

ANNEX II

PROGRESS REPORT ON THE IMPLEMENTATION OF CARS 2020 ACTION PLAN (SEPTEMBER 2014)

1. INTRODUCTION

This paper aims to give an overview of the activities pursued implementing commitments spelled out in the CARS 2020 Action Plan. It draws particular attention to the main issues identified transpiring from the implementation as well as the activities that remain to be addressed or will continue to be applicable in and beyond 2014. Actions which have not been finalised in the course of 2013 have been listed at the end of each pillar as 'Next steps'.

2. ORGANISATIONAL OVERVIEW

On 8 November 2012 the European Commission adopted the Communication: CARS 2020: Action Plan for a competitive and sustainable automotive industry in Europe¹. This document constituted a first action of the new industrial policy Communication adopted in October 2012 and followed a dialogue started in 2010 with the High Level Group CARS 21. It was built around four pillars, each consisting of a set of concrete implementing initiatives, which aim at strengthening the competitiveness of the European automotive industry. Presenting the Action Plan, the Commission indicated the importance of specific actions in the following areas:

- Promotion of investment in advanced technologies and innovation for clean, energy efficient and safe vehicles;
- Improvement of market conditions by, among others, strengthening the single market for vehicles, consistent application of the smart regulation principles and application of competitiveness proofing;
- Supporting the European automotive industry in approaching global markets by means of balanced trade policy, assessment of cumulative impacts of the free trade agreements (FTAs), bilateral dialogues with major third markets and promotion of international harmonisation of vehicle regulations;
- Promotion of further investments in skills and training in order to meet the needs of the industry in terms of accessibility of highly skilled workforce.

Following the publication of the Communication, the Commission launched a new Expert Group "CARS 2020" whose aim is to scrutinise the implementation of commitments set out in the CARS 2020 Action Plan as well as CARS 21 recommendations. Apart from monitoring, the objective of the Expert Group is also to provide a space for discussion and strategic advice on the implementation process.

¹ COM(2012) 636 final

3. STATUS OF IMPLEMENTATION OF INDIVIDUAL PILLARS

3.1. INVESTING IN ADVANCED TECHNOLOGIES AND FINANCING INNOVATION

Background

The European automotive industry's leadership in technology continues to be challenged globally. The EU must keep a vanguard in producing vehicles which are attractive to EU consumers, clean, fuel-efficient, safe and connected. In order to maintain the leading position in the development and deployment of cutting-edge automotive technologies and preserving the competitive advantage in the global markets, it is indispensable to strengthen technological expertise by further investments in innovative solutions. Recognizing the importance of the automotive industry for the European economy and being aware of the challenges related to meeting air quality and climate change goals, the Commission has taken an active role in providing an adequate support to the sector.

3.1.1. Research, development and innovation

The Commission's commitment:

– to work together with industry to develop a proposal on the **European Green Vehicles Initiative** (as a follow-up to EGCI PPP) under Horizon 2020, including a platform to develop clean and energy-efficient vehicle technologies, as announced in the 2010 Industrial Policy Communication². The initiative will leverage private funding to help address the key challenges proposed for Horizon 2020.

State of play:

In 2013, the European Commission, after consultations with the industry, prepared and presented a proposal for the European Green Vehicles Initiative. With a proposed budget of more than €750 million Euro divided into seven years of operation (2014 – 2020), this initiative will co-finance research in the area of energy efficiency and alternative fuels.

3.1.2 Access to finance

The Commission's commitment:

– to continue working with the EIB in order to **ensure that financing for automotive research and innovation projects is available** especially in order to meet the 2020 fuel-efficiency targets while maintaining necessary appraisal procedures to ensure the viability of investments in the long term.

State of play:

With approvals of about EUR 20 billion between 2008 and 2013, the automotive sector is the largest industrial sector in the Bank's lending portfolio and a key sector in the EIB's Growth and Employment Facility. The majority of automotive lending has been dedicated to Research, Technological Development, Demonstration and Innovation investments (RDI) projects, notably in the areas of reduction of emissions and of fuel consumption and also on safety. Alongside RDI projects, the Bank is supporting the deployment of breakthrough technologies, such as technologies and infrastructure for the roll-out of electric mobility in road transport.

² COM(2010) 614

More than 20% of the lending to the automotive sector has been provided under the Risk Sharing Finance Facility (RSFF), an innovative instrument jointly developed by the Commission and the EIB to finance higher risk RDI projects, supporting Europe's automotive industry in maintaining RDI investments in areas with longer lead times and lower profit expectations. This risk-sharing instrument will be further deployed under the new financial instruments implemented in Horizon 2020.

