

BUSINESS PRIORITIES FOR THE REGULATION ON CLEAN CORPORATE VEHICLES

KEY MESSAGES

- ▶ The proposed Regulation on clean corporate vehicles¹ must drive the green transition of road transport through incentives rather than mandates, while strengthening investment in Europe and ensuring a proportionate regulatory framework for companies.
- ▶ Any clean corporate fleet ambitions must be supported by significant, targeted investments in key enabling conditions, including grid reinforcement and connections, as well as charging and refuelling infrastructure, and be aligned with the existing regulatory framework.
- ▶ Before setting national targets to increase the uptake of zero- and low-emission vehicles in corporate fleets, infrastructure and market readiness must be comprehensively assessed, beyond physical availability alone. If targets are introduced, they should reflect the specific decarbonisation pathways of each Member State, rather than being primarily linked to GDP-based indicators.
- ▶ The Regulation should focus on large corporate fleets operated for core business purposes and exclude leasing and rental companies from its scope, in order to prevent unintended spillovers to micro-enterprises, SMEs and private users. The exclusion should also apply to fleets that mainly use corporate vehicles for specific use cases.
- ▶ Member States should be prohibited from setting binding targets at company level and be required to demonstrate the compatibility of national measures with Single Market principles and the freedoms granted by the Treaties. Moreover, rather than imposing mandates, Member States should implement non-financial and financial incentives, while maintaining the principle of technological neutrality.
- ▶ Any reporting obligations at Member State level should not result, directly or indirectly, in additional reporting requirements for companies.

¹ European Commission (2025), Proposal for a Regulation of the European Parliament and of the Council on clean corporate vehicles, COM (2025) 994 final.

GENERAL

BusinessEurope has consistently supported the objective of accelerating the greening of the EU transport sector, in line with the Union's climate and energy goals. Corporate vehicle fleets, accounting for a substantial share of new vehicle registrations, can play an important role in scaling up the deployment of zero- and low-emission vehicles and thus in the sector's decarbonisation. BusinessEurope shares the Commission's assessment that national incentives are currently insufficient and too fragmented to effectively drive demand for zero- and low-emission vehicles.

When setting additional targets for the sector's transition, it is essential to ensure that clean fleet ambitions are supported by key enabling conditions, such as adequate grid capacity, grid connections and sufficient infrastructure, as well as targeted incentives by Member States. The introduction of targets should not drive investment out of Europe, add further administrative burdens for companies, or increase inconsistency in an already complex regulatory framework. Instead, focus should be on strengthening key enabling conditions needed for the transition. Charging infrastructure should be further developed across large part of Europe – well above current EU targets, and persistent constraints, extending beyond physical deployment alone to include available capacity, affordability, pricing diversity and transparency, accessibility and ease of use, should be effectively addressed.² Moreover, the complementary role and potential contribution of other decarbonisation technologies, such as renewable and low-carbon fuels, should also be considered in efforts to decarbonise corporate vehicle fleets, in line with the principle of technological neutrality.

While sharing the Commission's assessment that demand for zero- and low-emission vehicles must increase, BusinessEurope believes the transition to clean road transport should be driven by incentives rather than mandates, and underlines its doubts as regards the effectiveness of the proposed framework and mandatory targets. Without a coherent and predictable EU framework that avoids additional administrative burden, offers regulatory clarity and stability for companies, upholds technological neutrality, reflects economic realities, aligns with infrastructure deployment, market development and existing regulatory instruments, and is supported by substantial parallel investments in grid reinforcement, charging and refuelling infrastructure, and simplification of related permitting processes, the proposed framework risks falling short of its objectives and fragmenting the Single Market.

More generally, any additional demand-support instruments at EU level must closely match existing supply-side measures. The proposed framework must therefore be carefully aligned with existing EU legislation - most notably the CO₂ standards for new cars and vans³, the Alternative Fuels Infrastructure Regulation (AFIR)⁴, Energy Performance of Buildings Directive (EPBD)⁵ and

² See [gridX's Charging report 2025](#): For example, the cost of EV charging varies across Europe, which prices ranging from €12–24. Charging infrastructure density varies widely across Member States as well, with 10.04 charge points per 1,000 inhabitants in the leading Member States compared to just 1.89 charge points per 1,000 inhabitants in others.

