

## Car Sales Won't Rev Up With Italy's Low Emissions Incentives

By Janna Brancolini

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- Analysts say the measure likely to have only marginal effect on sales
- Italy should invest in more charging stations, one academic says

New financial incentives in Italy for low-emissions vehicle purchases are unlikely to have a big impact on sales, environment and transportation analysts say.

Under the measure, which is slated to take effect March 1, new purchases of vehicles that emit between 0 and 70 grams per kilometer of carbon dioxide will be eligible for a discount of 1,500 to 6,000 euros (\$1,709 to \$6,835), as long as the vehicle costs less than 50,000 euros (\$56,959) before the value-added tax.

Meanwhile, new purchases of vehicles that emit more than 160 grams per kilometer of carbon dioxide will be taxed an additional 1,100 to 2,500 euros (\$1,254 to \$2,849).

The changes were notably passed in Italy's 2019 budget law in late December and not as part of a comprehensive environmental package, Marco Percoco, a social and political scientist at Bocconi University in Milan who studies transport economics, told Bloomberg Environment.

"If your car is cheap and highly polluting, it will impact your choice," Percoco said. Beyond that, "If you want to promote the diffusion of electric cars, you need to decrease the cost of owning the car" not just buying it, he said.

### Charging Stations

That means Italy should be investing in more charging stations so they can be quickly located, decreasing the costs of using the car via free parking or reduced highway tolls, and increasing time savings and convenience by allowing access to limited-traffic zones, Percoco said.

Andrea Poggio, a transportation analyst with the environmental group Legambiente (Environmental League), said another limitation of the measure was that it didn't include any type of exchange or incentive program for families that want to get rid of older, higher-polluting cars but couldn't afford the higher-end vehicles affected by the new scheme.

"Ninety percent of vehicles in Italy cost less than 30,000 euros (\$34,186)," the general price point both for vehicles eligible for the discount and subject to the tax, Poggio told Bloomberg Environment.

"The measure they passed doesn't impact 90 percent of Italians," he said.

## Carmakers Respond

The new law—which is scheduled to remain in effect throughout 2021—has affected some automakers' plans.

Fiat Chrysler Automobiles, which produced six of the top-selling vehicles in Italy in 2018 according to company sales data, said it was reevaluating a 5 billion euro (\$5.7 billion) investment plan in Italy as a result of the new tax.

The plan called for the launch of 13 new or redesigned models plus nine new engines by 2021, making “widespread use of hybrid and electric technology,” according to a Dec. 12 letter sent by Pietro Gorlier, the company's chief operating officer for Europe, to the regional government of Piedmont, where Fiat Chrysler Automobiles Italy is headquartered.

FCA—the parent company for several major Italian automotive brands such as Fiat, Alfa Romeo, and Maserati—declined to comment on the details of the reevaluation.

Its Fiat Panda, the top-selling car in Italy, won't be subject to the new tax. But larger models of Jeep, its fastest-growing brand in Italy, produce more than 160 grams per kilometer of carbon dioxide, according to product data released by the company.

Toyota, meanwhile, celebrated the low-emissions discount by placing details about it front and center on its Italian website.

The company enjoys almost 50 percent of the market share in hybrid-electric vehicles in Europe, according to the International Council on Clean Transportation. In Italy, however, plug-in hybrid and electric vehicles accounted for just 0.2 percent of sales in 2017.

Toyota didn't respond to requests for comment.

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