



European
Automobile
Manufacturers
Association

TTIP Regulatory Aspects

Automobile industry perspective

JOINT JURI/INTA PUBLIC HEARING

EUROPEAN PARLIAMENT

TUESDAY, 27 JANUARY 2015

Erik Jonnaert

Secretary General, ACEA

Wednesday, 28 January 2015





ACEA MEMBERS

BMW Group



DAIMLER



FIAT CHRYSLER AUTOMOBILES



IVECO



HYUNDAI



TOYOTA

PSA PEUGEOT CITROËN



VOLVO

VOLKSWAGEN

AKTIENGESELLSCHAFT





KEY FIGURES ABOUT THE INDUSTRY

12.7 million direct and indirect jobs

€32.3 billion in R&D spending, largest private investor

€95.1 billion positive net trade contribution

€388.8 billion in tax revenues (EU14)





JOINT EU-US INDUSTRY POSITION

ACEA-AAPC-ALLIANCE cooperation

- **Transatlantic industry is fully aligned on TTIP:**
 - Joint industry presentation at the High Level Regulatory Cooperation Forum in April 2013
 - Joint industry submission to the USTR and European Commission in May 2013
 - Joint industry presentations at each negotiating round
 - Joint industry press releases
 - On commercial vehicles, ACEA started cooperation with EMA





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INDUSTRY REQUESTS

- **Comprehensive agreement**

- Elimination of tariffs and NTBs through regulatory convergence in parallel, under a single undertaking

- **For existing regulations:**

- Recognition of equivalence of EU and U.S. regulations
 - ✓ Safety regulations for passenger cars
 - ✓ Pollutant emissions for commercial vehicles

- **For future regulations:**

- Increased bilateral cooperation between regulators to avoid future divergences when possible (Regulatory Cooperation Council);
- Multilateral cooperation to be strengthened via the GTR process in Geneva





DIFFERENCES IN CONFORMITY ASSESSMENT

EU Type-approval versus US self-certification

- **Homologation via EU Type-approval**

- Vehicle type must be in compliance with UNECE/EU regulations
- Vehicle type to be tested and approved before sales
- Tests and Approval done by the national type-approval authority
- Conformity of production (COP) requirements to show that produced vehicles are in compliance with the approved type

- **US Self-certification (*safety*)**

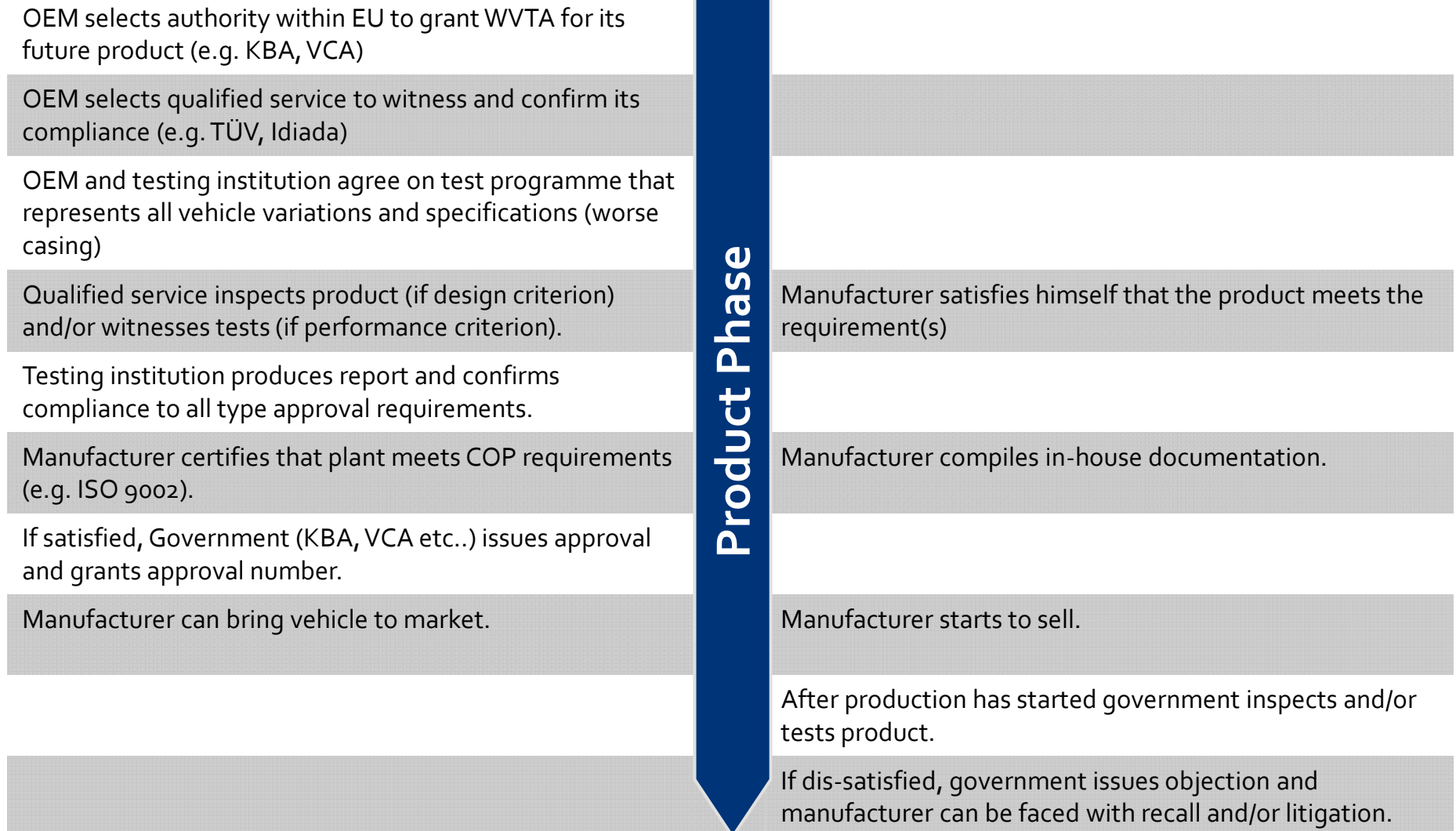
- Vehicle type must be in compliance with FMVSS regulations
- Vehicle manufacturer executes the testing on its own
- Vehicle manufacturer declares each year the model year program for the US market to the authority
- Authority conducts random checks (tests) of compliance