³ Regulation (EU) 2019/631 on CO₂ emission performance standards for new passenger cars and for new light commercial vehicles, currently being revised by a Proposal for a Regulation amending Regulation (EU) 2019/631 and repealing Directive 1999/94/EC ([COM\(2025\) 995 final](#)).

⁴ Regulation (EU) 2023/1804 on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU.

⁵ Directive (EU) 2024/1275 on the energy performance of buildings

the Renewable Energy Directive (RED)⁶. Additional targets for corporate fleets should not result in regulatory duplication, significant compliance costs, instability, and legal uncertainty for companies.

In the below comments, BusinessEurope reacts to the recent Commission proposal on clean corporate vehicles and outlines the European business community's key recommendations.

BUSINESSEUROPE PRIORITIES

1. SCOPE OF APPLICATION

Corporate fleets represent a highly diverse business segment, encompassing a wide range of business models, user profiles, and vehicles types, making a one-size fits-all approach difficult. BusinessEurope's welcomes the Commission's intention to differentiate between types of vehicles and segments in defining the scope of the proposed Regulation. The current scope of the proposed Regulation only covers passenger cars and light commercial vehicles newly registered by large companies, however, the inclusion of the latter warrants further assessment and careful consideration (see section 3).

The exclusion of heavy-duty vehicles (HDVs) from its scope is appropriate and welcome. It is important that policymakers continue addressing high acquisition costs and cost of electricity as well as existing structural barriers, which are expected to persist in the medium term, and focus on creating the key enabling conditions that make zero-HDVs a viable business choice for operators. **Significant, targeted investments in grid reinforcement and connections, the rapid large-scale deployment of high-capacity charging and refuelling infrastructure, recognition of multiple decarbonisation technologies, and a coherent regulatory framework are therefore necessary for decarbonising the HDV segment and ensuring operational feasibility.**

BusinessEurope supports the explicit exclusion of SMEs from the scope of the Regulation, and therefore from mandatory targets. This exclusion should be preserved, given SME's distinct financial and operational constraints, including the significant costs associated with the transition to zero- and low-emission vehicles and the green transition in general. However, despite this formal exclusion, in the absence of adequate safeguards, the Regulation could in practice indirectly affect SMEs, which may have limited capacity to absorb the resulting compliance costs without targeted support. Requirements placed on larger companies may be passed on to SMEs through leasing, rental and financing arrangements, similar to private users, as many large companies – currently within the scope of the proposed Regulation – also provide or finance vehicles for SMEs. Leasing and rental companies play a strategic role in the automotive market as vehicle providers rather than end users, serving predominately private users and SMEs, supporting the second-hand market and supporting tourism mobility across Europe. While not being 'fleet operators' in the operational sense, defining the scope based on vehicle registration rather than actual use risks bringing such companies, operating as vehicle providers, within the scope of the Regulation. Therefore, to prevent unintended spillovers to micro-enterprises, SMEs and private users and their indirect inclusion within the scope of the Regulation, avoid distortions in the second-hand market, and better reflect the operational

⁶ Directive (EU) 2023/2413 as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652.

and economic use of fleets, **the Regulation should focus exclusively on large fleets operated for core business purposes, excluding leasing (both financial and operational lease arrangements) and rental companies.**

The scope of the proposed Regulation should also account for specific use cases of corporate vehicles to avoid unintended consequences. Fleets that mainly (share of more than 50%) consist of vehicles that are critical for operating parts of the critical infrastructure in the EU, or for emergency services, as well as sectors and operational environments where safety constraints make the deployment of zero- and low-emission vehicles particularly challenging, for example ATEX zones, should be exempt from the Regulation. Similarly, manufacturers and suppliers' test and development vehicles, including prototypes and pre-production units, should be excluded to ensure continued innovation and the ability to develop and validate technologies.

