2014 update on enforcement policies and developments in the EU type-approval legislation for automotive products
Mission of the Sustainable Mobility and Automotive Industry Unit:

Internal Market & External Competitiveness

- **Internal Market:** Ensuring free movement in the EU of safe and clean automotive products through type-approval legislation
  - **Health & Safety:** “Passive” & “Active”
  - **Environment:** Emissions (CO₂, pollutant emissions, noise)
  - **Consumer Protection:** Recalls, RAPEX, market surveillance

- **External Competitiveness:** Ensuring long-term viability of European Automotive Industry on the global market
Revision of the legal type-approval framework:

- What are the main issues?
- What is guiding us?
- What have we done so far?
- What have we to do next?
What are the main issues?

• Introduction of common provisions on
  • market surveillance,
  • better implementation & enforcement

• Clarification & reinforcement of main principles, in particular with regard to concept of:
  • extension of type-approvals,
  • safeguard measures & recalls
What is guiding us?

1. **New Legislative Framework (NLF) adopted in July 2008**
   - **clear EU rules** for application & enforcement of current and future **internal market legislation for goods**
   - introduces provisions on **market surveillance** to **protect consumers from unsafe products**, including imports from third countries, aimed at **complementing & strengthening EU harmonisation legislation & its enforcement**
   - **overall objective** is that **EU Member States have appropriate control mechanisms in place to verify & ensure that products placed on their market comply with the applicable EU harmonisation legislation**
What is guiding us?

2. Commission strategic objective for 2010 and beyond:

**A NEW STRATEGY FOR THE SINGLE MARKET AT THE SERVICE OF EUROPE’S ECONOMY AND SOCIETY**

- **2009:** Political Guidelines of President Barroso call for:
  - a major analysis of the *missing links* in the internal market,
  - a major package of measures to re-launch the single market in time for the 20th anniversary of the 1992 project

- **2010:** Monti report on a new strategy for the single market:
  To maintain a dynamic and expanding single market for goods:
  - the **2008 goods package** must be fully implemented
  - special attention to mutual recognition & market surveillance
  - principles of the **New Legislative Framework (NLF)** to be extended to other areas of product legislation
What is guiding us?

3. **Automotive Unit's work programme** (from 2010 onwards):

- announced the **update** of **framework legislation** on automotive products to **include provisions on market surveillance**

- **not limited to** the **framework Directive** on the type approval of motor vehicles (vehicles of categories M, N & O), but **also** consider a similar initiative for **vehicles of category L & T**

- **Priority given to** the type-approval legislation governing L-category vehicles

What is guiding us?

4. **CARS 21** (re-launched in 2010)

_High Level Group Final Report:_
Recommendations for "checking the products on the market"

- **need to improve/strengthen** implementation & enforcement of type-approval legislation by complementing it with market surveillance

- **ensure** through market surveillance that _products not conforming to requirements and/or dangerous for safety or environment_, as well as counterfeits, _can be identified_, and being _prevented to enter the EU market or_ can be _quickly withdrawn_ from the market

- **recognise & strengthen** where appropriate the _main responsibilities & obligations of type-approval authorities to improve confidence_ that _corrective actions are fully implemented_

- **enhance legal provisions on vehicle recalls** to ensure their proper enforcement.
What is guiding us?


Commission's commitments related to **smart regulation**:  

- carry out an extensive and in-depth evaluation (**fitness check**) of the vehicle type-approval framework
- adopt a **proposal** to enhance the type-approval framework **to include** provisions for **market surveillance** in areas where a need has been identified, in order **to ensure vehicles & their components are safe** and **compliant with relevant legal requirements**, and that this framework effectively achieves the relevant policy objectives
- carry out a rigorous **competitiveness proofing** exercise for relevant major future initiatives, including those with a significant impact on the automotive industry.
What is guiding us?

6. Recent difficulties in application & enforcement

Need to bring greater clarity in the type-approval framework for motor vehicles with regard to:

- the procedures and conditions for granting extensions to type-approvals for existing types of vehicles
- the safeguard & recall procedures, to ensure that also cases, where no appropriate remedial action would have been taken by the issuing type-approval authority against non-compliant or unsafe automotive products, can be adequately redressed.
- the rights & obligations of other EU Member States and the role of the Commission in such cases.
What have we done so far?

- **2007**: Adoption FWD 2007/46/EC
- **2008**: Entry in to application FWD 2007/46/EC
- **2009**: 1. Impact Assessment Roadmap
- **2010**: 2. Public consultation
- **2011**: 3. Ex-post Evaluation study
- **2012**: 4. Impact Assessment study
- **2013**: 5. Fitness Check study
- **2013**: 6. Competitiveness proofing
What have we done so far?