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Type Approval vs Self Certification Process



Product Phase





DIFFERENCES IN REGULATION

UNECE - EU, GTR and FMVSS

- **For the EU:**

- GTR-Global Technical Regulation
- UNECE and EU regulations

- **For the US:**

- GTR-Global Technical Regulation
- FMVSS-US Federal Motor Vehicle Safety Standards and Regulations





DIFFERENCES IN REGULATION

UNECE - EU, GTR and FMVSS

- **UNECE and EU regulations**

- UNECE regulations developed in the frame of UN under the UNECE 1958 agreement (USA is **not a** contracting party to this agreement) by WP 29
- Principle of mutual recognition of UNECE approvals between the contracting parties including technical and administrative requirements
- UNECE regulations mostly applied under the type approval scheme

- Some additional EU regulations :
 - **General Safety Regulation**
 - **Pedestrian protection**
 - **Weights & Dimensions**





DIFFERENCES IN REGULATION

UNECE - EU, GTR and FMVSS

- **GTR-Global Technical Regulation**
 - Developed in the frame of UN under the UNECE 1998 Global Agreement (USA is contracting party to this agreement)
 - Development of harmonised technical requirements which then must be transposed into national and regional law
 - 15 GTRs so far (US only transposed 2 GTRs – 1 for automobile, 1 for motorcycles)





DIFFERENCES IN REGULATION

UNECE - EU, GTR and FMVSS

- **FMVSS-US Federal Motor Vehicle Safety Standards and Regulations**
 - Safety requirements developed by the National Highway Traffic Safety Administration (NHTSA) independently from UNECE
 - NHTSA is a regulatory agency of the US Department of Transportation, reporting to Congress
 - Applied under the concept of self-certification





PASSENGER CARS - SAFETY

Differences in practice

- **Both EU and US regulatory sets offer a very high level of safety performance.**
- **Regulatory difference require different structure and design for vehicles in the EU and the US, for example:**
 - Different car body structure to fulfil crash tests
 - Different mirrors
 - Different wipers
 - Different lights (headlamps, indicator lights, etc.)
 - Different safety belts and anchorages
- **These differences do not lead to additional safety performance.**





PASSENGER CARS - SAFETY

Solution to bridge the gap

- **Conclusion from examples:**
 - Meeting two different sets of regulations is very costly for manufacturers
 - Neither set of regulations is more effective, they are just different

- **Harmonisation on existing regulations very difficult**
 - Considerable regulatory differences
 - Unsuccessful attempt during the Transatlantic Business Dialogue
 - Limited success at the UNECE 1998 Agreement – GTR process

- **Solution: recognition of equivalence for existing regulations**
 - EU and US regulations achieve an equivalent safety performance
 - Feasible without lowering the stringency of EU or US regulations





COMMERCIAL VEHICLES – POLLUTANT EMISSIONS

Euro VI - US EPA 2010

The EU and US pollutant emissions regulations are different in their formulation and content. But what is the end result for vehicle emission performance?

International Council on Clean Transportation (ICCT):

- Working paper 2014-5, EPA 2010 and Euro VI comparison:
"...the EPA 2010 and Euro VI standards [...] are very strong, functionally equivalent options, which require the same emission control technologies and achieve essentially the same emissions benefits."
 - Industry is collecting data of on-road emission performance from Euro VI and EPA 2010 engines to demonstrate equivalent performance.
- Industry objective: EURO VI and US EPA 2010 regulations deliver functionally equivalent products





A PROACTIVE INDUSTRY

Industry contribution ongoing

- **Technical study**

- Objective: to prove the equivalence of EU and US safety regulations for passenger cars
- Undertaken by a university partnership in the EU and US
- Industry is working on the last phase of the study

- **Economic study**

- Objective: to show the potential gains for our industry from regulatory convergence in TTIP
- Undertaken by the Center for Automotive Research in the US





TTIP'S BIGGEST OPPORTUNITY

Within the automobile sector

- **The Centre for Economic Policy Research (CEPR) study :**
 - Current auto NTBs equivalent to an ad valorem tariff of approximately 26%.
 - The elimination of auto tariffs and 25% of existing U.S. and EU auto NTBs would lead to an increase of EU vehicle and parts exports to the U.S. by 149%.
- **Although tariff savings are important, the biggest benefit could come from regulatory convergence.**
- **Auto industry position: comprehensive agreement including regulatory convergence.**





CONCLUSIONS

- **Opportunity to break down regulatory barriers in the auto sector, while maintaining high safety and environmental performance standards.**
- **Auto trade is 10% of total EU-US trade : eliminating tariffs and achieving greater auto regulatory convergence will increase trade, lower costs, create jobs and improve international competitiveness.**
- **Regulatory convergence would strengthen the U.S. and EU roles as worldwide auto standards setters, avoiding further auto regulatory fragmentation.**
- **Strong and sustained political support for the effort at the highest levels of government and regulatory authorities is essential.**

