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DG Enterprise and Industry

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ENFORCEMENT WORKING GROUP MEETING
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**2014 update on enforcement policies and
developments
in the EU type-approval legislation
for automotive products**

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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**
- **Regulation on the approval and market surveillance of two- or three-wheel vehicles and quadri-cycles**, adopted by Council and European Parliament in 2013

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?

5. **CARS 2020 Action Plan** (adopted in 2012)

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.

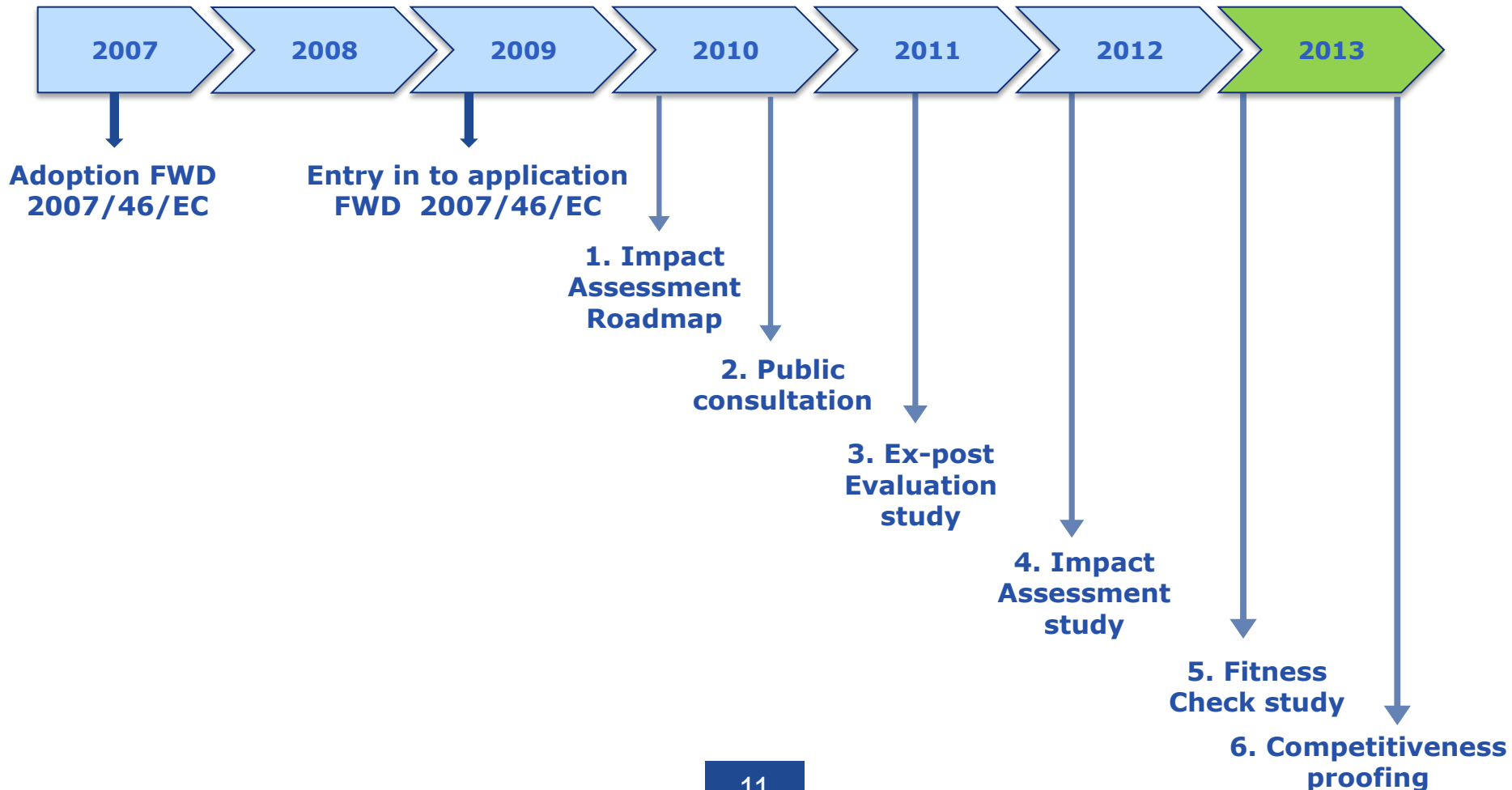
What is guiding us?

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?





What have we done so far?

