

MEPs should support EU Market Surveillance Centre to ensure clean & safe cars in real world

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Why?

Following the Dieselgate emissions scandal, the European policy-makers are currently discussing the reform of the EU vehicle testing system (or the Type Approval Framework Regulation - TAFR). This legislative proposal is once in a decade opportunity to fix today's obsolete and ineffective way of checking that cars, vans, trucks and their parts and components meet the EU safety and environmental standards.

The key failure of the current system – recognised by many from industry to national regulators themselves – is a lack of any independent inspections once the products are placed on the market or are in use, i.e. no effective market surveillance. The new cars approved for sale in Europe are pre-production models specially prepared for the tests. Production vehicles, sold later to consumers, should also be checked at intervals to verify continued compliance. Responsibility to perform market surveillance checks rests solely with the 28 member states, but most lack either the resources, expertise, or will to check the compliance of vehicles and parts. Most Member States perform no checks delegating the responsibility to the carmakers themselves. For example, the German vehicle authority, KBA, only checked 24 vehicles in use in the years preceding the VW scandal.¹

As far as parts suppliers are concerned, such as tyres for example, lack of market surveillance leads to unfair competition whereby sub-optimal products not meeting the EU standards are rarely found and dealt with, thus undermining those manufacturers that produce higher quality parts and components (often EU companies).

Given that the technical complexity and expertise to check cars is beyond the capacity of many Member States, a cost-effective and efficient solution would be to coordinate activity centrally and conduct market surveillance through a **Market Surveillance Centre (MSC)**. This would not interfere with the work of national type approval authorities or require the creation of a new large agency. Rather, it would create a clear division of responsibility with Member States approving the cars for sale, and the MSC verifying vehicles on the road comply with the regulations. This would also increase independence as at present carmakers largely conduct their own checks, with a few performed by the authority that initially approved the car (that may be reluctant to expose issues). An EU-level system is therefore more independent, robust and transparent.

How will it work?

Structure. The infographic below summarises key features of the MSC. Its activities and work plan will be decided by a Management Board (or a Steering Committee) that would meet regularly and include:

- National approval and surveillance authorities and experts;
- European Commission;
- Representatives of technical services and automotive industry;
- Independent members drawn from consumer & motorist groups;
- NGOs.

¹ https://ec.europa.eu/consumers/consumers_safety/safety_products/rapex/alerts/main/?event=main.search#searchResults

EU Market Surveillance Centre



Spot check cars on EU roads

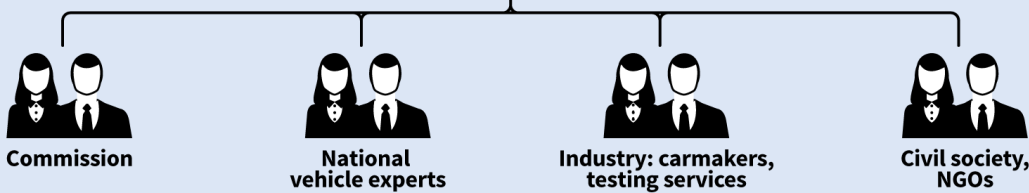


Audit national authorities



Investigate complaints on non-compliance

Management Board



Duties.

The EU MSM will carry out the following tasks:

1. Spot check 20% of all new vehicle models put on the market each year to verify their compliance with EU safety and environmental standards
2. Spot check 10% of automotive parts and systems placed on the market, e.g. tyres, to check their compliance with EU standards
3. Collate the results of any market surveillance tests that Member States have conducted to complement the work of the MSC
4. Investigate substantiated complaints and third-party test results submitted through a dedicated online portal
5. Take necessary remedy action including EU-wide recalls, penalties and redress action vis-à-vis consumers in the event test results indicate this is necessary
6. Coordinate the audits of national regulators – by commissioning independent auditors to carry out reviews – to ensure the EU rules are applied and enforced consistently across the single market

MSC will not necessitate a creation of a new bureaucratic machine or purchase of a large building for its activities. The Management Board as proposed above will meet at least 6 times a year to a) agree its work plan (e.g. as regards the vehicle models to be spot checked or the plan of the audits of national authorities) and b) discuss the results and follow-up actions to be taken following the tests and audits. The body will then either use the existing EU laboratory facilities, such as JRC VELA lab in Italy, or commission technical services and independent testing organisations to carry out the tests and activities as necessary. Only a small secretariat will be necessary to deliver its work.