The Commission's commitment:

– to support the EIB in its efforts **to facilitate access for SMEs and mid-caps**. Though the administrative burden is considered to be low, the Commission will further investigate which tools could improve accessibility to the financing for SMEs, especially if **SMEs experience difficulty accessing credit from commercial banks**

State of play:

Building on the success of the Risk Sharing Finance Facility (RSFF) and recognising the need to help SMEs that innovate to access finance from banks, the Commission together with the EIB launched at the end of 2011 the Risk Sharing Instrument (RSI) facility, managed by EIF, providing loans and leases to SMEs undertaking research, development or innovation projects. Further focus has been put on the innovative mid-caps segment under RSFF, with the EIB providing direct and intermediated financing instruments to SMEs, such as the Growth Financing Initiative and the Mid-Cap Initiative.

The Commission's commitment:

– to explore with the EIB the possibility of **financing projects linked to electromobility**, including the support through dedicated technical assistance as with the existing ELENA facility³.

State of play:

The ELENA facility could support projects focusing on sustainable urban mobility alternatives, such as electromobility, and any other alternative fuel supporting infrastructure. For projects technologically still at an early stage of their development, implementation and deployment phase, the ELENA facility is meant to support the promoters on the feasibility and pre-deployment studies, including pilot implementation initiatives; and linked to a committed leverage factor for further larger investments. In the field of electromobility, around 10 projects have benefited from support of ELENA, involving private and public integrated transport networks.

3.1.3. Lowering CO2 emissions

The Commission's commitment:

– to start a broad consultation on **CO2 regulatory policy for cars and vans beyond 2020** setting out a number of aspects on which views will be sought, and then the responses to which will feed into the determination of the form and level of ambition of future policy in the context of the envisaged review⁴. The Commission will take into account issues, such as cost-effectiveness, the expected development of CO2 reduction technologies and other relevant factors.

³ ELENA (European Local ENergy Assistance) technical assistance facility for projects on sustainable energy in towns and regions.

⁴ COM(2012)393 final

State of play:

Two stakeholder meetings regarding LDV CO₂ emissions beyond 2020 were held in November 2012 and May 2014. In addition a large number of pieces of analytical work are being carried out in support. These include:

- 1) An exploration of the impact of different Regulatory approaches and metrics have been completed and published.*
- 2) An exploration of the cost and potential of downweighting and implications for future choice of utility parameter.*
- 3) An exploration of the impact of mileage weighting on the effectiveness of the Regulations.*
- 4) An evaluation of the Regulations which explores their impact, appropriateness and fitness for the future.*
- 5) An exploration of the impact of the Regulations on competitiveness.*
- 6) An updating of information on available technologies and costs.*
- 7) An assessment of the potential modalities for the future regulatory framework.*

In May 2014, the Commission adopted the Communication: 'Strategy for reducing Heavy-Duty Vehicles' fuel consumption and CO₂ emissions'.

The Commission's commitment:

– to **embed the above policy measures in a wider and integrated policy on CO₂ reductions** from road transport, through the implementation of the White Paper on Transport Policy, covering vehicle technology, infrastructure, driver behaviour and other measures.

State of play:

The European Commission remains devoted to this commitment and is currently in the process of its implementation for example by the adoption of the Clean Power for Transport Package including the Directive on the deployment of alternative fuels infrastructure⁵.

The Commission's commitment:

– to propose a review of Directive 96/53/EC at the beginning of 2013 to allow for a **more aerodynamic design of trucks**.

State of play:

In 2013, the European Commission adopted a proposal for a revision of Directive 96/53/EC⁶, which will, among others, improve road safety and fuel efficiency of heavy duty vehicles. Discussions are currently taking place in the European Parliament and in the Council.

3.1.4. Pollutant and noise emissions

The Commission's commitment:

– to actively support the development and implementation of a **new driving test cycle and test procedure** to measure fuel consumption and emissions from cars and vans that is more representative of real-world driving, taking account of the characteristics of the EU market. The modalities for the inclusion into the EU legal framework of the new cycle and test procedures should be defined before 2014, including the methodology for correlation of the CO₂ targets established on the basis of the old cycle and procedure. For the emission testing, the

⁵ COM(2013) 18 final

⁶ COM(2013) 195 final

implementation of the new cycle and procedure should ensure compliance with the Euro 6 limit values under real driving conditions, with appropriate transitional arrangements from 2014 up to 2017. For CO₂ testing, the implementation of the new cycle and procedure should take into account and be consistent with the environmental objectives already defined and avoid imposing any unnecessary burdens on stakeholders. The definition of the driving range for electric vehicles will also be considered.

