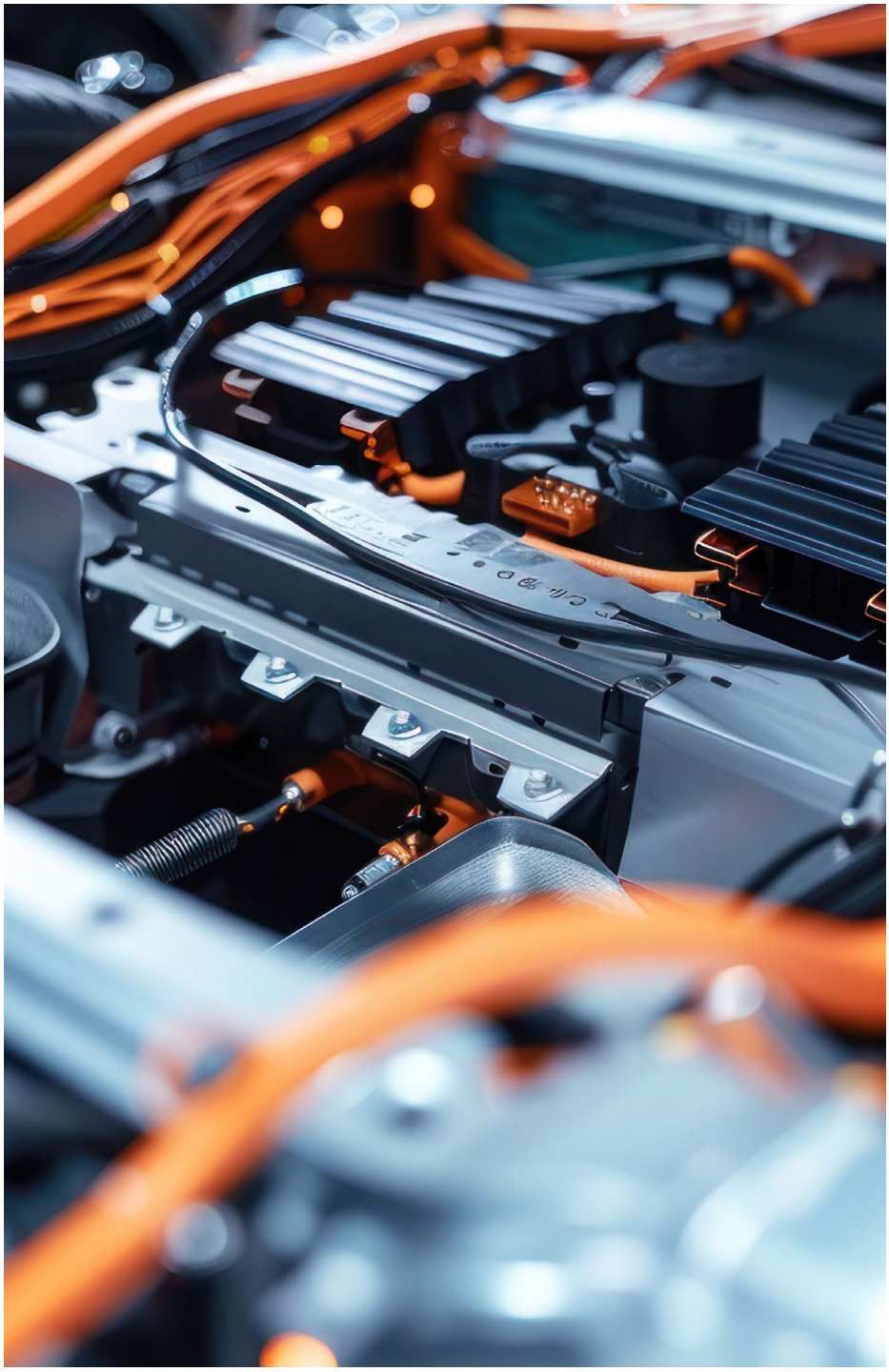


Source: Fraunhofer ISI, 2025

[2] The key role of battery costs in Automotive | Deloitte Germany

Analyzing market concentration around battery production in Europe

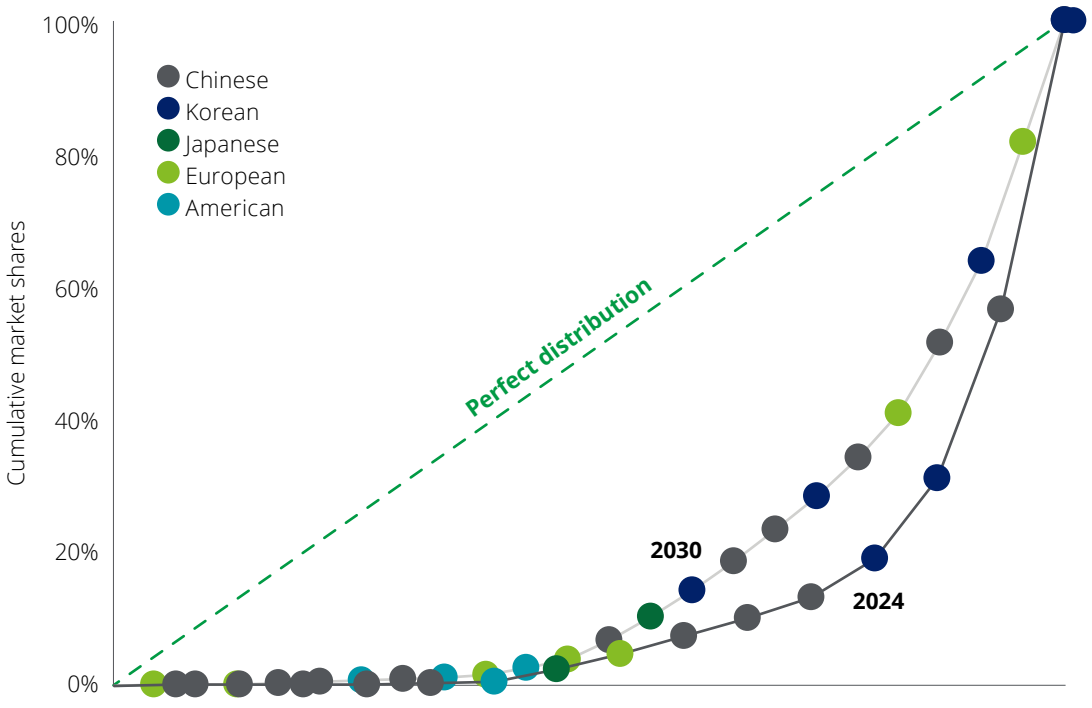
If current trends continue and no decisive action is taken by European players, the continent will remain heavily dependent on external suppliers for the most critical component of EVs. Missing the opportunity to build a competitive and sovereign battery ecosystem is therefore a latent risk. To better understand the situation and derive strategic levers to react, we analyzed the market concentration of battery production in Europe today (2024) and in the future, using two complementary tools: the Lorenz curve and the Herfindahl-Hirschman Index (HHI).



1. Visualizing market imbalance: the Lorenz curve

Figure 4 illustrates the distribution of battery production capacities in Europe. The current market inequality is clearly observed as a steep Lorenz curve for 2024, where the top two players have combined control of around 69 percent of the market and therefore a vast majority of production capacities. While European firms are projected to gain some ground by 2030 and the top two players would achieve a far lower combined market share of 36 percent, the curve flattens only slightly compared to a perfect distribution. This indicates that structural imbalance will persist without significant intervention.

Fig. 4 – Cumulative share of BEV-battery manufacturersin Europe
(2024 and 2030, 9 of production capacity in GWh)



Set of active companies in 2024 (dark gray line) and 2030 (light gray line) ascending by market share

The Lorenz curve, originally developed to illustrate income inequality, is equally effective in highlighting market imbalances – in this case, how unevenly battery production is distributed among companies.

In a perfectly competitive market, production would be evenly spread, and the curve would mirror the line of perfect distribution. However, a steep Lorenz curve indicates that a small number of players control a disproportionate share of the market, signaling high concentration and strategic vulnerability.

2. Quantifying concentration: the Herfindahl-Hirschman Index (HHI)

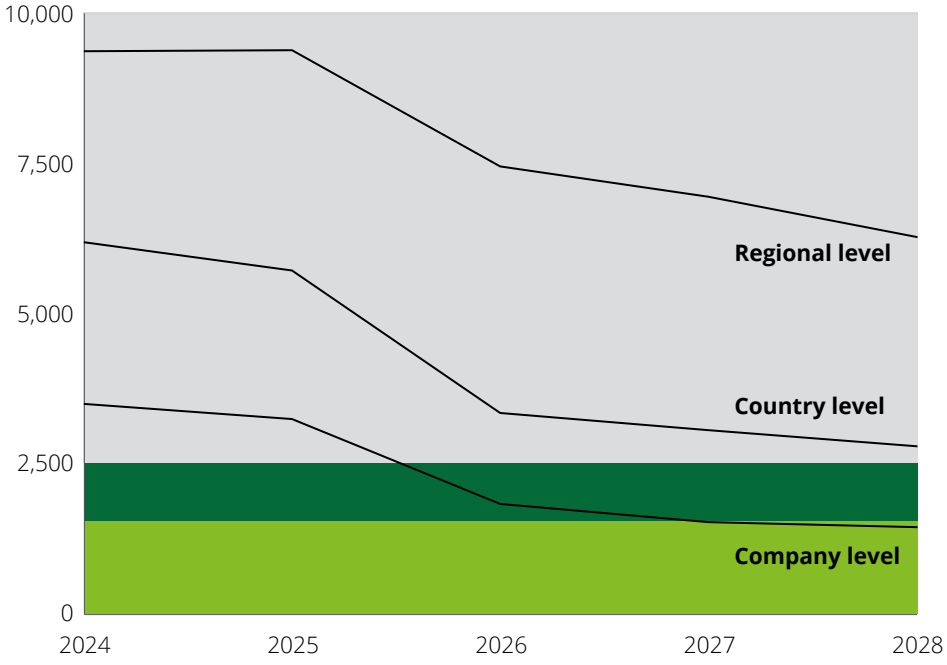
To complement the graphical assessment, we use the Herfindahl-Hirschman Index (HHI), a widely accepted metric for market concentration. The HHI is calculated by summing the squares of market shares, giving more weight to dominant players. In battery production, where capital intensity and geopolitical exposure are high, even moderate concentration levels can pose significant risks.

The interpretation of HHI values follows established regulatory benchmarks. An HHI below 1,500 indicates an unconcentrated, competitive market. Values between 1,500 and 2,500 suggest moderate concentration, potentially with some pricing power and strategic influence. An HHI above 2,500 signals a highly concentrated market, typically dominated by a few players, with reduced competition and increased vulnerability to pricing manipulation and supply disruptions.

Our analysis reveals a stark divergence between HHI values when calculated by manufacturer region of origin or at company level. In 2024, the company-level HHI stood at 3,889, placing the market firmly in the highly concentrated zone. When grouped by region of origin, the HHI rises sharply to 9,992, an almost monopolistic position, highlighting Europe's dependency not just on individual firms, but on entire foreign ecosystems. As new players are expected to start production in the coming years, the company-level HHI will likely enter a healthier field and achieve status as an unconcentrated market around 2028. Nevertheless, at regional and country level, the playing field remains highly concentrated and dominated by Asian players, as both values remain clearly above the 2,500 HHI threshold, even towards the end of the decade.

