Preliminary Assessment

MALTA BUSINESS BUREAU

Clean Corporate Vehicles

MARCH 2026

Introduction

The Malta Business Bureau (MBB) supports the European Commission's objective to accelerate the transition toward zero- and low-emission mobility. We recognize that corporate vehicles, accounting for approximately 60% of new car registrations and 90% of new vans in the EU, represent a significant opportunity for scaling up the adoption of Zero-Emission Vehicles (ZEVs) and Low-Emission Vehicles (LEVs).

While the MBB favours sustainable and responsible business practices, we firmly believe these must be achieved through smart and practical solutions engrained in competitiveness.

We welcome the explicit exemption of SMEs from the mandatory targets, which provides essential relief to the core of Malta's business community. However, the proposed mandatory registration targets for large Maltese companies, reaching 95% for both cars and vans by 2035, present severe practical and financial challenges that require further assessment.

Charging Infrastructure and Spatial Constraints

The MBB wishes to highlight the unique geographical and infrastructural challenges faced by businesses in Malta. Beyond the high upfront investment required for fleet upgrading, two critical barriers hinder the proposed transition:

- **Public and Private Infrastructure**: There is currently a significant lack of adequate public and private charging infrastructure in Malta, which is essential for vehicles required for daily, uninterrupted commercial use.
- **On-Site Space Constraints**: Many Maltese company premises are characterized by severe physical space constraints. Installing wide-scale charging hubs while maintaining existing fleet numbers is often physically impossible without compromising operational capacity.

Exemptions for Heavy-Duty Vehicles & SMEs

MBB strongly supports the proposed exemptions for both Heavy-Duty Vehicle (HDV) fleets and SMEs. As noted in the Commission's recitals, HDVs warrant additional consideration due to their critical role in servicing European industry, particularly in peripheral countries such as Malta, and their higher operational demands in terms of journey times and distances. Accordingly, focusing on upgrading CO_2 and emission standards in collaboration with HDV manufacturers represents a more effective approach than imposing mandatory targets.

SMEs, on the other hand, face distinct challenges, including the space constraints outlined above and the substantial cost increases associated with transitioning to ZEVs and LEVs.

Financial Support and the 'Made in the EU' Requirement

The MBB expresses **strong reservations regarding the provision that remaining incentives be strictly limited to vehicles that are 'made in the EU'**. The decision of which vehicle make to purchase is fundamentally a commercial one based on company needs, specifications, cost, and practicality. It should not be the prerogative of EU policymakers to dictate market sources to private enterprises.

Restricting financial support to EU-made vehicles **risks distorting cost structures and introducing inflationary pressures** by limiting competition and choice for businesses.

Such "Buy European" clauses may also interfere with the principles of free trade and could lead to retaliatory measures, ultimately damaging the competitiveness of EU industry in a global market.

In line with ongoing discussions on the **Industrial Accelerator Act** proposal, MBB is satisfied that “Made in Europe” is being interpreted as **“Made with Europe”** and should remain as such. Excluding key trade partners outright should not be an EU policy aim, and it would be economically self-damaging for a trade-dependent Union.

Nonetheless, focus within the Clean Corporate Vehicles Directive must be placed on incentivising the European automotive industry to innovate, reduce costs, and manufacture attractive options for businesses, which will lead to greater long-term benefits, rather than relying on an approach based on artificial market manipulation.

Practicality and Competitive Fairness

For Malta, a peripheral island state, transport costs are a major component of overall business expenses. Adding mandatory registration targets without ensuring the readiness of the local market risks adding a disproportionate burden on larger Maltese companies. We advocate for:

- **Flexible Timelines**: Targets must be closely linked to the achievement of charging infrastructure upgrades under the Alternative Fuel Infrastructure Regulation (AFIR) rather than by stand-alone rigid dates. Should member states fail to meet AFIR targets, the wide-scale use of ZEVs would be rendered practically impossible.
- **Incentive-Based Approach**: Focus should remain on incentivizing diversification and reducing barriers rather than imposing mandatory EU market source requirements that further raise costs for EU businesses.

For questions or more detailed information please contact Head of Projects & Sustainability Gabriel Cassar on infobrussels@mbb.org.mt

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THE MALTA CHAMBER

MALTA HOTELS & RESTAURANTS ASSOCIATION

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