1. Impact Assessment Roadmap (2010)

(http://ec.europa.eu/governance/impact/planned_ia/docs/2011_entr_011_enhance_implementation_internal_market_motor_vehicles_en.pdf)

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

Attention areas	Policy Options
A: traceability of products & responsibilities of economic operators	1: No action, Status quo 2: Self-regulatory initiatives 3: Co-regulatory initiatives (joint actions between MS & EC) 4: Regulatory initiatives at EU-level
B: responsibilities & cooperation of enforcement authorities	
C: quality of type approval & conformity of production tasks carried out by Technical Services	
D: post safeguard measures & recalls	
E: procedures for ensuring conformity of production	

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)

http://ec.europa.eu/enterprise/sectors/automotive/files/projects/report-internal-market-legislation_en.pdf

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)

http://ec.europa.eu/enterprise/sectors/automotive/files/projects/impact-assessment-internal-market-legislation_en.pdf

Preferred combination of policy options

Attention areas	Policy Options	Preferred Combination
A: traceability of products & responsibilities of economic operators	1: No action, Status quo 2: Self-regulatory initiatives 3: Co-regulatory initiatives (joint action MS & EC) 4: Regulatory initiatives at EU-level	A3 (incorporation of NLF/PSMS principles)
B: responsibilities & cooperation of enforcement authorities		B4 (incorporation of NLF/PSMS principles)
C: quality of type approval & conformity of production tasks carried out by Technical Services		C3 (technical & financial independence of Technical Services)
D: post safeguard measures & recalls		D3 (two-step approach NLF/PSMS)
E: procedures for ensuring conformity of production		E3 (conformity assessment during production stage)

What have we done so far?

4. Impact Assessment study (2011-2012)

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Preferred combination of policy options: **benefits**

Benefits in terms of reducing the value of non-compliant (NCDs) & unsafe (UADs) automotive products on the EU Market (€ million)

	Option A3	*Option B3 & B4	Option C3	Option D3	Option E3	Combination
Reduction in NCDs	188	94	125		250	656
Reduction in UADs	1500	4500	3750		2250	12000

* 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)

http://ec.europa.eu/enterprise/sectors/automotive/files/projects/impact-assessment-internal-market-legislation_en.pdf

Preferred combination of policy options: **costs**

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

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

http://ec.europa.eu/enterprise/sectors/automotive/files/projects/report-cses-fitness-check_en.pdf

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

http://ec.europa.eu/enterprise/sectors/automotive/files/projects/report-cses-fitness-check_en.pdf

Conclusions (II)

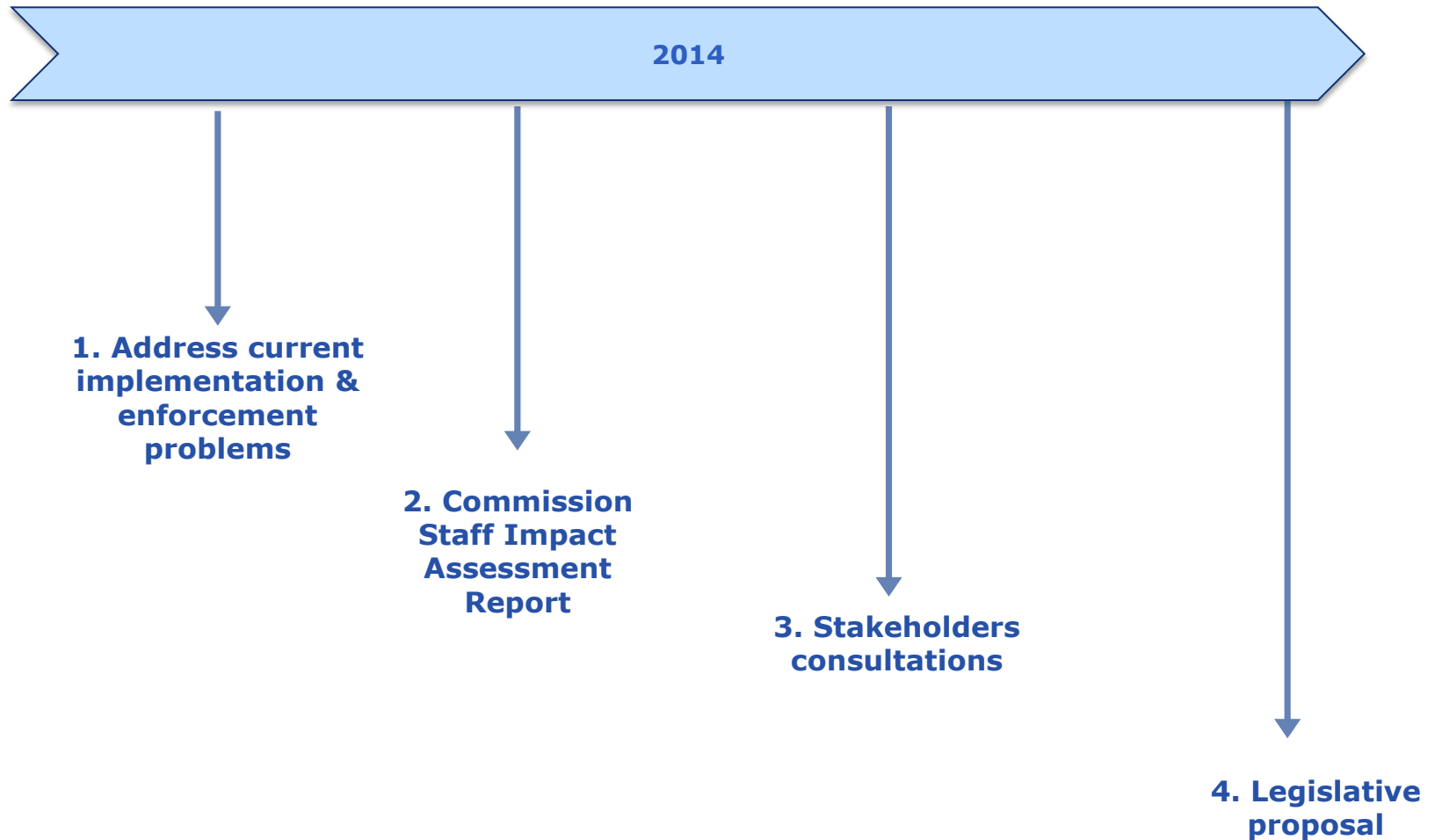
- ❖ Existing mechanisms and structures appear relevant but there are issues of practical implementation :
 - differences in interpretation and strictness in application of requirements across Member States do exist and are detrimental to effectiveness
 - current mechanisms provide only partial answers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