This discrepancy is not merely mathematical, it is strategic. While no single company may dominate globally in the future, the aggregation of market share by region of origin reveals regional monopolization, unsurprisingly from Asia. From the supply chain and policy perspective, this is a far more serious concern.

Fig. 5 – HHI analysis of battery production in Europe over time
(Scenario 1, at company level, and also by region and country of origin of active players)



Highly concentrated market HHI > 2500
Moderately concentrated market 1500 < HHI < 2500
Unconcentrated market HHI < 1500

Source: Deloitte Analysis, GlobalData, 2025

The Herfindahl-Hirschman Index (HHI) is a widely used measure of market concentration. It is calculated by summing the squares of the market shares of all firms (or regions) in a market. The HHI ranges from 0 (perfect competition) to 10,000 (monopoly).

In this study, HHI is used to assess both company-level and regional concentration in the European battery production industry, providing insights into competitive dynamics and geopolitical dependencies.

It implies that even if new players enter the market and gain market share, the underlying geopolitical concentration will remain unchanged unless Europe and other western companies can build their own competitive production capacities.

Without such efforts, European OEMs risk becoming permanent price takers, unable to influence cost structures and exposed to volatile supplier pricing. This could result in reduced margins and a diminished ability to compete effectively, particularly in cost-sensitive market segments. Therefore, strategic autonomy in battery production is a matter not only of resilience, but also of preserving profitability and market relevance.

It is important to note that HHI values by region will naturally be higher than company level HHI values. This is due to the smaller number of regions compared with individual companies. Fewer players in the calculation inherently lead to higher concentration scores. While this makes it unrealistic to expect regional HHI values to fall below the 1,500 threshold typically associated with unconcentrated markets, the metric still provides valuable insight. From a European perspective, the goal should not be to eliminate concentration entirely, but to reduce it to a level where Europe holds a meaningful share of production and influence. Lowering the regional HHI by increasing Europe's share would signal a more balanced and resilient global battery landscape, with greater strategic autonomy and reduced vulnerability to external shocks.

To interpret these findings, we consider three strategic scenarios for Europe's battery industry by 2028, each reflecting different levels of market share and corresponding market concentration outcomes (based on regional HHI values):

Fig. 6 – Overview of future scenarios around the European battery production industry

Scenario	**1. Passive trajectory**	**2. Limited advancement**	**3. Strategic sovereignty**
Description	Europe fails to take coordinated action. Battery investments remain fragmented, and most announced projects are delayed, downsized, or cancelled. European firms continue to rely heavily on imports from Asia, and domestic production capacity stagnates	European firms secure a moderate share of global battery production through selective investments, joint ventures, and public-private partnerships. Some domestic capacity is built, but the ecosystem remains partially dependent on foreign technology and materials	Europe achieves a strong market share through coordinated industrial policy, large-scale investment, and leadership in next-generation battery technologies. A robust domestic ecosystem emerges, supported by secure raw material access and advanced recycling infrastructure
Market share of European players in 2028	**<25%**	**30%–35%**	**>40%**
HHI value by region in 2028	**>5,000** Very high market concentration	**~3,500** High market concentration	**~3,000** Approaching moderate market concentration
Impact on product portfolios	Limited access to advanced battery formats and chemistries restricts innovation. European players struggle to compete in high-performance or cost-sensitive segments	Access to newer battery formats improves, but innovation cycles are still driven externally. Differentiation is possible but limited	Strong differentiation through advanced battery formats (e.g., CTB, 800V systems). OEMs lead in performance, range, and sustainability
Pricing impact	**Price taker without negotiation potential:** High exposure to supplier pricing, limited ability to influence cost structures	**Price taker with limited negotiation potential:** Some leverage through partnerships, but still dependent on external ecosystems	**Negotiation potential:** Greater control over pricing and supply terms through domestic capacity and technological leadership

Technology levers to support strategic sovereignty

While market share and ecosystem control are critical, Europe's ability to achieve battery sovereignty will ultimately depend on its capacity to innovate. The scenarios outlined above highlight the strategic importance of scaling domestic production of light vehicle batteries, a market which is rapidly growing. In 2024, we estimated its size at around €16.3 billion, based on average battery sizes, prices and weighted sales numbers across vehicle segments. Despite falling prices, we expect this figure to more than triple by the end of this decade and reach an estimated €54.0 billion by 2030 (see Figure 7).

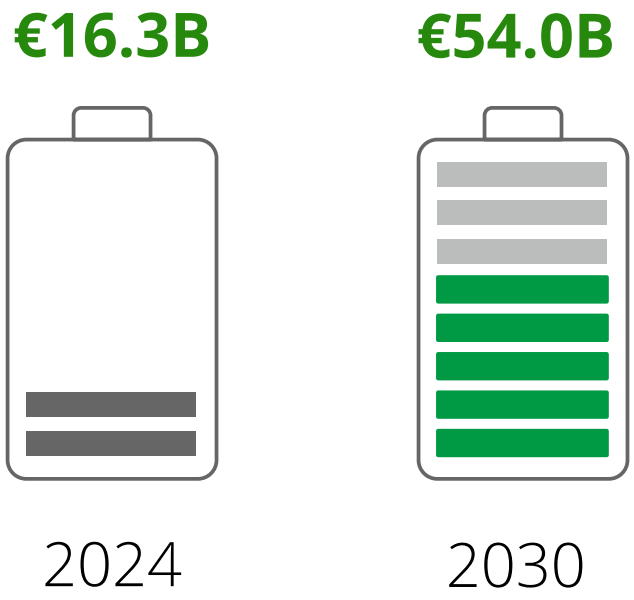
But scale alone is not enough: To achieve higher competitiveness and reduce technological dependency, Europe must invest in next-generation battery technologies. This imperative is reflected in the EU's Clean Industrial Deal, which earmarks €350 million under Horizon Europe (2025–2027) specifically for R&D in advanced battery systems. Such investments are essential to enable European OEMs and suppliers to differentiate, reduce costs, and secure long-term competitiveness. We identify two key technological levers that can help Europe move from dependency to leadership.

Pushing towards a more integrated battery design

Traditional battery systems in electric vehicles are typically built using cell-to-module (CTM) architectures, where individual cells are grouped into modules, and these modules are then assembled into a battery pack. Such designs are becoming increasingly inefficient due to added weight, volume, and complexity. By contrast, cell-to-pack (CTP) and cell-to-body (CTB) designs eliminate the intermediate module layer, enabling higher energy density, lower costs, and improved vehicle performance.

These technologies are not only technically superior, they are also gaining market share globally and are expected to gradually replace legacy CTM systems. For European OEMs, this shift offers a strategic opportunity to differentiate their products and reduce reliance on formats dominated by Asian suppliers.

Fig. 7 – Projected size of the BEV battery market in Europe over time
(in billion €)



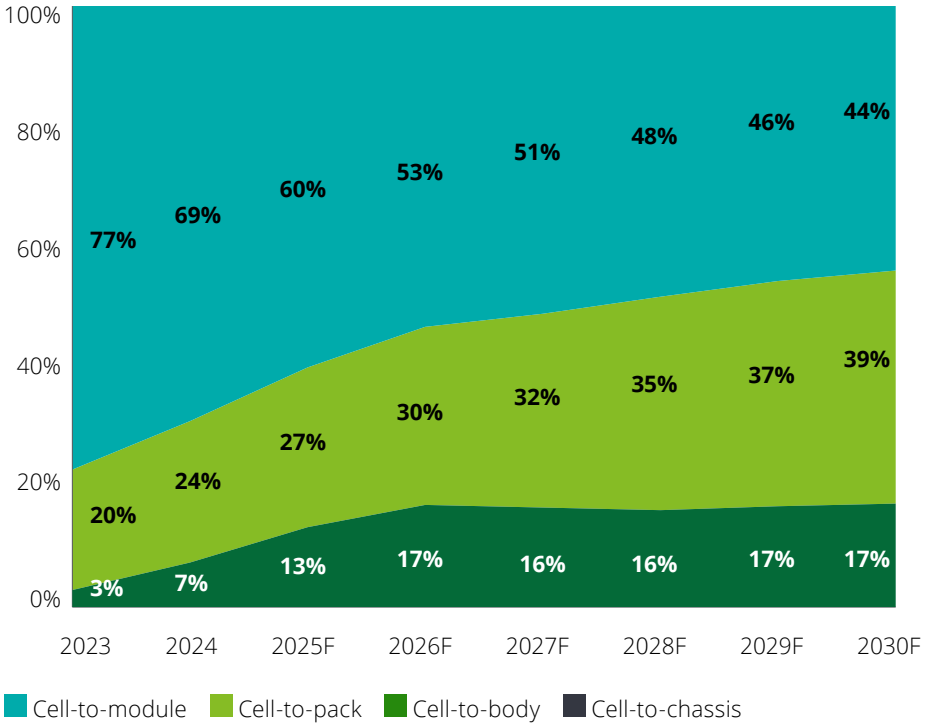
Source: Deloitte E-Mobility Forecasting Model and GlobalData, 2025

Making higher voltage architectures mainstream

While most EVs today use 400V architectures, which are well established and compatible with current infrastructure, 800V battery systems are emerging as a key enabler of high-performance electric mobility. They allow for faster charging, reduced energy losses, and lighter components, making them especially relevant for premium and long-range EV segments.

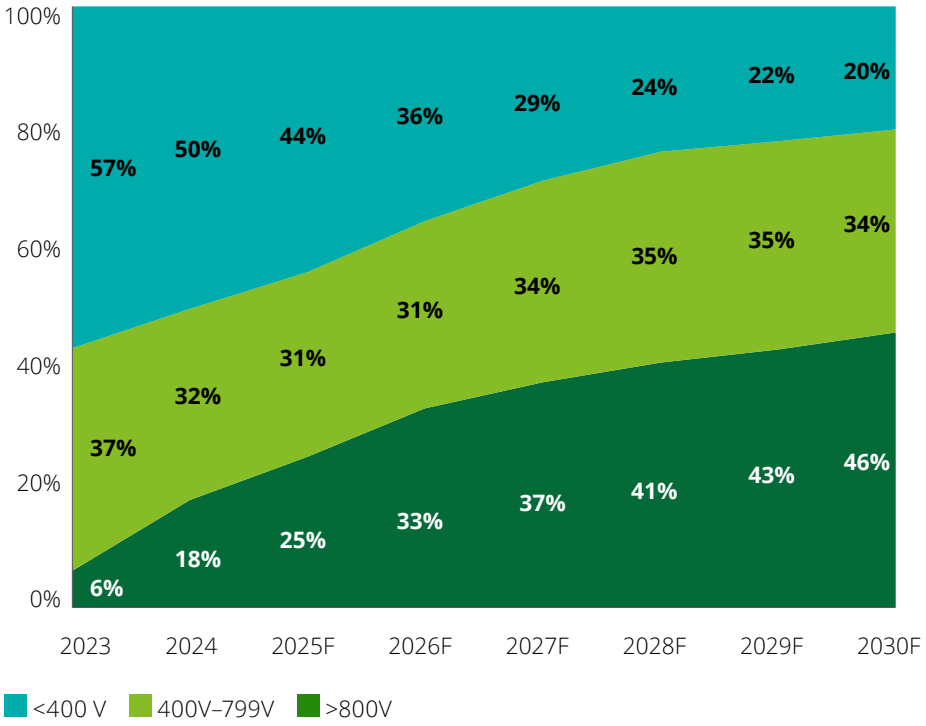
These platforms are already being adopted by leading global players and are expected to become the new standard in high-performance EVs. While challenges remain, such as higher component costs and infrastructure compatibility, targeted investment and ecosystem development could position Europe as a leader in this space and bring costs down. High-voltage platforms are not just a technical upgrade; they are also a strategic lever to compete in the most demanding and profitable segments of the EV market.