1. Impact Assessment Roadmap (2010)

5 main areas of attention identified with 4 different policy options for each:

<table>
<thead>
<tr>
<th>Attention areas</th>
<th>Policy Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: traceability of products &amp; responsibilities of economic operators</td>
<td>1: No action, Status quo</td>
</tr>
<tr>
<td>B: responsibilities &amp; cooperation of enforcement authorities</td>
<td>2: Self-regulatory initiatives</td>
</tr>
<tr>
<td>C: quality of type approval &amp; conformity of production tasks carried out by Technical Services</td>
<td>3: Co-regulatory initiatives (joint actions between MS &amp; EC)</td>
</tr>
<tr>
<td>D: post safeguard measures &amp; recalls</td>
<td>4: Regulatory initiatives at EU-level</td>
</tr>
<tr>
<td>E: procedures for ensuring conformity of production</td>
<td></td>
</tr>
</tbody>
</table>
What have we done so far?

2. Public consultation on policy options (2010-2011)

- **Target groups:** all stakeholders (industry sector organisations, private companies, public organisations, Member State authorities, NGOs & individuals)

- 40 relevant responses received

- 95% agree with the **key objectives of the policy options**

- 85% agree that the **presence of non-compliant & unsafe automotive products** on the market is resulting in:
  - distortion of competition &
  - serious challenge for the enforcement of the current legislation &
  - significant negative impacts on our society (health & safety, environment)

- 76% confirm to have knowledge of/or experience with non-compliant and/or unsafe automotive products on the EU market

- 3% consider the **current procedures for taking actions against non-compliant or/and unsafe automotive products** across the EU market fully effective and sufficient (47% consider them **not effective nor sufficient**)
What have we done so far?

2. Public consultation on policy options (2010-2011)

- 76% agree on the **need for** increasing the **focus on market surveillance**
- 75% agree on the **need to better clarify the rules on providing information to ensure the traceability of automotive products**
- 78% agree on the **need to better clarify the role & responsibilities of economic operators** in the supply chain for automotive products
- 57% agree that **traceability information** on automotive products would **facilitate enforcement** of the current legal system
- 46% consider that the respective **roles & responsibilities of the authorities** involved in enforcing the current legal system are **not sufficiently clear**
- 79% consider that the criteria for **quality & performance level of technical services** involved in the type approval and conformity of production process **should be strengthened**
What have we done so far?

3. Ex-post evaluation study (2011)


Study Conclusions

- The Directive has proven its relevance by addressing issues regarding type approval and conformity of production

- There are still problems with unsafe and/or non-compliant automotive products being placed on the EU market

- The effectiveness of Directive 2007/46/EC relies significantly on the quality and performance of technical services and also on the ability to ensure conformity of production
What have we done so far?

3. Ex-post evaluation study (2011)

Study Recommendations

The EC should consider proposing specific measures to:

- address **traceability of automotive products** in the supply chain
- address problem of **unsafe & non-compliant automotive products** by specifying the responsibilities of national authorities involved in the enforcement of the Directive and the need for co-operation
- improve **quality & performance of technical services** (type-approval hopping & uniform stringency)
- address weak links in procedures for **ensuring conformity of production**
What have we done so far?

4. Impact Assessment study (2011-2012)


Preferred combination of policy options

<table>
<thead>
<tr>
<th>Attention areas</th>
<th>Policy Options</th>
<th>Preferred Combination</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: traceability of products &amp; responsibilities of economic operators</td>
<td>1: No action, Status quo</td>
<td>A3 (incorporation of NLF/PSMS principles)</td>
</tr>
<tr>
<td></td>
<td>2: Self-regulatory initiatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: Co-regulatory initiatives (joint action MS &amp; EC)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4: Regulatory initiatives at EU-level</td>
<td></td>
</tr>
<tr>
<td>B: responsibilities &amp; cooperation of enforcement authorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C: quality of type approval &amp; conformity of production tasks carried out by Technical Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D: post safeguard measures &amp; recalls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E: procedures for ensuring conformity of production</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What have we done so far?