2. NATIONAL MEASURES, TARGETS AND SINGLE MARKET INTEGRITY

The Commission's proposal appropriately recognises national specificities by allowing differentiated approaches and setting targets at Member State level rather than imposing uniform EU-wide obligations and sanctions directly at fleet or company level. However, the use of GDP per capita to determine national targets may create distortions between countries with similar economic structures but different levels of fleet greening. Targets, in particular for zero-emission vehicles, must be sufficiently aligned with market and infrastructure realities to avoid forcing Member States to adopt uncoordinated or restrictive measures. Rigid targets may not always provide the most effective or flexible tool for delivering an efficient and balanced transition. Therefore, **national targets should reflect the specific decarbonisation pathways of each Member State, rather than being primarily linked to GDP-based indicators, and consider a broader set of indicators, such as infrastructure readiness and targets set by AFIR.** At the same time, targets should be designed to avoid undermining or disincentivising frontrunner Member States which have already invested heavily in electrification and charging infrastructure.

Avoiding a rigid one-size-fits-all framework by setting targets at Member State level is broadly welcomed, as it allows Member States to choose instruments in line with their economic, geographic, and infrastructural realities, and helps to limit disproportionate impacts on companies. However, at the same time, concerns remain that the flexibility and discretion granted to Member States to adopt any measure they consider appropriate could, in practice, result in de facto direct targets for certain categories of companies or fleet operators, as laid down in Recital 15 of the proposed Regulation. This could have several unintended consequences, including on fleet renewal, vehicle sales and car parks, and car allowances, and increase burdens for companies. **It is therefore essential to clearly define the scope of such national measures and to prohibit Member States from setting binding targets at company level or for specific categories of companies or fleet operators.**

Moreover, concerns remain as to how the proposed framework, in particular the discretion granted to Member States in deciding national measures, will address the current fragmented landscape and sufficiently mitigate the risk of further fragmentation of the Single Market. The lack of a harmonised European framework for incentive and support measures further exacerbates disparities among national measures, which risk distorting competition and concentrating investment in a limited number of Member States. To this end, **Member States should demonstrate the compatibility of national measures with the Single Market principles and freedoms granted by the Treaties** and not impede the freedom of establishment or free circulation of vehicles within the meaning of this Regulation, e.g. cross-border leasing, resale, or fleet deployment.

In general, BusinessEurope underlines that national measures should prioritise incentives and enabling policies rather than mandatory requirements and stringent targets. Member States that have successfully accelerated the uptake of zero- or low-emission vehicles demonstrate the

effectiveness of such approaches, which can strongly influence fleet renewal decisions and help drive the decarbonisation of the sector.⁷ **Non-financial and financial incentives, in particular fiscal incentives, are therefore crucial during the transition phase and beyond**, and should be a mandatory component of national plans.

BusinessEurope acknowledges the rationale behind the Commission's proposal to introduce "Made in the European Union" requirements, in particular the objective of strengthening European industrial competitiveness and domestic value chains in the automotive sector, as well as its linkage to financial support from Member States. The criteria defining "Made in the European Union" for corporate cars and vans, as set out in the Annex of the proposed Industrial Accelerator Act⁸, should be subject to thorough assessment to ensure that implementation does not lead to unintended market distortions, excessive and disproportionate burdens on companies, or undue restrictions on competition and investment.

However, restricting Member States' financial support as of 2028 to the purchase, lease, rent, hire-purchase, or operation of zero- or low- emission corporate cars and vans, as proposed by the Commission, would significantly undermine the principle of technology neutrality, which must remain a guiding principle for achieving a sustainable and green transport sector. Greater clarity is therefore required regarding the Commission's intentions in this regard, as well as the expected impact of such measures on investment decisions and fleet renewal strategies, and their alignment with infrastructure availability and segment-specific vehicle readiness. Such an approach could jeopardise fleet investments of sectors and companies that are committed to decarbonisation, destabilise existing frameworks and penalise segments – for example certain light commercial vehicles in some sectors - for which zero- or low-emission alternatives are not yet viable in the short- and medium term.

Moreover, introducing such a restriction overlooks the potential of renewable fuels as a complementary pathway to electrification in the decarbonisation of corporate fleets.⁹ Recognising technologically mature and available technologies would ensure that they can effectively contribute to decarbonisation targets of fleets and the broader transport sector in the short- and medium-term. **BusinessEurope therefore urges the Commission and co-legislators to uphold technology neutrality as a guiding principle for the achievement of a green transport sector and consider different decarbonisation technologies without phasing out certain technologies before market conditions allow for it.**

3. INFRASTRUCTURE READINESS AND MARKET CONDITIONS

The proposed targets for passenger cars and light commercial vehicles newly registered by large companies risk giving rise to significant practical and financial challenges. These concerns warrant further assessment, particularly with regard to enabling conditions, such as infrastructure availability, market readiness, purchasing costs and the total cost of ownership, which the proposed framework fails to address.