What have we done /to do next in 2014?

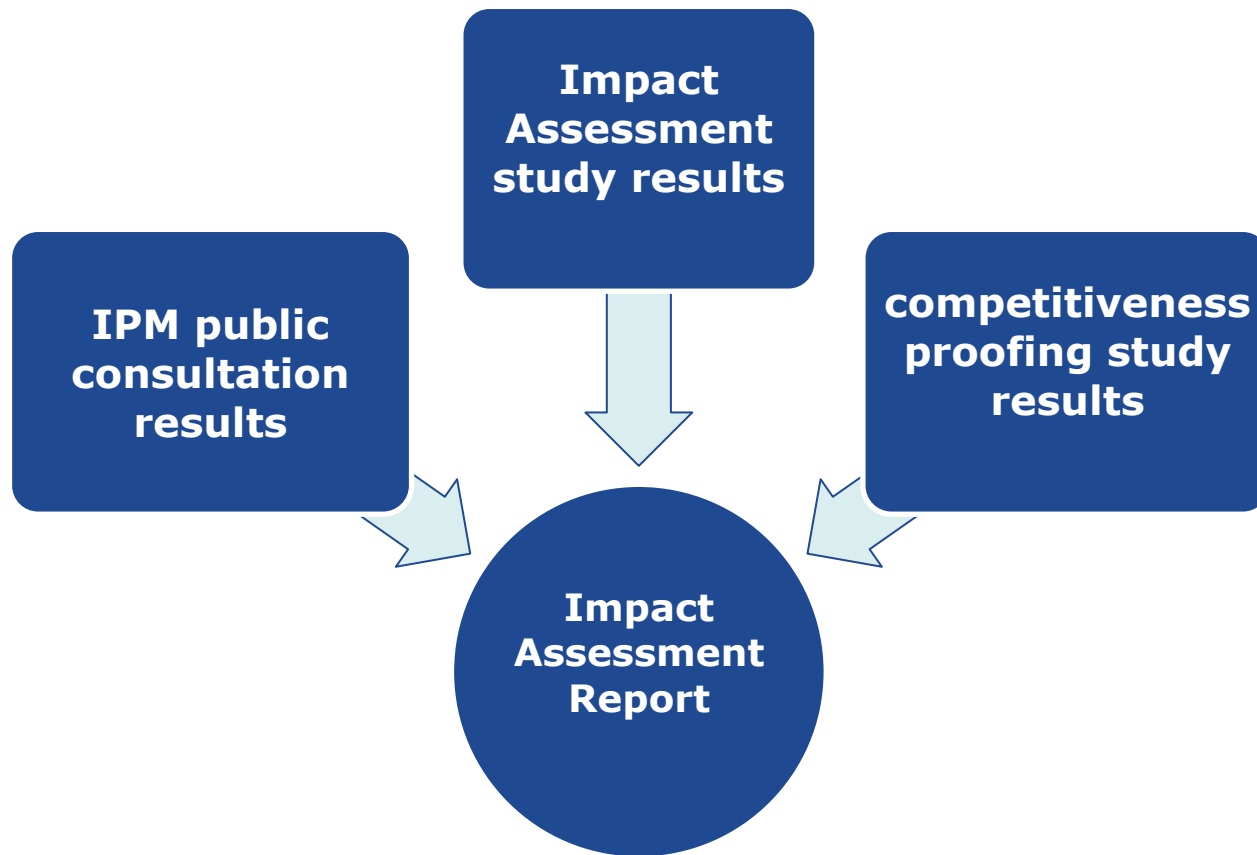
1. Address current implementation & enforcement problems

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)



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>