Fig. 8 – Battery technology development by integration method from 2023–2032F
(% of production capacity in GWh)



Source: Deloitte Analysis, GlobalData, 2025

Fig. 9 – Battery technology development by system voltage from 2023–2032F
(% of production capacity in GWh)



Source: Deloitte Analysis, GlobalData, 2025

Ensuring Europe's battery sovereignty: a strategic imperative

The race for battery sovereignty is more than a technological challenge, it is a defining factor for the future of Europe's automotive industry. Despite ambitious goals, Europe remains heavily dependent on Asian battery manufacturers, with limited domestic capacity, minimal pricing power, and little control over critical parts of the value chain. If this imbalance persists, European OEMs and suppliers risk long-term competitive disadvantages, exposure to geopolitical risks, and supply chain disruptions.

To change course, Europe must act decisively and strategically. Building a resilient and scalable battery ecosystem requires more than just building production plants, it demands a coordinated effort across five critical dimensions:

1. Securing access to raw materials through strategic partnerships and domestic sourcing
2. Developing processing capabilities to refine and convert raw materials into battery-grade inputs
3. Building technological know-how across cell chemistry, system integration, and power electronics
4. Scaling up production capacity through investment and industrial alliances
5. stablishing recycling infrastructure to close material loops and reduce dependency

These industrial efforts must be matched by the policy support outlined in the EU's Clean Industrial Deal, which provides the financial and regulatory foundation to accelerate progress.

Policy spotlight: The EU's Clean Industrial Deal
Achieving battery sovereignty will require not only industrial initiative but also strong and sustained policy support. The European Union has recognized the strategic importance of battery production and is actively shaping a regulatory and financial framework to accelerate domestic capacity, innovation, and ecosystem resilience.

The Clean Industrial Deal outlines a comprehensive set of measures, including large-scale funding through the Battery Booster package, simplified state aid rules to support clean tech manufacturing, and new legislation to prioritize European content and sustainability in battery production. It also addresses upstream challenges through the Critical Raw Materials Act and strategic partnerships for raw material access. In parallel, the EU plans to invest in circularity, recycling infrastructure, and standardization to improve efficiency and reduce dependency.

All in all, achieving a significant domestic market share in battery cell production of around 40 percent is essential, as depicted in the third scenario in our analysis, "Strategic Sovereignty". Even though regional HHI values may not achieve an unconcentrated market status, bringing them down from current levels is a critical step towards a more competitive and secure battery ecosystem. For Europe, this means building enough capacity and technological leadership to shift the balance of power, thus transforming from a price taker into a strategic player.

Ultimately, success will depend on unified action between industry and government. Streamlined regulation, synchronized industrial policy, and a favorable investment environment are key to accelerating scale-up and attracting long-term capital. The time to build Europe's battery ecosystem and secure the future competitiveness of the automotive industry is now.

Bibliography

1. Effenberger, A., Enkelmann, S., Menzel, C., Neumann, D., & Stolle, J. (2020). Marktkonzentration, Produktivität und Preisaufschläge: Deskriptive Evidenz auf Basis amtlicher Daten für Deutschland (Diskussionspapier Nr. 9) Bundesministerium für Wirtschaft und Energie
https://www.bundeswirtschaftsministerium.de/Redaktion/DE/Downloads/Diskussionspapiere/20200716-diskussionspapier-marktkonzentration-produktivitaet-und-preisaufschlaege.pdf

2. European Automobile Manufacturers' Association (ACEA). (2025, April 14). EU battery supply chain and import reliance [Fact sheet]
https://www.acea.auto/files/ACEA_Fact_sheet-EU_battery_supply_chain_and_import_reliance.pdf

3. European Policy Centre (EPC). (2025, May 26). The art of turning the corner: Towards a competitive comeback for Europe's EV battery sector
https://epc-web-s3.s3.amazonaws.com/uploads/ckeditor/2025/05/26/ev_battery_sector_comeback_paper.pdf

4. Wicke, T., Weymann, L., & Neef, C. (2025, April 28). Prognose für den Hochlauf der Batteriezellproduktion in Europa: Ein Risikobewertungsmodell. Fraunhofer-Institut für System- und Innovationsforschung ISI
https://www.isi.fraunhofer.de/en/blog/themen/batterie-update/batterie-zell-produktion-europa-hochlauf-risiko-bewertung-gescheiterte-projekte.html

5. Vipond, T. (n.d.). Herfindahl-Hirschman Index (HHI): How to assess the degree of market concentration in an industry Corporate Finance Institute
https://corporatefinanceinstitute.com/resources/valuation/herfindahl-hirschman-index-hhi/

6. European Commission. (2025, March 5). Industrial Action Plan for the European automotive sector (COM(2025) 95 final).
https://transport.ec.europa.eu/document/download/89b3143e-09b6-4ae6-a826-932b90ed0816_en?filename=Communication%20-%20Action%20Plan.pdf

7. Deloitte (2023). The key role of battery costs in Automotive – How new players are disrupting the automotive industry
https://www.deloitte.com/de/de/Industries/automotive/research/study-key-role-of-battery-costs-in-automotive.html

8. Deloitte (2025). E-Mobility Sales Forecasting Model
https://www.deloitte.com/de/de/Industries/automotive/perspectives/e-mobility-sales-forecasting-model.html

9. GlobalData (2025). Light Vehicle Sales and Production Forecast
https://www.globaldata.com/marketplace/automotive/auto-global-light-vehicle-powertrain-fitment-forecasts/

Authors

Harald Proff
Global Automotive Sector Leader
Tel: +49 211 8772 3184
hproff@deloitte.de

Deloitte.

Issue 09/2025

MAKING AN IMPACT THAT MATTERS since 1845

FRESHFIELDS

Memorandum

"Clean Corporate Vehicles"
Is the EU Commission's initiative in line with EU law?

7 September 2025

TABLE OF CONTENTS

A. Facts

The decarbonisation of the road transport sector is a central element of the European Union's (***EU***) climate policy.[1] In light of this, the European Commission (***EU Commission***) has adopted a range of supply-side regulatory measures, most notably the CO_2 emission performance standards for new passenger cars and for new light commercial vehicles in Regulation (EU) 2019/631[2] (***CO_2 Regulation***).

In this context, the EU Commission has now, through its Directorate General for Mobility and Transport, initiated a ***Call for Evidence*** in anticipation of a legislative proposal for a Regulation on Clean Corporate Vehicles (the ***Proposal***).[3] The planned regulation is indicatively scheduled for adoption in the fourth quarter of 2025. The Proposal states it would complement existing CO_2 standards by introducing harmonised EU-wide demand-side measures aimed at accelerating the uptake of zero-emission vehicles (***ZEVs***) in corporate fleets.

The EU Commission takes the view that corporate fleets account for approximately 60 % of new passenger car registrations and almost all registrations of vans, trucks and buses in the EU. In the EU Commission's view, they are generally used more intensively than privately owned vehicles, are replaced more frequently, and exert a significant influence on the availability and composition of the second-hand vehicle market.[4]

The EU Commission is of the opinion that existing national measures to support fleet purchase decisions, whether fiscal or non-fiscal, are unevenly applied and, in numerous- Member States, not effectively utilised. According to the EU Commission, in the absence of an EU level framework, a "patchwork" of national, regional and local approaches risks continued market fragmentation, regulatory uncertainty, and uneven progress across the internal market.[5]

The EU Commission sees the general objective of the Proposal in helping decarbonise road transport by speeding the shift to ZEVs in the corporate segment, thereby reducing greenhouse gas and pollutant emissions, supporting the market penetration of ZEVs, and safeguarding the competitiveness and sustainability of the European automotive sector.[6] Specific objectives include stimulating demand among corporate fleet operators, reducing fossil fuel expenditure and imports, and accelerating the

---

1 Cf. EU Commission, Commission Communication of 11 Dec 2019, C(2019) 640 final and Commission Communication of 9 Dec 2020, C(2020) 789 final.

2 Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO_2 emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011, 25 Apr 2019, OJ L 111/13 ff.

3 See the EU Commission's website on the clean corporate vehicles initiative (last accessed: 27 Aug 2025). Some early discussions around a similar approach had already taken place in 2023 on the EU level.

4 EU Commission, Call for Evidence document of 25 July 2025, available on the EU Commission's website on the clean corporate vehicles initiative (last accessed: 27 Aug 2025), p. 1.

5 EU Commission, Call for Evidence document, p. 1.

6 EU Commission, Call for Evidence document, p. 2.

availability of second-hand ZEVs for the broader public and for small and medium-sized enterprises.[7]

The Call for Evidence states that potential policy options to be assessed by the EU Commission will include the setting of national targets, rules on financial incentives for corporate vehicles, and targets for specific entities. Among others, the EU Commission envisages to take the following aspects into account:[8]

- balance and trade-offs between effectiveness and flexibility, for example, in relation to the possibility of setting mandatory targets for Member States, individual companies, or fleets;
- defining rules on, or harmonising, financial incentives and considering limiting such benefits to ZEVs; and
- fleet composition, operational constraints, and business case for different types of corporate car fleets (e.g. rental, leasing, taxis, car-sharing, company cars), and respective opportunities to shift to ZEVs.

The Call for Evidence is currently open for feedback from stakeholders from 25 July until 8 September 2025.[9]

Against this background, we have been asked by Leaseurope to outline EU law prerequisites any such proposal would need to comply with, and to assess whether the EU Commission's Proposal raises any issues in this regard that shall be addressed when enacting any draft legislation. In the following, we are providing several key concerns in this regard.

B. Executive Summary

The Proposal raises serious doubts under the Charter of **Fundamental Rights** (***CFR***), including the Freedom to Conduct a Business, especially regarding its **proportionality**, **consistency** and the **protection of legitimate expectations**:

- The Proposal would, at least in the form of binding ZEV targets, restrict the companies' **Freedom to Conduct a Business** (Article 16 CFR). Also, the Right to Property (Article 17 CFR) and Equal Treatment (Article 20 CFR) as well as Fundamental Freedoms to protect the Union Market could be affected (see under **C.II.**).
- Any such restriction of Fundamental Rights or Freedoms may be justified only if the Proposal is **proportionate**, i.e. is suitable to achieve a legitimate aim,

7 EU Commission, Call for Evidence document, p. 3.
8 EU Commission, Call for Evidence document, p. 2.
9 On 11 August 2025, we have applied for an extension of this deadline on behalf of Leaseurope at least until 10 November 2025.

does not go beyond what is necessary to achieve that aim, and does not impose a burden on its addressees that is excessive to the objective:

- **Significant doubts** already arise as to whether the Proposal – particularly if it imposes binding ZEV targets – would be a **suitable measure to achieve the legislator's aim** to increase ZEV numbers on EU roads.

- A major **concern** in this regard is the different deployment of **charging infrastructure** across Member States and regions, including ensuring sufficient grid capacity.

  - Charging infrastructure is seen by most experts as the main bottleneck for an all-ZEV fleet in the EU. The EU Commission's own scientific expert panel – the European Alternative Fuels Observatory – has pointed out the significantly uneven distribution of publicly accessible recharging infrastructure across Member States. For example, in late 2024, Poland reportedly had only 9% of the charging points installed it will need by the end of 2025 on highways as part of the Trans-European Transport Network to meet its legal obligations towards the EU.

