

CARS 21: a competitive automotive regulatory framework

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PURPOSE: to present a Green Paper on the direction of future automotive policy.

CONTENT: the Commission presents its position on the CARS 21 High Level Group which brought together the main stakeholders (Member States, industry, NGOs and MEPs) in 2005 to examine the main policy areas impacting the European automotive industry and to make recommendations for future public policy and regulatory framework. This Communication outlines the direction of future automotive policy. In the spirit of better regulation it aims to promote coherent interaction between different policy areas, provide predictability and seek the protection of public interest (e.g. environment and safety) while attempting to reduce the regulatory burden on industry. The proposals and initiatives contained in the Communication aim to improve the functioning of the internal market; simplify automotive legislation and pursue the internationalisation of the automotive regulatory environment; and promote environmentally sustainable road transport.

Simplification of the regulatory environment: in the light of the fact that the Community has acceded to more than 100 international vehicle-related regulations adopted under the auspices of the UN/ECE which are applicable as alternatives to corresponding Community legislation, the CARS 21 Group recommended that 38 directives could be replaced by UN/ECE Regulations without any loss in the level of safety and environmental protection. In addition, it also identified one directive which could be repealed and 25 directives and UN/ECE Regulations in which self-testing and virtual testing could be introduced so as to reduce regulatory compliance costs for industry. The Commission supports these recommendations, but is conscious of the need to maintain the possibility for the EU to legislate independently from the UN/ECE system where this is required. The Commission will propose replacing 38 EC directives with corresponding UN/ECE regulations as soon as the Framework Directive on type-approval has been adopted, and it will propose the introduction of necessary technical provisions for using self testing and virtual testing in 25 EC directives and UN/ECE regulations.

Environmentally sustainable road transport: the Communication endorses the further limiting of pollutant emissions in line with the Thematic Strategy on Air Pollution. Furthermore, it describes the key elements of the future Commission strategy to reduce CO₂ emissions from cars set out in the Communication on results of the review of the current Community strategy. The future strategy is based on an integrated approach to achieving the EU objective of 120 g/km CO₂ by 2012 through a combination of EU and Member States action. The Commission will propose legislation, focusing on mandatory reductions of the emissions of CO₂ to reach the objective of 130 g/km for the average new car fleet by means of improvements in vehicle motor technology. This will include setting minimum efficiency requirements for air-conditioning systems, the compulsory fitting of accurate tyre pressure monitoring systems, and setting maximum tyre rolling resistance limits in the EU for tyres fitted on passenger cars and light commercial vehicles. The Commission will propose a reduction of 10 g/km of CO₂, or equivalent if technically necessary, by other technological improvements and by an increased use of bio-fuels. It will encourage additional efforts by the Member States (CO₂ related taxation and other fiscal incentives, use of public procurement, traffic management, infrastructure, etc.) and by the consumers (informed choice as a buyer, responsible driving behaviour). The strategy is to be seen in the context of the Commission Communication on Energy for Europe (see COM(2007)0001).

Road safety: the Commission feels an effective road safety strategy should be based on the interaction between improvements in vehicle technology, road infrastructure, driver behaviour and enforcement. A

number of vehicle-related actions are proposed with the inclusion of the Electronic Stability Control in new vehicles being the most significant. Other actions involve making the inclusion of Isofix child restraint systems obligatory for all new M1 vehicles, and making the use of daytime running lights obligatory. The Communication stresses the need to adopt a holistic approach to road safety involving vehicle features, infrastructure and road users.

Trade: the Communication aligns the main concerns of the automotive sector to trade policy. It proposes to assess the potential of using bi-lateral trade agreements (particularly in the Asian region) to improve market access and reinforces the need to enforce intellectual property rights globally. It will continue monitoring Chinese business and regulatory developments to ensure that improved market access resulting from China's WTO accession is implemented in practice. It will also pursue a formal dialogue with China on issues related to China's regulatory environment to ensure that there is a level playing field and legal certainty for the business community in this market. In this respect, the Commission will continue to follow the development of the draft Chinese Anti-Monopoly Law.

Research and development: with approximately € 20 billion (ca. 5% of the sector's turnover) invested into research and product development the automotive industry is the largest industrial R&D investor in Europe in absolute terms. The Communication identifies clean renewable fuels and intelligent vehicles and roads as core research priorities. It adopts a forward-looking approach and outlines the Commission's intention to set up a Joint Technology Initiative on hydrogen and fuel cells as well as to put forward a regulation on vehicles which use hydrogen as a fuel.

Taxation and fiscal incentives and competition in the aftermarket: the diverse vehicle-related taxation regimes in the Member States are considered to be among the main barriers to an effectively functioning internal market while the use of fiscal incentives should be coordinated across the Member States and should demonstrably contribute to the EU's policy objectives in areas such as the environment and safety. With regard to the distribution of vehicles, the Commission will continue its efforts to ensure that Regulation (EC) No 1400/2002 on motor vehicle distribution is applied throughout the Community while in the light of the increasing complexity of vehicles it has become imperative that all vehicle repairers in the Community have access to the appropriate technical repair information.

The Commission will, together with all relevant stakeholders, conduct a mid-term review of the actions proposed in the Communication in the course of 2009 to monitor progress made and, if appropriate, adapt the automotive regulatory policy framework on the basis of the results of the review. It will regularly inform the co-legislators on the status of changes in automotive regulations by issuing an annual working paper on progress made at the UN/ECE.