

# The Clean Car Import Standard – reducing vehicle CO<sub>2</sub> emissions to 105 grams per kilometre by 2025

- The Clean Car Standard is a CO<sub>2</sub> target for light vehicles
- It progressively lowers the CO<sub>2</sub> emissions of vehicles entering New Zealand from an average of 171 grams of CO<sub>2</sub>/km today to 105 grams by 2025, a reduction of almost 40% in five years
- Suppliers will meet this target by bringing in more Electric Vehicles (EVs), more hybrids and more fuel efficient conventional vehicles – giving Kiwis more climate-friendly choices

**Profile of NZ’s imported cars and international comparisons**  
 Nearly 70 percent of all transport emissions are from cars, SUVs, utes, vans and light trucks. We need to significantly lower the impact they are having through speeding up the transition to EVs and encouraging more hybrids.

Currently, the light vehicles coming into the country are among the most fuel inefficient, and emission intensive, of any OECD country. The average vehicle in New Zealand has CO<sub>2</sub> emissions of around 171 grams per kilometre (g/km). Our cars and SUVs alone average 161 g/km, compared to 105 g/km in Europe. In 2017, the most efficient vehicle models on our market had, on average, 21 percent higher emissions than their counterpart models in the United Kingdom.

New Zealand is only one of two countries in the OECD without a vehicle CO<sub>2</sub> standard, the other nation is Russia (Australia’s vehicle industry has implemented its own vehicle standard). The first target of 105g we are setting for 2025 was already achieved by Japan in 2014 and by Europe in 2020. On average, New Zealanders pay 65 percent more in annual vehicle fuel costs than people in the European Union, even though Europe’s petrol prices are higher.

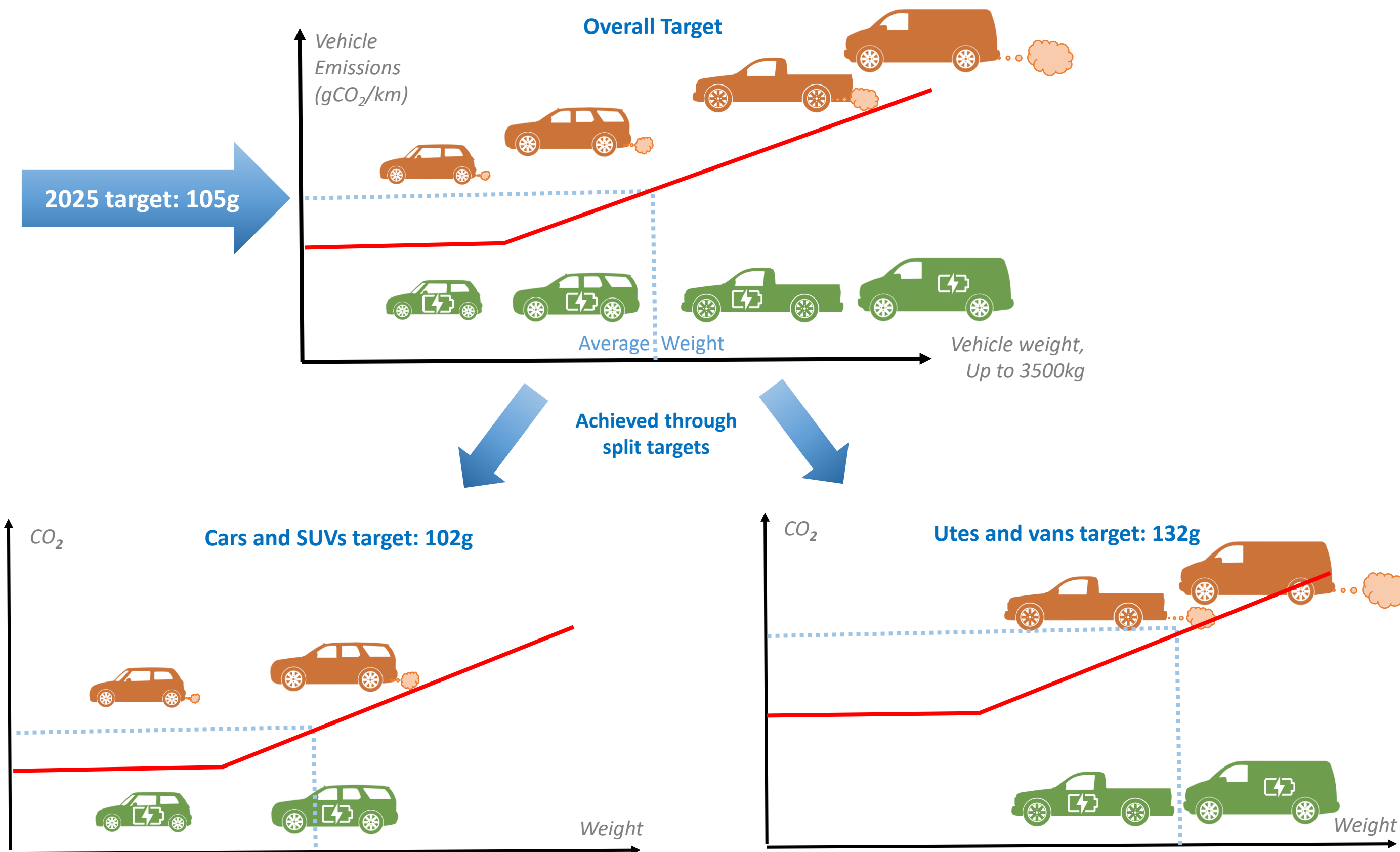
**How it will work**  
 Each supplier will have a different target to meet, reflecting its fleet of vehicles. Across the vehicles it brings in it has to ensure the average CO<sub>2</sub> emissions are equal to, or less than, the target for its vehicles. As it works by averaging, vehicles exceeding the CO<sub>2</sub> target can continue to be brought in so long as they are offset by enough zero and low emission vehicles. The 2025 target will be phased in through annual targets that get progressively lower. This gives vehicle suppliers time to adjust and source enough clean vehicles to meet the targets and to encourage buyers to opt for low emission vehicles.

