



Ms Laura Lonza
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Directorate-General for Climate Action
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BELGIUM

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Dear Ms Lonza,

European business stands behind the EU's ambition to net-zero greenhouse gas emissions (climate neutrality) to reach the objectives of the Paris Agreement, and in that respect we are following the discussions on **life cycle assessments** (LCAs) closely.

In this letter, we would like to provide you with our initial reflections on the desirability and feasibility of an LCA methodology for road transport. We understand the Commission's efforts to perform this exercise in line with recently agreed legislation. The current metric for measuring CO₂ reduction targets in the road transport sector, the tank-to-wheel (TTW) approach, only focuses on CO₂ emissions from the use phase. An LCA approach could complement this TTW metric by increasing awareness and transparency on all the environmental impacts in the value chain for suppliers, manufacturers, consumers and policymakers.

At the same time, there are a number of critical developments needed to address uncertainties surrounding the use of LCAs, in particular:

- **The lack of objective assumptions and data.** A robust LCA needs to be based on robust data that covers many aspects of the production, use and end-of-life phases¹, and this data needs to be relevant for each powertrain on possibly each vehicle model within each powertrain. A significant share of this data as well as a deep knowledge about the entire value chain is currently missing, which can lead to broad ranges in the results and conclusions. We hope the current ongoing LCA study led by Ricardo will help increase our understanding of the entire value chain. Beyond the current LCA study, there is a need for the Commission to assess across the various lifecycle stages which data is actually relevant, how it can be standardised, where it

¹ Indeed, the LCA methodology can provide an accurate climate and environmental impact methodology by capturing all parts of a product's the value chain: **Production phase**, including powertrain energy density, plant size, plant manufacturing capacity, GHG intensity of materials used in the powertrain production, GHG intensity of materials in the rest of vehicle. **Use phase**, including powertrain lifetime, vehicle size and driving range, carbon intensity of the electricity generation mix (including transmission and distribution system losses), and fuel processing. **End-of-life phase**, including ease of recycling of all parts of the vehicle and possibilities of second life uses.



needs to be more supply chain-specific, and where some data cannot be made public (e.g. due to anti-trust rules). This will provide a picture of data needs and identify any data gaps to be addressed.

- **The issue of accountability.** As the LCA covers all aspects of the life of a vehicle, it will be difficult to ascertain which actors along the value chain bear responsibility for providing the data needed to perform the LCA analysis, as well as bearing responsibility for the implications related to such an analysis. For example, car manufacturers cannot be held responsible for aspects that they cannot control, such as a member state's electricity mix that in turn determines the use phase emissions of new electric vehicles. Furthermore, value chain actors should be able to challenge certain classifications: For example, material choices by manufacturers is linked to very complex strategic internal decisions, so there is a risk that the LCA might declassify a material for not being green whereas the final product is actually providing environmental advantages.
- **The feasibility for use beyond reporting.** An LCA methodology is useful for internal verification and to identify possible areas where actors across the value chain can collectively improve efficiency and reduce emissions. The Commission should therefore evaluate how to incentivise the value chain to deliver solutions that bring environmental and circular economy benefits over the whole lifecycle, rather than focussing only on the use phase. In order to properly evaluate this possibility, it will be necessary to demonstrate that any outstanding issues surrounding standardised assumptions and data requirements for reporting can be addressed (see first bullet point).
- **Existing LCA or environmental reporting approaches.** Within the EU there are already different approaches to LCA, such as the Product Environmental Footprint (PEF), ISO standards, possible measures by the EU to develop LCA scheme for batteries based on PEF, etc. We should try to avoid situations where different approaches lead to different analysis results. Consolidation with existing methodologies will be of utmost importance for any possible new approach.

In sum, creating a robust, EU-wide LCA methodology is certainly not an easy task and will require the close cooperation with industry experts. We thank the Ricardo consultants for providing initial clarifications on the LCA methodology exercise and are looking forward to further cooperate in view of the preparation of the draft results for the stakeholder workshop early next year.

Yours sincerely,

Jürgen Hasler

Chair of BusinessEurope's Low-Emission Mobility Taskforce