  - The existing EU charging infrastructure targets for Member States reach until 2035 (Regulation (EU) 2023/1804[10] – ***Alternative Fuels Infrastructure Regulation***). This 2035 target is aligned with the zero-CO_2 requirement for light-duty vehicles until that same year 2035 under the CO_2 Regulation. The regulatory regime itself seems to assume that a ZEV-only fleet by 2035 will only be possible with the charging infrastructure targets for that same year. How can companies then already have ZEV-only fleets by 2030, especially for use cases with long-distance driving?

  - If the existing regulatory regime is not properly functioning in the view of the EU Commission, introducing an *additional* set of targets for corporate fleets will likely not be able to fix this, and instead only cause costs and potential artificial market effects (see below). Instead, it would seem more suitable for the EU to further accelerate charging infrastructure deployment, combined with incentives to purchase ZEVs in areas and for use cases where this is already workable for companies and individuals (see under **C.III.1.c.**).

---

10 Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU, 22 Sep 2023, OJ L 234/1 ff.

- **Significant doubts** regarding **suitability** of the Proposal – particularly if it imposes binding ZEV targets – also arise from the following:
  - Holding periods for combustion engine vehicles will likely be increased.
  - In relation to the Proposal's aim to increase available ZEVs on the *second-hand* market, it has to be noted that this market is already today suffering from depreciation and uncertainty for manufacturers, leasing companies and fleet operators in several Member States. The price evolution on the second-hand market confirms that there is no supply shortage of ZEV vehicles, but rather a shortage of demand.[11] Therefore, the issue the EU Commission plans to address for the ZEV second-hand market does not exist at all.
  - Overall, binding ZEV targets could create a short-term artificial market with higher prices for new ZEVs, then later a significant drop in demand, including on the second-hand market years later. The EU Commission will need to carefully take such potential market effects into account and gather the necessary data beforehand, also to meet the European Court of Justice's (***CJEU***) requirements for later judicial review (see under **C.III.1.b.**).
- There are also concerns whether ZEV targets as a measure – even if suitable – would be **necessary** (compared to less-invasive funding initiatives) and **proportionate** in weighing up the disadvantages for vehicle markets, obliged companies and customers, compared to the (likely limited) positive effects of the measure.
  - The corporate fleet sector is very different with many use cases. Some of these will not be able to transition to all-ZEV fleets without a fully deployed EU-wide charging infrastructure (for example, long-term long-distance car rental such as for holidays in southern Europe).
  - Also, many corporate vehicles are vans with higher weight than passenger cars. Limited offering and higher prices of ZEVs in that specific field will likely cause additional hurdles for companies.
  - The EU Commission would need to address all such specifics in a proposed legislative act which would make it – if at all

[11] Cf. Indicata Used Car Insights Report, Apr 2025 (last accessed: 3 Sep 2025).

possible – very difficult to apply, impractical and even less likely to achieve its aims (see under **C.III.2.** and **C.III.3.**).

- The Proposal may also violate the **Principle of Consistency** of legislation.
    - The aforementioned existing framework of charging infrastructure and CO_2 targets until 2035 was mainly created just two years ago with Regulation (EU) 2023/851, strengthening the CO_2 emissions performance standards for new passenger cars and new light commercial vehicles, which amended the CO_2 Regulation[12]. New targets for the same topic, especially for as early as 2030, would not match with this existing framework. If the EU Commission takes the view that the ZEV "demand side" needs to be pushed, it would seem sensible to evaluate the reasons for why individuals and companies do not purchase ZEVs and then approach these underlying issues: likely what would be needed would be financial incentives and a push for Member States to actually reach their charging infrastructure targets (see above), not a new set of binding targets (see under **C.IV.1.**).
    - In addition, insofar as leasing and rental companies are concerned, the Proposal's consistency with EU sustainability reporting requirements is also questionable. A current draft version of the applicable reporting standard attributes emissions based on "operational control" of the lessee – who selects and uses the vehicle – not the lessor, who is a mere financier. This raises doubts whether ZEV targets for (leasing and rental) companies, which do not have such operational control, could be a legally consistent approach (see under **C.IV.2.**).
- Adding a new layer of targets to the existing framework established in 2023 (Alternative Fuels Infrastructure Regulation and CO_2 Regulation) also raises questions of trust in the legislator and the Principle of **Protection of Legitimate Expectations**, given the change to an existing framework everyone in the market has been planning with (see under **C.IV.**).

In addition, the Proposal raises several concerns in relation to **EU competences and formal requirements** for the legislative process:

- The EU Commission has not yet provided evidence that measures on Member State level would not be sufficiently effective. This raises serious doubts as to whether the Proposal can comply with the **Principle of Subsidiarity**. This is of utmost importance here, given the significant differences between Member States in their ability to facilitate the uptake of higher ZEV numbers, especially based on their different level of charging infrastructure. Also, markets for

12 Regulation (EU) 2023/851 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO_2 emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition 25 April 2023, OJ L 110/5 ff.

corporate vehicles mostly have a national or even narrower scope, including the leasing and rental car markets.[13] This increases the concerns against EU-wide measures, especially against fixed ZEV targets (see under **C.I.1**.).

- Similar concerns arise in relation to the EU Commission's plan to choose the **legal instrument** of a Regulation instead of a Directive, which further eliminates the potential to address existing national charging infrastructure levels and market particularities, including existing tax or incentive regimes (see under **C.I.2**.).

- Under the EU law Principle of Conferral, the EU Commission will need to choose the right **legal basis** for its Proposal. The legal basis envisaged by the EU Commission is Article 91 of the Treaty on the Functioning of the European Union (***TFEU***) relating to transport policy. This basis does not seem suitable. For similar recent CO_2-related regulations, the EU instead used the legal basis in relation to the environment (Article 192(1) TFEU). The legal basis is subject to judicial review by the CJEU. It is important to note that choosing an incorrect legal basis risks annulment of the legislative act (see under **C.I.3.**).

- The short timeframe for the Call for Evidence over the summer period in a highly complex commercial field opens the EU Commission up to criticism in relation to the **Transparency** requirements for the legislative process. Feedback to the Proposal would require significant data collection and analysis. In addition to the improper timing, the EU Commission also seems to be deviating from the procedure under Better Regulation Guidelines which would require a Call for Evidence for initial feedback, followed by a twelve-week public consultation (see under **C.I.4.**).

In the light of these concerns, there are **very serious doubts** as to whether measures suggested by the Proposal could be enacted in a way compliant with EU Fundamental Rights and Freedoms and key EU law principles applied by the CJEU. Imposing binding ZEV targets will in any case unlikely pass the Proportionality Test.

C. Legal Assessment

I. EU Competence and Formal Requirements

With regard to the EU competence to enact a measure as outlined in the Proposal and the formal requirements for any such measure, the Proposal raises concerns in relation to the Principle of Subsidiarity (see under **1.**), the proposed choice of a Regulation instead of a Directive (see under **2.**), the correct legal basis (see under **3.**), and the process of the Call for Evidence under the EU law Principle of Transparency (see under **4.**).

---

[13] Cf. EU Commission, C(2022) 8790 final, 25 November 2022, Case M.10638 – ALD/Leaseplan, para. 35; C(2022) 3613 final, 25 May 2022, Case M10565 – Volkswagen/Trinity/Europcar, para. 34.

1. Principle of Subsidiarity

The Proposal raises considerable doubts as to its compatibility with the Principle of Subsidiarity under Article 5(3) of the Treaty of the European Union (***TEU***). Under the Principle of Subsidiarity, in areas which do not fall within the EU's exclusive competence, the EU's competence to act is restricted.

Transport and environmental protection are policy areas which fall within the *shared* competence of the EU and the Member States (Article 2(2) and Article 4(2)(e) and (g) TFEU). Therefore, the Principle of Subsidiarity restricts EU measures in said policy areas.[14]

Article 5(3) TEU sets out two cumulative criteria for action by the EU legislative bodies in this regard: The negative criterion allows the EU to take legislative action only *"if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level […]."* (see under **a)**). The positive criterion, also called necessity criterion, states that the objectives pursued *"by reason of the scale or effects of the proposed action, [can] be better achieved at Union level."* (see under **b)**).

a) Member State measures likely sufficient to achieve relevant objectives

It must be examined whether the proposed measure has transnational aspects that cannot be satisfactorily regulated by the Member States.[15] There are serious doubts whether this is the case here.[16]

The EU Commission justifies a transnational approach by asserting that "*corporate fleets often operate across borders*" and that without common requirements for the introduction of ZEVs, there is a risk of fragmentation of national approaches and unequal conditions of competition as well as inefficient allocation of ZEVs in the internal market.[17] Already this factual assumption must be questioned.

The EU Commission has not substantiated the assumption that the majority share of corporate fleets operate across borders. In the logistics sector this may be true for lorries and heavy-duty vehicles. The markets for leasing and short-term car rental services, however, may be rather **national in scope**, due to tax regulations as well as insurance requirements as the EU Commission has stated in merger control cases.[18]

---

14 Cf. CJEU, Judgment of 8 June 2010, C-58/08, para. 72 ff.

15 Cf. EU Commission, C(2003) 770 final, 12 Dec 2003, p. 16.

16 The question of whether the objective might be better achieved at EU level is irrelevant here in the context of the two-tier test. However, the CJEU usually examines the positive criterion first and then concludes that the negative criterion has been met if the positive criterion is affirmed. Cf. CJEU, Judgment of 4 May 2016, C-358/14, para. 112 ff., Judgment of 10 Dec 2002, C-491/01, para. 180 ff.; critical: *Calliess*, in: Calliess/Ruffert, EUV/AEUV, 6th ed. 2022, Article 5 TEU, para. 35.

17 EU Commission, Call for Evidence document, p. 2.

18 EU Commission, C(2022) 8790 final, 25 November 2022, Case M.10638 – ALD/Leaseplan, para. 35; C(2022) 3613 final, 25 May 2022, Case M10565 – Volkswagen/Trinity/Europcar, para. 34.

Even if corporate fleets operated across borders to a significant extent, the pursued objectives may nevertheless be sufficiently achieved by Member State measures. Numerous Member States are already promoting the transition to ZEVs in corporate fleets.[19] The EU Commission has so far not provided substantiation that such Member State measures – if properly applied – would not be sufficient to increase the numbers of ZEVs in corporate fleets. Such Member State measures are tailored to specific national markets and – as current studies show, for example for Belgium[20] – therefore seem to be well suited to achieve the objective of decarbonisation of corporate vehicles.

In this regard, the EU Commission refers to a risk of "creating market fragmentation, regulatory uncertainty and uneven progress across the internal market".[21] However, national peculiarities may very well justify such a regulatory landscape. The CJEU established that certain political objectives can be better achieved at Member State level than at EU level due to profound national characteristics.[22] Therefore, the EU Commission shall take into account national peculiarities – such as the current status of the national and regional charging infrastructure[23] – when assessing the question of EU-wide regulatory requirements with regard to minimum ZEV targets or similar measures. As most markets for corporate fleet vehicles, including rental and leasing markets, are national in scope according to the EU Commission's Directorate-General for Competition (see above) and thus – absent an EU-wide market – pose no risk of a market fragmentation, it seems difficult to argue that the aims may not be sufficiently achieved at the national level.

b) No substantiation that the objectives can be better achieved at EU level

With its Call for Evidence, the EU Commission fails to substantiate the assumption that with an EU approach the objective of the Proposal can be better achieved than by national measures.