**Benefits of the Import Standard**  
 The Clean Car Standard will increase the supply of cleaner cars, making them a realistic choice for more New Zealanders. It will also save New Zealanders on average \$6,810 at the pump by having a more fuel efficient car. Research suggests that the households that benefit the most from vehicle CO<sub>2</sub>/fuel efficiency standards are low-income ones.

A conservative estimate of benefits and costs prepared by the Ministry of Transport indicates that the Standard would be a cost effective way of reducing emissions. The net present value ranges from \$248 million to \$836 million, and the benefit to cost ratio ranges from 2.3 to 3.8. The benefits in fuel savings and CO<sub>2</sub> reductions are in the order of \$160 to \$344 from every tonne of CO<sub>2</sub> avoided through the Standard.

There was overwhelming support for the Standard during public consultation. 85 percent of submitters who engaged with the discussion document supported the Standard.

- Timeline for implementation:**
- 2021:** Legislation progressed and implementation starts.
  - 2022:** Standard in place. Suppliers must report CO<sub>2</sub> data but no charges apply where targets are missed.
  - 2023:** Charges apply where suppliers miss their targets.
  - 2024:** Review charges and the 2025 target. Set future targets.



- Exemptions to the Standard**
- Vehicles intended primarily for military operational purposes
  - agricultural vehicles/equipment that are primarily driven on farms, such as tractors, harvesters, mowers, toppers, bailers
  - vehicles with historic value, or vehicles such as classic cars
  - motor vehicles constructed before 1 January 1919
  - motor vehicles constructed on or after 1 January 1919 and are at least 40 years old on the date that they were registered, reregistered, or licensed
  - scratch built vehicles and modified vehicles certified by the Low Volume Vehicle Technical Association Incorporated.

- Importers will be supported to meet the targets**
- Waka Kotahi will develop an online tracking and forecasting tool to allow importers to see how their CO<sub>2</sub> accounts would be affected if they purchase particular vehicles in international auctions. It would also help importers complying on a fleet-basis by easily allowing them to monitor how their actual average fleet CO<sub>2</sub> emissions are tracking, against their fleet targets.
  - Flexibility will be given for the industry by allowing them to bank, borrow and transfer. Banking will allow suppliers to carry over any overachievement of their CO<sub>2</sub> targets to offset the following three years.
  - Borrowing allows suppliers to miss their targets for one year as long as they make it up the following year.
  - Transferring allows suppliers to transfer overachievement of their CO<sub>2</sub> target to one or more other suppliers operating within the same compliance regime.