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Accompanying the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

A Competitive Automotive Regulatory Framework for the 21st Century

Commission's response to the CARS 21 High Level Group Final Report

Impact Assessment Summary

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This impact assessment confirms that the European automotive industry is a major contributor to the Community Growth and Jobs strategy and currently faces considerable changes in its operating environment. The industry interacts with several important areas of Community policy, such as environment, energy and transport. We conclude that a forward-looking, holistic policy framework for the automotive industry should be put in place. It should take into account the interactions between industry and various Community policy areas while providing the automotive industry with predictability and planning certainty with regard to future regulatory developments. It also concludes that such a regulatory framework should be reviewed and adapted on a regular basis through continuous dialogue with all relevant stakeholders.

This paper concludes that the current internal market policy of the Commission concerning the production and placing on the market of new vehicles through the Whole Vehicle Type Approval System has worked well and should be expanded to cover all vehicle categories. It refers to the continued concerns of citizens and enterprises regarding the type-approval and registration of vehicles previously registered in another Member State and identifies the need to continue striving towards improving the internal market concerning vehicle distribution and the provision of maintenance and repair information.

The impact assessment concludes that, in line with the CARS 21 High Level Group recommendations, there are possibilities to simplify the *acquis communautaire* in the automotive area and reduce the administrative and compliance cost for industry by replacing 38 EC Directives with their corresponding UN/ECE regulations and introducing self- and virtual testing for 25 EC Directives and UN/ECE regulations.

The automotive industry operates on a global basis and notes that much of the demand increase for the vehicles in the next decade will come from extra-EU markets. Consequently it underlines the importance of strengthening the international automotive regulatory environment through the UN/ECE and identifies trade policy instruments as being of great importance to contributing to the industry's future competitiveness particularly in terms of improving market access. We identify the automotive industry as being one of the main contributors to R&D in Europe and conclude that continued co-operation between the Community and industry in research is highly desirable.

The impact assessment indicates that the current Community framework under the Thematic Strategy for Air Pollution to reduce harmful emissions from vehicles has proved to be effective and that the gradual tightening of emission limits through the Euro standards should be continued. While the Community strategy to reduce CO₂ emissions from cars has yielded tangible results since 1995, we raise questions over the cost-effectiveness of reducing future CO₂ emissions on the basis of vehicle technology alone: we suggest that an integrated approach involving all relevant stakeholders should be considered instead and propose that the Review of the Community policy to reduce CO₂ emissions from cars should take into account the comparative costs of achieving reductions from different measures and different sectors of the economy.

Finally, we conclude that significant progress has been made in the area of road safety and propose future initiatives to further improve road safety.