Pursuant to Article 5 of the Protocol (No 2) on the application of the principles of subsidiarity and proportionality, *"the reasons for concluding that a Union objective can be better achieved at Union level shall be substantiated by qualitative and, wherever possible, quantitative indicators."* The reasons should already be given in the EU Commission's proposal (Article 2 of the Protocol).

Hence, the EU Commission cannot simply assert a regulatory deficit at Member State level and assume that with an EU approach the objective of the Proposal can be better achieved but will need to substantiate this assertion.

---

19 See ACEA, Electric cars: Tax benefits and incentives (2025) (last accessed: 27 Aug 2025); EU Commission, C(2025) 96 final, 5 March 2025, p. 9.

20 VRT News, Elektrifizierung des Firmenwagenparks: So macht es Belgien, sagt die Europäische Kommission, 6 March 2025 (last accessed: 27 Aug 2025).

21 EU Commission, Call for Evidence document, p. 1.

22 Cf. without explicitly referencing the Principle of Subsidiarity CJEU, Judgment of 24 March 1994, C-275/92 para. 60; Judgment of 8 September 2010, Joined Cases C-316/07 et al., para. 76.

23 Cf. EU Commission, Dashboard towards Zero-Emission Vehicles (last accessed: 27 Aug 2025).

Being mindful of national peculiarities such as the high fragmentation of the charging infrastructure (see under **C.I.1.a)**), it remains to be seen if the EU Commission can provide evidence that a "one-size-fits-all" approach by the EU is "better" suited to achieve the objectives of the measure than national solutions.

2. Choice of legal instrument

a) Directive instead of Regulation

According to the Call for Evidence document, the EU Commission intends to propose a legal act for implementing its initiative in form of a *Regulation* (the "*Regulation on Clean Corporate Vehicle*"). It is questionable whether this would be the appropriate legislative instrument, or whether a Directive – if an EU legislative act should be considered necessary at all – would be more adequate here.

The Principle of Proportionality (Article 5(4) TEU) limits EU action to what is necessary, a principle that also governs the choice of the right legal instrument (Article 296(1) TFEU).[24] A Directive is generally considered preferable, as it offers flexibility to Member States and is, therefore, less invasive than a Regulation.[25] Although the legislature enjoys broad discretion, its choice must be grounded in objective criteria and a comprehensive balancing of interests.[26]

As outlined above, at least some key corporate fleet markets, such as rental and leasing cars, are national in scope. Additionally, national peculiarities such as the charging infrastructure for electric vehicles must be sufficiently taken into account when regulating the ZEV market. Against this background, if an EU legislative act should be considered necessary at all, the EU Commission would at least be required to take sufficient account of such particularities, which would be difficult to achieve with a Regulation.

b) Regulation does not allow for a closed circle of addressees

There are also concerns regarding the EU Commission's proposal to impose national ZEV targets on "specific entities" or "individual companies".[27] Article 288 TFEU defines Regulations as instruments of general applicability; they are, by nature, unsuitable for ad hoc measures addressed to a closed class of recipients. Where the legislature seeks to impose obligations on particularised addressees, the more

---

24 *Nettesheim*, in: Grabitz/Hilf/Nettesheim, Das Recht der Europäischen Union, 2025, Article 288 TFEU, para. 81.

25 First Protocol on the Application of the Principles of Subsidiarity and Proportionality, para. 6: „*The form of Community action shall be as simple as possible, consistent with satisfactory achievement of the objective of the measure and the need for effective enforcement. The Community shall legislate only to the extent necessary. Other things being equal, directives should be preferred to regulations and framework directives to detailed measures.*", Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts - Protocol annexed to the Treaty of the European Community - Protocol on the application of the principles of subsidiarity and proportionality, 10 Nov 1997, OJ C 340/105 ff.

26 CJEU, Judgment of 8 June 2010, C-58/08, para. 52; Judgment of 15 Dec 2005, C-86/03, para. 96; Judgment of 12 Jan 2006, C-504/04, para. 37.

27 See EU Commission, Call for Evidence document, p. 2.

appropriate measure would be a Decision – an act without general application and directed solely at identified subjects.

3. Legal basis

The EU Commission envisages to base its Proposal on Article 91 TFEU.[28] There are reasonable doubts as to whether this may serve as a suitable legal basis for the proposed legislative act, which could therefore result in its annulment.

Pursuant to the fundamental Principle of Conferral, every legislative measure must be based on an appropriate legal basis, primarily depending on the objective the measure seeks to achieve (see under **a)**). For the Proposal, environmental protection appears to be the predominant aim, making Article 192(1) TFEU the more appropriate legal basis (see under **b)**).

a) Principle of Conferral

The Principle of Conferral in Article 5(1) and (2) and Article 4(1) TEU requires the EU to legislate only within powers expressly granted by primary law, so every measure must rest on a specific legal basis. The requirement serves two key functions: First to determine whether the EU has competence to act, and second to determine the legislative procedure to be followed.

While the EU legislature enjoys wide discretion,[29] it must anchor each measure on the correct legal basis, determined by judicially reviewable, objective criteria – mainly the act's aim and content.[30] It is important to note that choosing an incorrect legal basis risks annulment of the legislative act.[31]

Where multiple bases are possible, a dual basis may be used only if the objectives are equally pursued and the legislative procedures align.[32] If not, the dominant objective dictates the choice, assessed through "*objective factors amenable to judicial review.*"[33]

b) Article 91 TFEU vs. Article 192(1) TFEU

The EU Commission cites three objectives for the draft regulation: (i) boosting demand for ZEVs, (ii) increasing their presence on the second-hand market, and (iii) cutting fossil-fuel use and CO_2 emissions.[34] The first two aims point to Article 91 TFEU (transport/internal market), while the emissions goal aligns with Article 192(1) TFEU (environment). Hence, the focus test must determine which provision prevails.

---

28 EU Commission, Call for Evidence document, p. 1.

29 CJEU, Judgment of 29 Feb 1996, C-122/94, para. 18; Judgment of 12 Nov 1996, C-84/94, para. 58; Judgment of 17 July 1997, Joined Cases C-248/95 and C-249/95, para. 24.

30 CJEU, Judgment of 21 June 2018, Case C-5/16, para. 38.

31 CJEU, Opinion of 6 Dec 2001, No. 2/00, para. 5.

32 CJEU, Judgment of 17 Mar 1993, C-155/91, para. 7 ff.; *Kadelbach*, in: von der Groeben/Schwarze/Hatje, Unionsrecht, 7th ed. 2015, Article 5 TEU, para. 20.

33 CJEU, Judgment of 3 Dec 2019, C-482/17, para. 31; see also CJEU, Judgment of 17 Mar 1993, C-155/91, para. 7 ff.

34 EU Commission, Call for Evidence document, p. 2.

Legislation predominantly pursuing the aim of environment objectives must be based on Article 192(1) TFEU.[35] Whereas measures that regulate transport can be based on Article 91 TFEU.

The EU Commission plans to base its Proposal on Article 91 TFEU.[36] This provision enables the implementation of the common transport policy under Article 90 TFEU. In particular, it enables the EU to lay down:

> *(a) common rules applicable to international transport […];*
>
> *(b) the conditions under which non-resident carriers may operate transport services within a Member State;*
>
> *(c) measures to improve transport safety;*
>
> *(d) any other appropriate provisions.*

Despite the expansive scope offered by the "catch-all" provision Article 91(1)(d) TFEU,[37] it is surprising that the EU Commission intends to anchor the Proposal on Article 91 TFEU. The majority of proposals in relation to the "*Fit for 55 package*"[38] are based on Article 192(1) TFEU – in particular, legislative acts aiming at reducing CO_2 emissions in the transportation sector were all based on Article 192(1) TFEU, such as:

- Directive (EU) 2023/958 concerning aviation's contribution to the Union's economy-wide emission reduction target,[39]
- Directive (EU) 2023/959 introducing the revised version of the EU emission trading system,[40] and
- notably Regulation (EU) 2023/851, strengthening the CO_2 emissions performance standards for new passenger cars and new light commercial vehicles, which amended the CO_2 Regulation and introduced a zero fleet-wide

---

35 CJEU, Judgment of 11 June 1991, C-300/89, para. 14; *Nettesheim*, in: Grabitz/Hilf/Nettesheim, Das Recht der Europäischen Union, 2025, Article 192 TFEU, para. 2.

36 EU Commission, Call for Evidence document, p. 1.

37 That may also encompass environmental-related transport regulation. Cf. CJEU, Judgment of 17 July 1997, Joined Cases C-248/95 and C-249/95, para. 22 ff. As such, Article 91 TFEU also takes precedence over Article 114 TFEU in the transport sector. Cf. on the relationship between Article 114 TFEU and other legal bases CJEU, Judgment of 4 Oct 1991, C-70/88, para. 17; Judgment of 17 Mar 1993, C-155/91, para. 19 and *Korte*, in: Calliess/Ruffert, EUV/AEUV, 6th ed. 2022, Article 114 TFEU, para. 143 ff.

38 See European Council, Fit for 55 Website (last accessed: 27 Aug 2025).

39 Directive (EU) 2023/958 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC, 16 May 2023, OJ L 130/115 ff.

40 Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system, 16 May 2023, OJ L 130/134 ff.

emission target from 2035 and thereby stipulated a de-facto ban for internal combustion engine vehicles.[41]

The new Proposal is intended to supplement the aforementioned legislative acts and ultimately decarbonise road transport in parallel to the CO_2 Regulation as amended by Regulation (EU) 2023/851.[42]

In fact, the EU Commission expressly acknowledges that the general objective of the Proposal is "*to help decarbonise the road transport sector*".[43] Given that all of the above legal acts pursue the same objective, i.e., protecting the environment from the negative effects of traffic,[44] there are strong doubts whether the planned legislative act could be (solely) based on Article 91 TFEU.

We note that, irrespective of whether the proposed legal act will ultimately be based on Article 91 and/or Article 192 TFEU, all concerns raised and arguments outlined in this memorandum (such as with regard to the Principles of Subsidiarity (see above **1.**) and Proportionality (see below **III.**)) remain the same.

4. Transparency

We have doubts as to whether the Call for Evidence as conducted by the EU Commission meets the requirements of the EU Principle of Transparency.

Transparency is a one of the EU's fundamental principles which applies in particular with regard to lawmaking.[45] Article 11(3) TEU requires the EU Commission to carry out broad consultations. Pursuant to the EU Commission's own "Better Regulation" policy, a Call for Evidence serves the purpose of gathering "*views, practical experience, evidence and data*" from stakeholders to "*help deliver higher quality and more robust policy initiatives and evaluations*."[46] Infringements of the Principle of Transparency, forming part of EU primary law (the EU Treaties), may be subject to judicial review by the CJEU via an action for annulment (Article 263 TFEU).

For the following two reasons, it appears highly questionable whether these standards are met in the case at hand:

First, the EU Commission's Call for Evidence only allows feedback to be submitted from 25 July 2025 to 8 September 2025, albeit the subject matter of the proposed regulation being highly complex, involving significant technical, economic, and operational implications for a wide range of stakeholders. In our opinion, this short period is insufficient for stakeholders to collate and prepare the comprehensive

---

41 Cf. EU Commission, Q & A – Sustainable transport, infrastructure and fuels (last accessed: 27 Aug 2025).

42 EU Commission, Call for Evidence document, p. 2.

43 EU Commission, Call for Evidence document, p. 2.

44 Cf. *Nettesheim*, in: Grabitz/Hilf/Nettesheim, Das Recht der Europäischen Union, 2025, Article 192 TFEU, para. 33; *Epiney*, Umweltrecht der Europäischen Union, 4th ed. 2019, Chapter 4, para. 18.