Funding.

The activities, notably the testing programme and audits, of the EU MSM could be **funded by a small surcharge on new vehicles sold across the EU**, placed on manufacturers (who easily know the amount of vehicles they sell and will not need to put in place costly reporting procedures).

According to technical experts, spot checking 20% of the vehicle types across EU would constitute testing around 300 vehicles. The cost of various test components² is as follows:

- The emissions tests (including RDE): EUR 35,000
- Non-destructive dynamic and static tests (safety): EUR 45,000
- Crash tests (potentially destructive, safety): up to EUR 100,000

This brings the total cost of verification tests to a maximum of EUR 200,000 per vehicle.

Thus, a levy of just 1 EUR per new vehicle would, on today's car registrations figures³, leverage around EUR 15m per year, which would already cover the costs of emissions testing. Whereas a more realistic fee of EUR 5 per vehicle would more than cover the costs of the whole test programme needed, leveraging EUR 70m annually. After the tests, at least EUR 10m will be left available for the audits of national vehicle authorities (cost around EUR 15k each) and other admin costs.

Such cost-covering charges is a socially acceptable tool widely used in the developed world today to fund most public goods, such as waste, energy infrastructure, etc. Ensuring that vehicles are safe and do not pose an environmental damage will bring societal benefits. While the levy would be placed on manufacturers, even if those decided to pass 5 EUR to a 15,000 new car, a customer - often paying hundreds in add-ons - would not even notice.

Why better than the current EC proposal?

The current Commission proposal places the burden of market surveillance on the member states, while also giving powers to the Commission to spot-check cars in the future. A separate Forum is created where national authorities can exchange information. The MSC proposal strengthens the current proposals in a number of areas:

- As recent actions by Italy show⁴, national regulators have so far failed to inspect vehicles independently, preferring to protect home champions against consumers and public health – only a body detached from national interests at EU level can guarantee independence and rigour.
- The proposed Forum has no legal powers to order checks or investigate complaints, it is by its nature a body devoted solely to exchange of information. A similar body for exchange of information on type approval, TAAG, already exists and failed to uncover any non-compliance up until now.
- European Commission is a political body; this Centre will act as a bridge between the Commission and Member States avoiding political influence.

Without EU-level body tasked with checking compliance, the current stalemate on emissions investigations and collusion with the car industry will persist. The current Dieselgate scandal speaks for itself: VW have not been fined by Germany, neither Skoda by the UK or Seat by Spain; Italy continues to defend Fiat against the suspected cheating. In the past Germany allowed Mercedes to use an illegal refrigerant in the air conditioning system of their cars with impunity. Indeed no carmaker in Europe has ever been fined by any national regulator. Only an independent body which is separate from the national influences and the Commission can ensure that vehicles perform as intended by legislation.

² A more detailed and accurate break-down of separate tests is available on request from T&E

³ Almost 15 mln registrations in 2016 according to ACEA, <http://www.acea.be/press-releases/article/passenger-car-registrations-6.8-in-2016-3.0-in-december>

⁴ T&E's latest analysis on Italy and Fiat, https://www.transportenvironment.org/sites/te/files/publications/2017_02_Italy_testing_Fiat_briefing_FINAL.pdf

The Parliament has a unique opportunity to vote for such an independent system – the EU Market Surveillance Centre– during the vote on the Dalton report in April plenary in Strasbourg. MEPs should vote in favour of the amendments that will finally inject independence and rigour and ensure there is fair treatment of EU industry and consumers.

Further information

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