State of play:

Under a coordination of the European Commission, the main part of the development of a new, more representative for real life driving test cycle and test procedure (WLTP) has been finalised under the framework of the UNECE. Work on phase 1b is continued. The procedure will be implemented in the EU legal framework together with European specific modalities by the end of 2014. The Commission services propose the new procedure to be applicable as from 2017.

The Commission's commitment:

– to propose before 2014 complementary **measures controlling vehicle pollutant emissions in use**, based on a thorough analysis, with the aim of delivering a timely reduction of real-world pollutant emissions, hence, contributing to improved air quality.

State of play:

The European Commission is concluding the development of a complementary testing procedure based on the use of portable emission measurement systems (PEMS) which will assess more accurately the emissions of selected regulated pollutants in real life driving conditions. As indicated in the CARS 2020 Action plan, the procedure is planned to be implemented in the EU type-approval framework as from 2014.

3.1.5. Road safety

The Commission's commitment:

– to continue to implement road safety work in line with the focus areas and objectives of its **Policy Orientations 2011-2020**⁷, covering actions on vehicles, infrastructure and driver behaviour. The right policy mix needs to be found, combining regulatory and other measures and will be defined based on an in-depth impact assessment. Priorities include motorcycles, safety of new vehicle technologies (EVs) and technologies supporting driver behaviour and enforcement of road rules (intelligent speed management devices, seat belt reminders, ITS, eco-driving).

State of play:

A road worthiness package was adopted in April 2014. Several studies have already been undertaken or will be initiated this year in the field of safety of vehicles: speed limitation devices, alcohol interlocks, event data recorders and safety aspects of tyre use.

A staff working document on the safety potential of specific vehicle technologies such as pedestrian recognition systems, emergency braking systems for passenger cars or intelligent speed adaptation was published in October 2014. In addition, a comprehensive study investigating new possible measures to improve vehicle safety has been launched.

⁷ COM (2010) 389 final

The Commission's commitment:

– to further promote the deployment of **Intelligent Transport Systems (ITS)**, including cooperative systems, in particular the EU-wide in-vehicle emergency call system "eCall". Appropriate legislative measures ensuring strong coordination and a timely and complete deployment of all elements related to eCall are being put in place in order for this life-saving system to function effectively from 2015.

State of play:

The proposal on the EU-wide in-vehicle emergency call system "eCall"⁸ has been adopted by the Commission. During the legislative process so far, the European Parliament and the Council have supported the Commission's proposal. In the European Parliament, a plenary vote on a first reading position took place on 26 February 2014. The Council adopted a General Approach endorsing the text prepared by the Working Party on 26 May 2014.

3.1.6 Alternative fuels and infrastructure

The Commission's commitment:

– to propose within the coming months an **Alternative Fuels Strategy**, as part of the Clean Power for Transport package, supporting the need for a range of alternative fuels in the context of delivering the EU climate and environmental objectives and in relation to security of the EU's energy supply.

State of play:

The Clean Power for Transport package including an Alternative Fuels Strategy was adopted in September 2014 ensuring the build-up of alternative refuelling points across Europe with common standards for their design and use, including a common plug for recharging electric vehicles.

The Commission's commitment:

– to adopt, as part of the Clean Power for Transport package, a **legislative proposal on alternative fuel infrastructure**, concerning the deployment of a minimum refuelling/recharging infrastructure and common standards for certain fuels, including electric vehicles.

State of play:

The Clean Power for Transport package including a legislative proposal on alternative fuel infrastructure was adopted in September 2014 ensuring the build-up of alternative refuelling points across Europe with common standards for their design and use, including a common plug for recharging electric vehicles. Member States must set and make public their targets and present their national policy frameworks by end-2016.

The Commission's commitment:

– to propose a legislative measure at the latest by 2013 to ensure that practical and satisfactory solutions for **the infrastructure side of the recharging interface for electric vehicles** are implemented throughout the EU, in case no agreement is reached on a voluntary approach among stakeholders involved through the standardisation process. It will take into account the synergies between the electricity system and the electric vehicles.

⁸ COM(2013) 316 final

State of play:

The Clean Power for Transport package including a legislative proposal on alternative fuel infrastructure was adopted in September 2014 ensuring the build-up of alternative refuelling points across Europe with common standards for their design and use, including a common plug for recharging electric vehicles. Member States must set and make public their targets and present their national policy frameworks by end-2016.