45 *Haag*, in: von der Groeben/Schwarze/Hatje, Unionsrecht, 7th ed. 2015, Article 10 TEU, para. 14 ff.

46 EU Commission, Better Regulation Website (last accessed: 15 Aug 2025).

evidence and detailed data necessary to adequately address such a complex matter. This challenge is compounded by the fact that the deadline falls within the main summer vacation season, further constraining the resources available to prepare a thorough response. This raises the concern that the EU Commission is not actually interested in receiving substantive feedback and evidence at all.

Second, according to the EU Commission's Better Regulation policy,[47] stakeholder engagement for legislative initiatives typically follows a two-stage process: a Call for Evidence for initial feedback, followed by a twelve-week public consultation. Based on the relevant Call for Evidence document for the Proposal, we understand that the EU Commission intends to deviate from this established process.[48] If this assumption holds true, this makes the current Call for Evidence the primary and, it appears, final opportunity for stakeholders to provide comprehensive feedback on the new legislative proposal. We would consider such a stakeholder participation opportunity insufficient for its purpose. Neither does it provide adequate time for stakeholders to prepare and/or commission the necessary expert studies required to meaningfully contribute to the impact assessment, nor would a consultation carried out more than one year ago deliver the EU Commission the most recent stakeholder information to allow for a robust policy initiative.

II. Affected Fundamental Rights and Fundamental Freedoms

The Proposal raises legal concerns regarding the EU Charter of Fundamental Rights (CFR), in particular Article 16 CFR (Freedom to Conduct a Business). Article 16 CFR includes "*the right for any business to be able to freely use, within the limits of its liability for its own acts, the economic, technical and financial resources available to it.*"[49] The Proposal will likely restrict this right which would require justification, especially a thorough proportionality assessment (see under **C.III.**).

The Proposal plans to only address (certain) companies and not private individuals. Such differences will need to be justified in light of Article 20 CFR (Equal Treatment). The EU Commission will also need to assess and explain whether its Proposal is in line with Article 17 CFR (Right to Property)[50] and the Fundamental Freedoms

---

47 EU Commission, Better Regulation Website (last accessed: 15 Aug 2025).

48 The documentation states that the planned impact assessment will rely on the "*open public consultation (OPC) carried out between 6 February and 8 July 2024*"; hence conducted prior to the Call for Evidence; see EU Commission, Call for Evidence document, p. 3.

49 CJEU, Judgment of 30 June 2016, C-134/15, para. 27; Judgment of 27 March 2014, C-314/12, para. 49.

50 The Right to Property does not protect general commercial interests. However, the value of ZEVs already purchased by individuals could be significantly affected by the second-hand market effects of the Proposal (see in more detail under **C.III.1.b)cc)**), so that the Right to Property in relation to these vehicles could be affected, also taking into account the Protection of Legitimate Expectations (CJEU, Judgment of 22 Jan 2013, C-283/11, para. 34), see in more detail under **C.IV**.

protecting the functioning of the Union Market (Freedom of Establishment, Article 49 TFEU[51], and Freedom to Provide Services, Article 56 TFEU[52]).

III. Principle of Proportionality

The above Fundamental Rights and Fundamental Freedoms all require that an EU measure would be in line with the EU law Principle of Proportionality. The Right to Conduct a Business (Article 16 CFR) and the Right to Equal Treatment (Article 20 CFR) are most important for this assessment in relation to the Proposal at hand (see above). There are serious doubts as to whether the EU Commission could create a proportionate legislative act based on the Proposal.

According to Article 52 CFR and settled case law of the CJEU, the principle of proportionality requires, "*that measures adopted by EU institutions do not exceed the limits of what is appropriate and necessary in order to attain the objectives legitimately pursued by the legislation in question; when there is a choice between several appropriate measures recourse must be had to the least onerous, and the disadvantages caused must not be disproportionate to the aims pursued"*.[53]

Based on this case law, a potential Regulation on Clean Corporate Vehicles must be suitable to achieve a legitimate aim (see under **1.**), must not go beyond what is necessary to achieve that aim, neither in terms of content nor form (see under **2.**) and, finally, must not impose a burden on its addressees that is excessive to the objective (see under **3.**).

1. Suitability to achieve a legitimate aim

The general objective of the EU Commission to help decarbonising road transport, thereby reducing greenhouse gas and pollutant emissions, is a legitimate aim.[54]

However, doubts already arise as to whether the EU Commission's Proposal is pursuing that aim in a suitable manner.

a) Different potential types of measures

The Call for Evidence states that "*policy options to be assessed will include the setting of national targets, rules on financial incentives for corporate vehicles, and targets for specific entities*."[55] Each of these potential measures raises different legal issues.

---

51 Not only Member States but also the EU itself is bound by the Fundamental Freedoms to protect the Union Market, CJEU, Judgment of 13 Sep 2001, C.169/99, para. 37; Judgment of 9 Aug 1994, C-51/93. The Right of Establishment could be affected, as it seems likely that a legislation based on the Proposal would make it less attractive for companies to move to or set up subsidiaries in Member States with inadequate charging infrastructure, for example in the case of rental car companies.

52 Article 58 TFEU exempting the Transport Policy would need to be considered.

53 CJEU, Judgment of 30 June 2016, C-134/15, para. 33; Judgment of 12 July 2001, C-189/01, para. 81; Judgment of 22 Jan 2013, para. 50.

54 CJEU, Judgment of 22 Nov 2018, C-679/17, para. 32; Judgment of 11 Dec 2008, C- 524/07, para. 58; Judgment of 13 Sep 2005, C-176/03, para. 41; Judgment of 2 Apr 1998, C-213/96, para. 32.

55 EU Commission, Call for Evidence document, p. 2.

Targets for ZEVs are the more invasive measure compared to incentives, even more so if the targets address "specific entities" directly instead of the Member State level. We assume for this purposes that "specific entities" refers to groups/types of entities and not to individual entities.

Financial incentives from the EU or an obligation for Member States to issue (further) financial incentives seems to be the least burdensome measure from the perspective of Fundamental Rights and Fundamental Freedoms of the affected companies and individuals. This will therefore need to be a priority consideration for the EU Commission (see in more detail under **C.III.2.** and **3.**).

The following legal concerns mostly focus on a measure creating ZEV targets.

b) Specific aims mentioned by the EU Commission[56]

aa) Stimulate ZEV demand?

The first specific objective of the Proposal is to stimulate demand for ZEVs in the corporate segment in order to complement supply-side instruments such as CO_2-emission standards for vehicles and the expansion of infrastructure under the Alternative Fuels Infrastructure Regulation.[57]

However, it would need to be substantiated that the ZEV obligation for corporate fleets will actually increase the *overall* number of ZEVs or just move demand from the overall market specifically to corporate purchasers. Already today, corporate fleets count for the majority of ZEV sales in many EU member states. In Germany for example, 86% of the highest selling three ZEV models in early 2025 were sold to corporate customers, making the German public broadcasting ask if electric vehicles are only a privilege for corporates.[58] Data like this suggests that not the corporate fleets are the main issue with expanding the ZEV market but instead other factors.

The Proposal will also need to explain how the EU plans to ensure sufficient ZEV supply for companies for a reasonable price. Private individuals are usually preferred customers for vehicle manufacturers, as they do not get bulk discounts or similar advantages, therefore paying a higher price per vehicle. If there is a shortage for certain ZEVs, vehicles will go to private purchasers and companies will not be able to meet ZEV targets. An alternative would be that companies will have to pay higher prices than they currently do. This became already clear during market shortages in 2022 due to the chip supply crisis and the war against Ukraine.[59]

There are, therefore, strong doubts that a Regulation on Clean Corporate Vehicles would be a suitable measure to increase ZEV demand.

---

56 See under **A.** above regarding details of the different aims as presented by the EU Commission.

57 EU Commission, Call for Evidence document, p. 2.

58 Tagesschau, E-Autos nur etwas für Dienstwagen Privilegierte?, 16 May 2025 (last accessed: 27 Aug 2025).

59 Handelsblatt, 106 Wochen für ein E-Auto: Lieferzeit und Spritpreise setzen dem Statussymbol Dienstwagen zu, 26 Apr 2022 (last accessed: 27 Aug 2025).

bb) Reduce fossil fuels?

The second objective of the proposed measure is to reduce expenditure on fossil fuels and their imports.[60] While this does indeed appear as a legitimate aim (promotion of environmental concerns, Article 4(2)(e) and (g) TFEU), it can only be achieved if the legislative act would in fact increase ZEV sales and ZEV usage while at the same time reduce combustion engine vehicle usage. Therefore, the same overall concerns regarding the impact on the ZEV market (see above) and an insufficient charging infrastructure (see below) apply also here.

Furthermore, it appears that the Proposal does not consider full life-cycle emissions of ZEVs, only focusing on tailpipe emissions. The manufacturing of ZEVs, and particularly their batteries, is significantly more carbon-intensive than that of an internal combustion engine vehicle, creating an initial "carbon debt".[61] Moreover, the actual environmental benefit of a ZEV during its operational life is entirely dependent on the carbon intensity of the electricity grid used for charging. In Member States with a heavy reliance on fossil fuels for power generation, such as Poland with its coal-dependent grid, this advantage is severely diminished.[62] Consequently, a policy that aims at accelerating ZEV adoption without addressing both the embedded emissions from manufacturing and the carbon intensity of national power grids, risks merely shifting fossil fuel consumption from the tailpipe to the factory and the power plant, thereby failing to fully achieve the stated environmental objective.

cc) Accelerate ZEV availability on the second-hand market?

The third aim of the proposed legislation is to accelerate the ZEV availability on the second-hand market, thus helping to make them more affordable for the general public including small and medium-sized enterprises.[63]

The legislative Proposal will need to show factual evidence that the second-hand ZEV market currently and/or in the near future has an insufficient number of available ZEVs, and is not just suffering from a lack of demand for ZEVs. There are strong doubts as to whether this is or will be the case. Currently, in key markets in the EU, quite the opposite seems to be true. For Germany, recent data from May 2025 shows that the ZEV second-hand market is more than saturated, leading to much higher depreciation rates than for combustion engine vehicles. While Diesel and Petrol engine vehicles still have 62-64% of their original value after three years, the ZEVs only have 51.5%.[64] Data like this and news accompanying such data will not help the ramp-up of ZEVs but achieve quite the opposite: ZEVs will be seen as a (financial) risk.

---

60 EU Commission, Call for Evidence document, p. 2.

61 Cf. *Burchart/Przytuła*, Carbon Footprint of Electric Vehicles – Review of Methodologies and Determinants, 2024, para. 4.2 (last accessed: 3 Sep 2025).

62 Ibid., para. 2.

63 EU Commission, Call for Evidence document, p. 2.

64 WirtschaftsWoche, Das Elektroauto ist auf dem Gebrauchtwagenmarkt angekommen, 3 May 2025 (last accessed: 27 Aug 2025); also see more recently WirtschaftsWoche, „Eine Riesenwelle" gebrauchter E-Autos – und niemand will sie, 2 Sep 2025 (last accessed 3 Sep 2025).