4. Impact Assessment study (2011-2012)


Preferred combination of policy options: benefits

<table>
<thead>
<tr>
<th>Benefits in terms of reducing the value of non-compliant (NCDs) &amp; unsafe (UADs) automotive products on the EU Market (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Reduction in NCDs</td>
</tr>
<tr>
<td>Reduction in UADs</td>
</tr>
</tbody>
</table>

* In this context, Option B3 is implemented as a complementary option to Option B4 and provides additional benefits by reducing NCDs and UADs by €31 million and €1.5 billion respectively
**What have we done so far?**

4. **Impact Assessment study** (2011-2012)


Preferred combination of policy options: **costs**

<table>
<thead>
<tr>
<th>Summary of Costs of implementing the Preferred Options (€ million)</th>
<th>Lower Estimate</th>
<th>Central Estimate</th>
<th>Upper Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative Costs to Non-EU Importers of having an EU Representative – Option A3</td>
<td>0.1</td>
<td>3.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Indicative costs of additional surveillance – Option A3/Option B3</td>
<td>1.4</td>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>Indicative costs of transposition into national legislation</td>
<td>13.5</td>
<td>27.0</td>
<td></td>
</tr>
<tr>
<td>Total Cost of Option B3 of developing the guidance and training material and delivering the training</td>
<td>0.1</td>
<td>0.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Total cost of Ensuring Technical and Economic Independence – Option C3</td>
<td>0.1</td>
<td>2.0</td>
<td>&gt; 3.0</td>
</tr>
<tr>
<td>Overall Costs of Implementing the Preferred Options</td>
<td>15.2</td>
<td>n/a</td>
<td>131.0</td>
</tr>
</tbody>
</table>

**Conclusion:** the **costs are at least an order of magnitude lower than the benefits**
What have we done so far?

5. Fitness Check Pilot Project on type-approval framework


Conclusions (I)

- EU type approval legal framework is appropriate for achieving the main goals of harmonisation, effective operation of the single market and fair competition
- Policy objectives are seen as relevant and at different levels certain achievements can already be identified;
- Recognition that as more objectives are included, more potential trade-offs are created
- Main issue of growing complexity
  - Continuous technological developments and complex nature of motor vehicles pose challenges
  - But also recent changes have not served simplification – most probably the contrary
What have we done so far?

5. **Fitness Check Pilot Project on type-approval framework**


**Conclusions (II)**

- Existing mechanisms and structures appear relevant but there are issues of practical implementation:
  - differences in interpretation and strictness in application of requirements across Member States do exist and are detrimental to effectiveness
  - current mechanisms provide only partial answers

- Test methods and drive cycle do not reflect real world conditions and this has implications for air pollution/CO₂ objectives - remedies are under discussion

- Administrative costs to firms not negligible but also not a major concern for the majority of the cases; effectiveness of schemes for small firms and for national needs not clear

- No indication that resources available from authorities represent a major bottleneck

- Possible introduction of market surveillance to address non-compliance issues may put strain of resources
What have we done so far?

6. Competitiveness Proofing study (October 2013)

- commitment stemming from the CARS 2020 Action Plan

- aims to provide an empirical ex-ante evaluation of the impacts of the preferred combination of policy options on the competitiveness of the automotive industry, and to identify corrective or mitigating measures if needed

- Quantify the likely impacts of the policy options in 3 dimensions of enterprise competitiveness:
  1. Cost competitiveness: the cost of doing business, which includes cost of intermediate inputs & of factors of production (labour & capital)
  2. Capacity to innovate: the capacity of the business to produce more and/or higher quality products and services that meet better customers' preferences
  3. International competitiveness: likely impact of the policy options on the European industries’ market shares and revealed comparative advantages
What have we done / to do next in 2014?

2014

1. Address current implementation & enforcement problems

2. Commission Staff Impact Assessment Report

3. Stakeholders consultations

4. Legislative proposal
What have we done / to do next in 2014?

1. Address current implementation & enforcement problems need to clarify & reinforce:
   • the conditions for granting extensions to type-approvals for existing types of vehicles
   • the safeguard & recall procedures
   • the rights & obligations of other Member States and the role of the Commission in cases where no appropriate & timely remedial action is taken (by the authority of the Member State who issued the type-approval) against non-compliant and/or unsafe automotive products.
What have we done / to do next in 2014?

2. Commission Staff Impact Assessment Report (March 2014)

Impact Assessment study results

IPM public consultation results

competitiveness proofing study results

Impact Assessment Report
What have we done / to do next in 2014?

4. Legislative proposal (adoption by Commission by end 2014)

• strengthen provisions for better enforcement & surveillance of the market, based on the preferred combination of policy options (see IA + CP study) and on the enforcement problems stemming from non-harmonised application of the concept of new vehicle type, the procedure for extension of type-approvals and the safeguard & recall measures

• coherence with approach adopted in new L- & T-cat Regulations, and the New Legislative Framework

• transform Directive into a Regulation + adaptation to the Lisbon Treaty

• reassessment of conditions for access by manufacturers to the individual approvals scheme, small series and multi-stage approvals, end-of-series provisions

• clarify the application of EU type-approval legislation to replacement/spare parts

• Transfer the provisions on Repair and Maintenance Information (RMI) from the exhaust emission legislation to the new general framework legislation
Thank you for your attention

For further information

http://ec.europa.eu/enterprise/sectors/automotive