The Commission's commitment:

– to pursue the dialogue with relevant stakeholders on a **fuel labelling scheme** consistent with the relevant European standards with a view to ensure that the consumer has easy-to-understand information about the compatibility of his/her vehicle with the different fuels offered at refuelling stations.

State of play:

As a part of the Clean Power for Transport Package, the Commission adopted a Proposal for a Directive on the deployment of alternative fuels infrastructure. With the objective to improve consumer information on fuel and vehicle compatibility, the Commission has proposed to develop fuel labelling schemes at the pump and the car. These schemes are foreseen to be based on respective EN fuel standards provisions (were available). The Clean Power for Transport was adopted in September 2014.

Consumer information and fuel labelling was also a subject of the Commission's study on the functioning of the vehicle fuels market from a consumer perspective, which was carried out in 2013 – 2014 and published on 30 June 2014 as an accompanying document to the Commission's Staff Working Document⁹. The study confirmed the crucial importance of fuel labels, which should be as clear as possible to be effective.

The Commission's commitment:

– to **monitor** the implementation of the National Renewable Energy Action Plans, in particular **the effective biofuel blending rates** used in different Member States **and the compatibility** of fuels with vehicle technologies.

State of play:

In addition to the information included in the first Commission's Renewable Energy Progress Report¹⁰ and its accompanying documents published on 27 March 2013, the latest biennial national progress reports of the Member States of 2013 and 2014 are published on the Commission's website¹¹.

In addition to the study on biofuel blending policies, plans and blending options published on 5 November 2013¹², the Commission continued research cooperation with fuel and vehicle sector stakeholders in this area. In March 2014 an updated JEC Biofuel project report was published and it includes amended results of the on-going research collaboration between the Joint Research Centre of the European Commission, EUCAR and CONCAWE on the potential for fuels from renewable sources to achieve the 10% renewable energy target for the EU transport sector

⁹ http://ec.europa.eu/consumers/consumer_evidence/market_studies/vehicle_fuels/docs/study_en.pdf

¹⁰ COM (2013) 175 final

¹¹ http://ec.europa.eu/energy/renewables/reports/2013_en.htm

¹² http://ec.europa.eu/energy/renewables/studies/renewables_en.htm

by 2020 under the 2009 Renewable Energy and the GHG emission reduction targets in road transport under the EU Fuel Quality Directive (FQD)¹³.

In order to facilitate cooperation of stakeholders on fuel market integration and improvement of fuel quality across the EU, the Commission continued cooperation with CEN and the stakeholders on both, development of new fuel standards, including biofuels, as well as on improvement of fuel quality. In addition, joint research projects on future fuels and their quality with involvement of stakeholders was launched by the Commission in June 2014. Cooperation of the stakeholders towards a joint fuel and car roadmaps until 2020 and beyond was also supported. In November 2013, a joint fuel and car industry study on an "Auto-Fuel biofuel roadmap for the EU to 2030" was published¹⁴. On 18 June 2014, this study was complemented by a Fuel Roadmap for Europe of the Low Carbon Vehicle Partnership¹⁵.

Next steps: 2014 and beyond

- *launch a new series of calls for proposal in the framework of the European Green Vehicle Initiative, Fuel Cells and Hydrogen Joint Technology Initiative, as well as those envisaged under the 'Societal Challenges Pillar' especially for Smart, green and integrated transport and under second edition of a Public-Private Partnership 'Factories of the Future';*
- *maintain financing at attractive conditions of the projects related to safety and low emitting technologies by means of EIB financial tools;*
- *maintain and further support good access to financing for SMEs and mid-caps;*
- *preparation of delegated and implementing acts for the Clean Power for Transport package*
- *continue dialogue with stakeholders and the Member States on the implementation of the Clean Power for Transport package as regards the user information and dialogue of the relevant findings/ recommendations of the fuels market study.*
- *finalise and implement two new testing procedures for better assessment of fuel consumption and emission of regulated pollutants;*
- *continue discussions on the CO₂ targets beyond 2020;*
- *adoption by the Council and the Parliament the revision of Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorized dimensions in national and international traffic and the maximum authorized weights in international traffic;*
- *further implementation of legislative measures in the area of road safety especially those related to driving licence, training of professional drivers, national road safety strategies and injuries;*
- *adoption by the Council and the Parliament of the EU-wide in-vehicle emergency call system "eCall";*

¹³ <http://iet.jrc.ec.europa.eu/about-jec/downloads>

¹⁴ <http://www.e4tech.com/auto-fuel.html>

¹⁵ http://www.lowcvp.org.uk/news/lowcvp-studies-map-out-routes-to-decarbonise-road-transport-fuels_3005.htm

3.2. IMPROVING MARKET CONDITIONS

Background

Maintaining a strong automotive manufacturing base in the EU delivering affordable and desirable products, meeting consumer demands, based on a competitive market for automotive products and services, including the aftermarket can only be ensured if favourable business conditions are provided. EU driven policy, in addition to concomitant national policies such as macroeconomic structural and labour law reforms, can have a visible impact on framework conditions, notably through the regulatory policy. This should provide sufficient robustness and flexibility to the industry, along the value chain.