Depreciation is an important financial factor for manufacturers in their pricing decisions and, even more importantly, for leasing and car rental companies and corporate fleets. This is already seen today as a "ticking time bomb" in the market.[65] If the ZEV second-hand market is already saturated today, a further artificial increase in new ZEVs coming to the market as a result of the proposed measure will be a burden for the corporate fleets twice: first when they have to purchase the ZEV, second when they resell it and lose much more value than they would have with a combustion engine vehicle. Higher depreciation will then inevitably lead to higher leasing and car rental prices for consumers.

The proposed measure seems to ignore the actual restrictions to ZEV sales (lack of charging infrastructure[66], customer doubts[67] etc.) and, therefore, the proposed measure would likely not be suitable to achieve its aim as it does not address the lack of demand for ZEVs.

In any event, in order to comply with the CJEU's case law on proportionality[68], the proposed measure would need to substantiate through, for example, a thorough market analysis including scientific studies, on which effects the measure would likely have on the second-hand market and depreciation. Also, the CJEU requires for its own judicial review of EU legislative acts that the EU institutions having adopted the act must be able to show that they actually exercised their discretion, which presupposes taking into consideration all relevant factors and circumstances the act was intended to regulate. In this context, "*the institutions must at the very least be able to produce and set out clearly and unequivocally the basic facts which had to be taken into account as the basis of the contested measures of the act and on which the exercise of their discretion depended*".[69] There are considerable doubts whether this would be possible with the information available so far for the Proposal.

---

65 Handelsblatt, Deshalb brechen die Preise gebrauchter Luxus-E-Autos ein, 28 March 2025 (last accessed: 27 Aug 2025).

66 See under **c)** below.

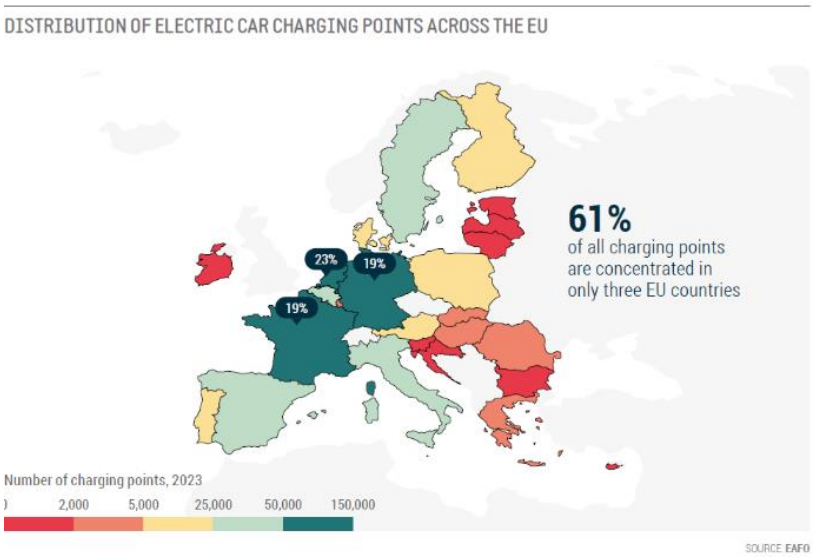
67 Cf. McKinsey & Company, How European consumers perceive electric vehicles, 5 Aug 2024 (last accessed: 27 Aug 2025).

68 For example: CJEU, Judgment of 8 June 2010, C-58/08, para. 53: objective criteria necessary to show that a measure is suitable to achieve the aim.

69 CJEU, Judgment of 3 Dec 2019, C-482/17, para. 81; see also Judgment of 21 June 2018, C-5/16, para. 152 f.

c) Overall suitability concern: Charging infrastructure as a bottleneck

The greatest concern in relation to the suitability of the proposed measure, however, is the status of charging infrastructure in the EU Member States. This is seen as the real bottleneck for electric vehicle ramp-up by most experts.[70] The EU Commission's own scientific expert panel – the European Alternative Fuels Observatory – has pointed out the significantly uneven distribution of publicly accessible recharging infrastructure in a study in 2024, including the following very instructive map:



The EU Commission observatory's report identified "a significant gap in infrastructure growth, noting that to meet the EU Commission's target of 3.5 million charging points by 2030, an estimated 410,000 new points need to be installed annually." It is worth noting that even these ambitious targets are too low to meet demand in case of significantly increased ZEV numbers according to expert studies.[71]

While the Alternative Fuels Infrastructure Regulation is supposed to address exactly this issue[72], the uneven level of charging infrastructure across EU Member States seems to continue to exist. For example, in late 2024, Poland reportedly had only 9% of the charging points installed it will need by the end of the 2025 on highways as part of the Trans-European Transport Network (***TEN-T***) to meet the Alternative Fuels Infrastructure Regulation targets.[73] The TEN-T reflects the most important transit routes through Europe – a topic that is especially relevant for corporate fleets and rental cars used for holidays.

---

70 Euractiv, Europe's electric car revolution needs chargers, 14 Apr 2025 (last accessed: 27 Aug 2025); ADAC, Elektromobilität: Sind die Ziele bis 2030 noch erreichbar?, 4 March 2025 (last accessed: 27 Aug 2025).

71 See for example recent gridX study, p. 5: 8.8 million charge points required by 2030 and 1.2 million annual installation needed (last accessed: 27 Aug 2025).

72 Recital 13 Alternative Fuels Infrastructure Regulation.

73 Mobility Portal Europe, Poland Falling Short of AFIR, 17 Sep 2024 (last accessed: 27 Aug 2025).

The Proposal will need to explain how an EU-wide ZEV obligation for corporate fleets will interact with the lack of charging infrastructure in several EU Member States. As long as the charging infrastructure is not sufficient for typical corporate use cases, companies will not be able to use ZEVs which would make any corporate ZEVs targets unsuitable to achieve the aim of lowering CO_2 emissions.

It is quite striking in this context that the Alternative Fuels Infrastructure Regulation itself sets charging infrastructure construction targets for EU Member States for 2035[74] and requires the Member States to report vehicle uptake projections also until 2035[75]. This shows that the Alternative Fuels Infrastructure Regulation itself plans an electrification of the EU by 2035 – in line with the so-called ban on combustion engine vehicles by that same year 2035[76] (see in more detail under **C.IV.1.** in relation to the EU law *Principle of Consistency*). The measure proposed now will need to be adjusted to these existing ramp-up plans and will need to explain how it fits into this existing scheme (if at all).

There are strong doubts that the proposed measure can be suitable to achieve its aims against this background. In particular, if the Proposal results in binding ZEV targets, they are unlikely to be considered suitable in any case.

2. Necessary measure

The Proposal also raises questions on whether it is *necessary* in a legal sense to achieve the aim of higher ZEV numbers in the EU.

It is settled case law of the CJEU that, from several appropriate measures, the EU legislator must choose the one that causes the least burden to the interests or legal rights affected by the measure.[77]

The proposed Clean Corporate Vehicles legislation will need to explain in detail why the additional legislation could be *necessary* in the context of existing legislation, especially the zero-CO_2-emissions requirement already in place for 2035 under the CO_2 Regulation, including the scheduled step-by-step CO_2 reduction until 2035, all enacted in its current form rather recently in 2023[78], with some further amendments as recently as June 2025.[79]

The Proposal will need to explain why this existing legislation is insufficient to achieve the targets by 2035 and the interim targets until then. It will also need to explain why a *new* regulatory regime could be necessary, instead of amending the existing

74 Article 3(4) lit. b) (iii) Alternative Fuels Infrastructure Regulation.
75 Article 15(1) Alternative Fuels Infrastructure Regulation.
76 Article 1(5a) CO_2 Regulation.
77 CJEU, Judgment of 12 July 2001, C-189/01, para. 81.
78 Regulation (EU) 2023/851.
79 Regulation (EU) 2025/1214 of the European Parliament and of the Council of 17 June 2025 amending Regulation (EU) 2019/631 to include an additional flexibility as regards the calculation of manufacturers' compliance with CO_2 emission performance standards for new passenger cars and new light commercial vehicles for the calendar years 2025 to 2027, 19 June 2025, OJ L 2025/1214.

legislation (i) on the general combustion engine phase-out by 2035 and, more importantly, (ii) on further supporting charging infrastructure, especially in Member States currently lagging behind.

Especially with a view to binding ZEV targets, it is not sufficient to just assume that targets would lead to more ZEVs and thereby less CO_2. The Proposal will need to further elaborate why other measures would not be equally or even better suitable, especially incentives and, at the same time, measures directly targeting the lack of charging infrastructure deployment. It seems unlikely that binding ZEV targets would be *necessary* in that sense.

The EU Commission's considerations regarding different policy options in their call for evidence show how fragmented the group of "corporate vehicles" is.[80] The considerations above on ZEV markets and charging infrastructure have shown how different the Member States act on ZEVs. The EU Commission's conclusion seems to be to have one EU legislative act, properly addressing all these differences. A more natural conclusion could be to leave appropriate actions to the Member States (see already under **C.I.1.**) on their path to prepare their own different markets and infrastructures for the already existing EU targets for ZEVs and chargers for 2035 (including interim targets until then).

3. Proportionality between disadvantages caused and aims pursued

In order to be proportionate, the legislation will also need to be an appropriate measure where the disadvantages caused are proportionate to the objectives to be achieved by the measure.[81]

a) Disadvantages caused

ZEV obligations for corporate fleets that go beyond the existing combustion engine phase-out will, depending on their specifications in a draft Regulation, likely cause disadvantages for companies, customers of vehicle-related services like rental cars, and, due to the market impact, also for individuals purchasing/selling their private vehicles.

If companies become obliged in any way to purchase ZEVs instead of making a free market-based decision, there is a high risk that costs for these companies will increase. Given that the general combustion engine phase-out by 2035, including intermediate targets, already exists, it seems doubtful that increasing costs for companies would be appropriate. This is even more relevant given the current economic climate and global uncertainties.

Even more substantially, in Member States with a lack of charging infrastructure, companies would not be able to use ZEVs and, therefore, likely try to avoid the targets, for example by increasing leasing holding periods for their combustion engine vehicles

---

80 See EU Commission, Call for Evidence document, p. 2.

81 CJEU, Judgment of 12 July 2001, C-189/01, para. 81.

and/or purchase combustion engine vehicles before the targets enter into force, then keeping these vehicles much longer than currently.

For some companies, there is a significant risk of substantial loss of business and related jobs. For example, rental companies in Member States with a lack of charging infrastructure would not be able to offer their customers vehicles they could actually use properly in these countries which could push these companies out of business.

Therefore, any measure in relation to corporate ZEVs would need to carefully consider its costs and burden for companies. Ideally, further measures would not create fixed targets but rather move the market into a direction where ZEVs become more attractive naturally (financial incentives and improved charging infrastructure).

Also individuals could be negatively affected by fixed ZEV targets forcing companies to purchase ZEVs for use cases where this is not yet appropriate given the lack of charging infrastructure. For example, if individuals rent a vehicle from a rental company to go on holidays to typical destinations in southern/south-eastern Europe, they will face the above-descripted issue of uneven charging infrastructure across Member States. If all rental cars needed to be ZEVs under the proposed measure (which remains to be seen), there is a high risk that such customers would then refrain from renting at all. Individuals who have decided not to have their own car at all or to only have a small electric vehicle and use combustion engine rental cars for such longer trips, will be proven wrong in their decision.

b) Proportionality considerations

Each of the disadvantages of a potential measure – including the above examples – will need to be weighted up against the aim of the measure.[82]

The EU Commission's own considerations in their Call for Evidence already show how complex and likely impossible it would be to find a measure that takes account of all the above issues in a proportionate way (EV market impact, huge differences between Member States regarding ZEV markets and charging infrastructure, interplay between individual and corporate sales and associated vehicle production etc.).

