

JBCE's feedback on the Amendment to Taxonomy Climate Delegated Act

Japan Business Council in Europe (JBCE) welcomes this opportunity to provide feedback on the draft Amendment to the Taxonomy Climate Delegated Actⁱ.

JBCE supports these targeted amendments to the Taxonomy Climate Delegated Act that contribute substantially to environmental objectives.

However, JBCE believes that additional clarity is needed on certain aspects. JBCE would welcome further guidance from the European Commission and dedicated workshops for stakeholders to avoid confusion in the global supply chains, both within and outside the EU.

You will find below our specific concerns. These comments reflect individual views of some of JBCE's members on specific aspects of the proposal.

ANNEX I Amendment to Taxonomy Climate Delegated Act

I. Activity 3.18: "Manufacture of automotive and mobility components"

Comment on activity substantial contribution criteria:

1. Section 3.18 adds a new item of "Manufacture of automotive and mobility components", only when the vehicle's direct (tailpipe) CO₂ emissions are zero.

On the other hand, the Council adopted a regulation on CO₂ emissions for new cars and vans, as one of the Fit for 55 policies, in March 2023. This regulation includes e-fuels and the Commission will make a proposal to register vehicles that run exclusively on CO₂-neutral fuels from 2035 onwards. As a matter of course, this type of vehicle emits tailpipe CO₂ but can be regarded as carbon neutral in total lifecycle to use e-fuels.

If the EU believes lifecycle CO₂ emission are important and aims to motivate the investment in e-fuel vehicles, the Commission should consider including e-fuel vehicles in Section 3.18. Otherwise, investors and economic operators will be confused as to which type of vehicles they should invest in.

2. Reference 4 to the vehicle category mentioned in entry 1.c for light-duty vehicles is incorrect. The legislation mentioned addresses tyre labelling regulation and not the LDV type approval.

II. Activity 3.21: "Manufacturing of aircraft"

Comment on activity substantial contribution criteria:

The draft text indicated that "the share of Taxonomy compliance of eligible aircraft is limited to the replacement ratio worldwide." This means that travelling by air is, by default, considered worse than travelling by train, car or ship. However, in the future, airships that can compete with other modes of transport could be developed (e.g. hydrogen Zeppelin-like airship vessels). There is a risk that the manufacturing of aircrafts in Europe will be abandoned for other places in the world where restrictions are less burdensome. Considering the replacement ratio

worldwide is undoable: what if growth is already established by other parties? Therefore, JBCE proposes to take out this sentence on replacement ratio.

III. Additional comment on further request for amendment regarding “Manufacture of hydrogen”

In Section 3.10 Manufacture of hydrogen in Delegated Regulation (EU) 2021/2139, hydrogen needs to meet the lifecycle GHG emissions savings requirement of 73,4 % [resulting in lifecycle GHG emissions lower than 3 kg-CO₂/ kg-H₂] relative to a fossil fuel comparator of 94 g-CO₂/MJ-H₂.

On the other hand, RED3 (Renewable Energy Directive), one of the Fit for 55 policies, sets the criterion at 70%, which is lower than above Taxonomy requirements.

In addition, Delegated regulation - C (2023)1087 of RED2 published in February 2023 sets the criteria for production of renewable hydrogen, so called “additionality”.

With the recent above-mentioned policies, economic operators of green hydrogen should comply with strict rules even though natural gas and nuclear energy benefit from derogations to some extent in these policies.

Hence, the Commission should consider harmonizing the criteria about what is “sustainable” hydrogen with other policies such as RED and Gas packages. Otherwise, investors and economic operators will be confused about which hydrogen they should invest in.

About JBCE

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organization representing the interests of about 100 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, textiles and glass products.

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