The implementation of the proposed framework is fundamentally dependent on the availability of adequate infrastructure. While AFIR provides important minimum targets for infrastructure roll-out, these targets are insufficient and should be increased. Significant gaps remain in many Member States, for both public and private infrastructure, and particularly outside urban centres, in peripheral regions and geographically constrained areas such as islands, for tourism mobility in general, as

⁷ Commission Communication, 'Decarbonise Corporate Fleets', COM (2025) 96 final.

⁸ European Commission (2026), Proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors (Industrial Accelerator Act), COM (2026) 100 final.

⁹ In line with the Renewable Energy Directive and acknowledged in the Commission's recent proposal for a revision of CO₂ standards for new cars and vans.

well as at multi-modal hubs like airports, railway stations and charging depots. Moreover, charging pricing is a huge challenge and often opaque, with considerable price differences between public and private charging, thus cost predictability for businesses is limited. In addition to infrastructure constraints, the availability of zero- and low-emission vehicles remains limited, particularly for light commercial vehicles. Several critical sectors depend on specific vehicle capabilities - such as all-wheel drive or high ground clearance - for which zero- or low-emission alternatives are not yet commercially viable at scale. Moreover, despite progress, the higher upfront costs of such vehicles continue to represent a significant barrier for many companies.

Thus, before setting national targets to increase the uptake of zero- and low-emission vehicles in corporate fleets, **infrastructure and market readiness must be assessed comprehensively, beyond physical availability alone: grid capacity, grid connections, reliability, maintenance and repairability, affordability and price transparency, access and ease of use, including interoperability between Member States, and real-time power availability information are equally important factors that must be thoroughly assessed.**

At the same time, the proposed framework risks falling short of its objectives unless it is supported by parallel investments in grid reinforcement, high-capacity charging infrastructure and vehicle availability. With over 30% of EU's electricity distribution grids being more than 40 years old and cross-border transmission capacity expected to double by 2030, grid investments must be drastically scaled up to support electrification. At the same time, a more efficient use of the existing grid infrastructure must be prioritised to ensure that it is used to its maximum potential.¹⁰ **The Commission, together with Member States, must take concrete and ambitious actions, for example through EU and national financing schemes, to and support the development of the energy infrastructure, foster the availability of and demand for zero- and low-emissions vehicles, in particular light commercial vehicles, and strengthen the infrastructure needed to charge and fuel.**

Moreover, although the proposal primarily targets new corporate vehicle registrations, it does not sufficiently address barriers to the development of a functioning second-hand market for zero- and low-emission vehicles, including weak demand and residual value uncertainty. Unpredictable and weakening ZEV residual values create uncertainty in the second-hand market and might increase costs for new buyers, fleet operators, and leasing companies. Ensuring stable demand for zero- and low-emission vehicles in the second-hand market is essential to reducing depreciation and thereby supporting both wider market uptake and the business case for fleet electrification. **The Commission should therefore carefully consider the Regulation's impacts on the second-hand market and complement measures with targeted incentives for this segment**, for example to address the lack of charging infrastructure.

4. COMPLIANCE AND REVIEW CLAUSE

While it is welcome that obligations for reporting on compliance with national targets are assigned to Member States, BusinessEurope remains cautious about the risk of such reporting obligations being transferred to the company level. **It must therefore be ensured that any reporting obligations at Member State level do not result, directly or indirectly, in additional reporting requirements imposed on companies.**

The review clause foreseen before the end of 2032 will be a critical opportunity to reassess the proposed framework. It should allow for adjustments to scope, targets, and implementation measures thoroughly reflecting industrial capacity, infrastructure deployment, vehicle availability, market maturity, and total cost of ownership.

¹⁰ See [here](#) BusinessEurope's messages on electrification for further information and recommendations.

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