Looking at a couple of examples from the Call for Evidence this regard:

- *"balance and trade-offs between effectiveness and flexibility, for example, in relation to the possibility of setting mandatory targets for Member States, individual companies, or fleets"*[83]

  While at first this sounds like a sensible approach, it is quite vague in relation to the key questions of proportionality, even for an initial proposal. For example: Would the targets for Member States be the same across all Member States or would they take account of different levels of ZEV and charging infrastructure deployment today? The former would bring along the above

82 CJEU, Judgment of 5 July 2017, C-190/16, para. 53.

83 EU Commission, Call for Evidence document, p. 2.

issues with the current differences between Member States – the same target for the Netherlands and Romania would impact these two countries very differently. The latter, however, would seem more proportionate for companies and their vehicle users, but then also less or not at all effective: if the measure is meant to *even out* current differences, countries lagging behind would need to be targeted stricter.

Targets for companies or fleets, on the other hand, would release Member States from their responsibilities and bear the significant risk that the Member States would not put enough effort in increasing charging infrastructure.

- *"fleet composition, operational constraints, and business case for different types of corporate car fleets (e.g. rental, leasing, taxis, car-sharing, company cars), and respective opportunities to shift to ZEVs"*[84]

  While, again, this sounds like a sensible approach, it shows how fragmented the corporate vehicles market is. "The corporate vehicle" does not exist, and especially the use cases are significantly different which is important for the impact ZEV targets would have. While short-term short-trip car-sharing with fixed car-sharing stations, where the charging infrastructure can be installed, could work fine with ZEVs, this is significantly different for example for rental car fleets with their frequent long-distance and also cross-border usage.

  In that context, it also seems impractical to differentiate between different use cases within one of these sub-sectors. For example, obliging rental companies to have ZEVs for short-term trips and let them freely choose between ZEV and combustion engine for long-term trips would not work, given that the same types of vehicles are used for both cases; also markets in this field are usually not as local as a city (with potentially better charging infrastructure), but likely national as can be seen from EU Commission merger control decisions in this field.[85]

  A lot of data and analysis would be needed to find proportionate solutions for such different scenarios. A "one fits all" corporate fleets ZEV target would very likely not be proportionate.

  However, the more a potential measure would differentiate, the more it creates other legal and practical problems, including the equal treatment under Article 20 CFR and the general EU Principle of Equality. If the measure differentiates between companies to address their different burden arising from the measure, that differentiation would in turn need to be justified itself. This assessment would need to look at the reasons for the different burden: if companies can or cannot use ZEVs just because of available or unavailable charging infrastructure, this raises the question if such a differentiation – which

---

84 EU Commission, Call for Evidence document, p. 2.

85 See for example EU Commission, C(2022) 3613 final, 25 May 2022, Case M.10565 - VOLKSWAGEN / TRINITY / EUROPCAR para. 34.

is in the end based on some Member States' lack of charging infrastructure deployment – can be justified for the companies in light of their right to equal treatment.

If the main aim of the measure really is to even out current ZEV number differences between Member States[86], that sounds as if companies in the Member States lagging behind with ZEVs would take the (financial and operational) blame for their Member States not being on track with charging infrastructure deployment and creating a financially and practically positive environment for ZEVs. As already discussed in the contexts of subsidiarity, suitability and necessity – this raises the question even more if such a measure could be proportionate at all in light of the Freedom to Conduct Business in Article 16 CFR.[87]

- *"composition of road haulage fleets, market dynamics and interactions between large companies, sub-contractors, and smaller independent operators, and the respective roles and effort sharing in achieving zero-emission targets"*[88]

  This consideration raises similar questions: while differentiations appear sensible at first sight, the use cases of companies and the differences between Member States and even regions of Member States will likely be so significant that there are strong doubts whether there could be any proportionate and at the same time still practical and efficient solution for ZEV targets.

These issues will need to be addressed by a potential proposed measure, including the necessary scientific evidence. Given the complexity of the matter and the overall issues of (i) different ZEV environments and use cases between Member States and (ii) different and in some cases slow deployment of charging infrastructure in Member States, there are strong doubts as to whether a proportionate solution for ZEV targets in whatever form could be found. This also emphasises the concerns around the overly hasty Call for Evidence (see under **C.I.4.**).

IV. Principle of Consistency and Principle of Protection of Legitimate Expectations

Any proposed measure by the EU Commission would also need to follow the EU law Principle of Consistency (Article 7 TFEU) and the Principle of Legal Certainty and Protection of Legitimate Expectations (settled CJEU case law).

The principle of consistency requires the consistent pursuance of objectives and the harmonious resolution of conflicts in terms of substantive consistency; the actions of the institutions must be coordinated in terms of content, and EU policies must therefore

---

86 EU Commission, Call for Evidence document, p. 1.
87 See in general CJEU, Judgment of 7 July 1993, C-217/91, para. 37.
88 EU Commission, Call for Evidence document, p. 2.

be implemented in a coordinated manner.[89] The EU is committed to continuity and coherence in its measures to achieve its objectives.

The principle of legal certainty requires that legal provisions – especially if they may have adverse consequences for individuals and businesses as in this case – must be clear, precise and foreseeable in their effects.[90]

1. Consistency with existing ZEV fleet targets?

Several of the above-discussed issues draw into question the consistency of ZEV targets for corporate fleets. Most importantly, the Alternative Fuels Infrastructure Regulation and the CO_2 Regulation already exist and have enacted a timeline for increasing numbers of ZEVs and charging infrastructure, each with latest target dates in 2035. If the EU Commission takes the view that the ZEV "demand side" needs to be pushed, it would seem sensible to evaluate the reasons for why individuals and companies do not purchase ZEVs and then approach these underlying issues. Likely what would be needed would be financial incentives and a push for Member States to actually reach their charging infrastructure targets (see above). **Demand follows infrastructure**, as also recently pointed out again by the International Energy Agency in their Global EV Outlook 2025[91] and a recent report on Europe's electric vehicle market leaders Denmark, Sweden and Finland by the International Council on Clean Transportation[92] – a fact apparently ignored here by the EU Commission.

Creating a third area of fixed targets will likely only negatively impact the affected companies and create artificial short-term effects on the vehicle markets, e.g. artificially high combustion engine sales before ZEV targets come into force, including longer holding periods for such combustion engine vehicles. Then, after the targets come into force, there will be artificially high ZEV sales only short-term, impacting the new vehicle and – later – used vehicle markets in the ways described above in the context of suitability. This does not appear as a consistent approach within the already existing phase-out of combustion engines with its interim targets until 2035. This is what vehicle manufacturers, suppliers, fleet managers and customers have been working with, and this framework has already been changed significantly in recent years. Changing it again by adding another layer of targets, also now with a new timeline until 2030 instead of 2035, bears the risk of being inconsistent and not in line with legitimate expectations of the affected companies.

In its Call for Evidence, the EU Commission states that it sees the planned legislation as a driver for charging infrastructure planning. There are doubts as to the consistency of the goal of transitioning to ZEV-based road traffic. An "excessive" push for permissible cars does not pursue this goal in a consistent manner. Rather, an adequate,

---

89 *Ruffert*, in: *C*alliess/Ruffert, EUV/AEUV, 6th ed. 2022, Article 7 TFEU, para. 3.

90 CJEU, Judgment of 20 Dec 2017, C-322/16, para. 46.

91 International Energy Agency, Global EV Outlook 2025 – Expanding sales in diverse markets, p. 46 (last accessed: 27 Aug 2025).

92 International Council on Clean Transportation, Europe's electric vehicle market leaders: Denmark, Sweden, and Finland (last accessed: 3 Sep 2025).

comprehensive charging infrastructure must already be in place to ensure a consistent transport policy and acceptance by those affected (see above).

The existing framework under the CO_2 Regulation for the ZEV phase-in and combustion engine phase-out also raises the concern that new measures targeting certain areas of vehicle usage can violate the EU law Principle of Protection of Legitimate Expectations.

This principle applies to all measures affecting fundamental rights under CFR, although the CJEU had already developed the principle prior to CFR. It is usually addressed separately from the proportionality considerations.[93]

It is settled case law of the CJEU that the principle of the protection of legitimate expectations can be violated in particular, if a legislative amendment retroactively deprives a right from a person that this person was holding based on already existing legislation.[94]

Any potential new obligation to achieve certain ZEV targets would need to be in line with the existing CO_2 and combustion engine phase-out under the CO_2 Regulation which, as said above, has been the key EU law basis on which manufacturers, suppliers, fleet managers and customers have been relying on.

2. Consistency with sustainability reporting obligations?

In addition, with regard to leasing and rental companies, it is questionable whether the Proposal is consistent with applicable sustainability reporting obligations under the European Sustainability Reporting Standards (***ESRS***) as currently under revision. Leasing / rental companies act as mere financiers / providers of mobility solutions. They do not have control over the operational use or control of the respective vehicle fleets. In this context, the current draft version of the ESRS draws a clear distinction between the financier of an asset and its operator, attributing environmental impacts based on the principle of "operational control". This principle mandates that greenhouse gas emissions resulting from a leased vehicle are attributable to the lessee, who exercises control over the vehicle's selection, configuration, and operation.[95] Therefore, potential ZEV targets for (leasing and rental) companies which do not have such operational control raise the question of legal consistency with the approach in other areas of environmental sustainability legislation.

V. Conclusion

When enacting the envisaged measures, the EU Commission will need to ensure that the concerns raised above are addressed to ensure compliance with EU Fundamental Rights and Freedoms as well as the key EU law principles applied by the CJEU. This

---

93 *Jarass*, in: Jarass, Charta der Grundrechte der EU, 4th ed. 2021, Article 52 CFR, para. 41.

94 For example: CJEU, Judgment of 11 July 2002, C-62/00 para. 44-46 in the context of tax provisions (with more references to settled case law).

95 See European Financial Reporting Advisory Group, ESRS 1 General Requirements Exposure Draft, July 2025, p. 17, para. 70 (last accessed 3 Sep 2025).

will be particularly challenging when it comes to binding ZEV targets. In any case, any such measure would need to be substantiated appropriately, which seems to be challenging given the envisaged timeline.

We see a very high risk that binding ZEV targets for companies lack suitability with regard to achieving a zero-CO_2 vehicle market in the EU, given the potential negative short-term volatile impacts this can have on the new vehicle and second-hand vehicle markets, including costs for companies, their customers and private car purchasers. Most importantly, the lack of sufficient charging infrastructure in some Member States makes the Proposal seem unsuitable to achieve its aims across the EU. As described above, there are also risks of other negative market effects for companies, including higher prices for consumers or even pushing companies out of the market in certain Member States or regions with a lack of charging infrastructure, e.g., rental car companies.

All these points raise serious concerns as to the suitability and more generally the proportionality of the measure. In particular, binding ZEV targets are in any case unlikely to be compatible with primary EU law. Furthermore, the existing legal framework for CO_2 fleet targets and charging infrastructure targets, each reaching until 2035, draw into question whether a new measure, especially if it has an earlier target date of 2030, can be consistent and in line with legitimate expectations of the affected companies.

Prof. Dr. Juliane Hilf
Dr. Jonas Köster
Dr. Tobias Klatt

***