



LEASEUROPE

The Director General

Brussels, 30 July 2007

DG Taxation and Customs Union
DG Environment
European Commission
By e-mail to: Green-paper-mpi@ec.europa.eu

**LEASEUROPE'S CONSULTATION REPLY TO
THE GREEN PAPER ON MARKET-BASED INSTRUMENTS FOR ENVIRONMENT
AND ENERGY RELATED POLICY PURPOSES**

Dear Sir/Madam,

Leaseurope is the European Federation of Leasing Company Associations. Since integrating new members active in the long and short term automotive rental industry in 2006, Leaseurope represents as an umbrella body both the leasing and automotive rental industries in Europe. The Federation is composed of 47 Member Associations in 34 European countries and represents approximately 12 million passenger cars and several million commercial vehicles in Europe.

Given our membership and the focus of our work, we are especially interested to address the use of market-based instruments (MBIs) in tackling the environmental impact in road transport and are therefore reacting only to the first part of section 4.1 of the Green Paper.

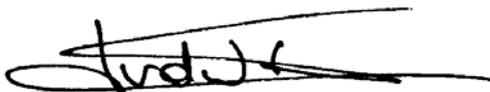
Leaseurope is generally in favour of the use of economically feasible market-based instruments for environment related policy purposes. Being aware of the negative impact of CO2 emissions on climate change, we particularly welcome the introduction of a CO2-dependent element in the tax base for passenger car taxation as a market-based instrument such as the Commission's Proposal for a Council Directive COM(2005) 261 final.

At the same time, it is necessary that such a tax is implemented **consistently** across the EU, with each Member State linking car taxation to a CO2 base in a **comparable** manner. Therefore, we believe that the EU should play an active role in promoting such environmental tax reforms at national level. At the same time, Member States' right to choose the tax systems that they consider most appropriate and according to their preferences should be respected.

In addition, we believe that CO2-linked vehicle taxation should be **technologically neutral**. Giving tax advantages to only a certain type of fuel efficient vehicles, such as hybrid cars, is discriminatory towards other types of technology. Consistently defining environmental taxation as a tax rate based on grams of CO2 emitted per kilometre would be more fair than singling out a particular technology. Furthermore, the EU should ensure that when Member States use the notion "clean vehicle" they do not refer to a specific type of technology but instead to low CO2 or other pollutant emissions.

We remain at your disposal to discuss the above issues. Please do not hesitate to contact Maria Svrckova, Leaseurope Automotive Affairs Advisor, directly on +32 2 778 05 68 or at m.svrckova@leaseurope.org if you require any further information.

Yours sincerely,



Tanguy van de Werve