3.2.1. A stronger internal market

The Commission's commitment:

– to set up by 2013 a dialogue between **stakeholders, encouraging them to work towards common principles on vertical agreements** on the distribution of new vehicles. Stakeholders are invited to participate constructively in this dialogue, aiming at a balanced outcome.

State of play:

The Commission has organised several bilateral meetings with stakeholders and the subject was also discussed within the CARS 2020 working group meeting on 30 April and on 21 October 2013. However, since no consensus so far has been reached on a voluntary Code of Conduct in relation to vertical agreements, the Commission continues to encourage the dialogue between the car manufacturers and dealers, in order to reach an agreed voluntary Code of Conduct. However, if agreement is not reached at the latest by the end of 2014, the Commission reserves the right to initiate a process, with the aim of adopting a legislative proposal regulating relations between different players of the automotive sector.

The Commission's commitment:

– to put forward in 2012 **guidelines for financial incentives** for clean and energy efficient vehicles put in place by Member States in order to promote stronger coordination, to maximise their environmental effectiveness and limit the fragmentation of the market¹⁶. Such incentives should avoid being technology specific, instead relying on objective and commonly available performance data, such as the CO₂ emissions from the vehicle. Member States will be invited to take these guidelines duly into account when designing their incentive schemes.

State of play:

Guidelines on the financial incentives for clean and energy efficient vehicles were published in February 2013.

3.2.2. Smart regulation

The Commission's commitment:

– to carry out an extensive and in-depth evaluation (fitness check) of the vehicle type-approval framework. In 2013, it will 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 and their components are safe and compliant with relevant legal requirements, and that this framework effectively achieves the relevant policy objectives.

¹⁶ Measures constituting State aid will continue to be assessed under the relevant State aid rules.

State of play:

The evaluation of the type-approval framework was finalised in November 2013 with a publication of a Commission staff working document. The Commission's proposal to enhance the type-approval framework including proposal for market surveillance provisions will be presented in the course of 2014.

The Commission's commitment:

– within its impact assessment system, **to carry out a rigorous competitiveness proofing exercise for relevant major future initiatives, including those with a significant impact on the automotive industry.** The competitiveness proofing will consider the economic situation and what impact a new initiative is likely to have on the industry's competitive position, especially on global markets. The future Free Trade Agreements, safety and emissions and other initiatives having a significant impact on vehicles will be subject to competitiveness proofing - in line with the operational guidance for assessing impacts on sectorial competitiveness within the Commission's impact assessment system¹⁷, which also takes into account the broader, overall societal and economic impacts. These principles have been very recently reiterated in the updated Industrial Policy Communication.

State of play:

The European Commission has already carried out a competitiveness proofing exercise for the legislation on CO₂ emissions of cars and vans. The competitiveness proofing will also be performed in the future for selected pieces of legislation with a potentially major impact on the automotive sector (including WLTP, safety package, emissions, CO₂ post 2020, RDE, material restrictions etc.).

The Commission's commitment:

– to explore the possibility and added value of **carrying out a proportionate economic analysis for some implementing acts, based on existing vehicle legislation**, such as the proposals on the revision of evaporative emissions requirements for Euro 6 and anti-tampering measures for L-category vehicles (powered 2- and 3- wheelers and quadricycles). However, if these acts are expected to have significant impacts they will be accompanied by impact assessments in line with the Commission's Impact Assessment guidelines.

State of play:

The Commission remains committed to ensure that economic aspects are appropriately analysed in the context of delegated legislation.

Next steps: 2014 and beyond

- *further implementation of smart regulation principles in its work on new legislative initiatives;*
- *engaging relevant stakeholders in the work on revising the type-approval framework including strengthening requirements for market surveillance*
- *identifying other candidate areas of regulation that should be as a priority subjected to a 'fitness check';*
- *performing an economic analysis on selected implementing measures related to a development of more representative testing procedures for assessing emissions and fuel efficiency*

¹⁷ Staff Working Paper SEC(2012)91 final, 27.01.2012

- *encouraging the dialogue between the car manufacturers and dealers, in order to reach an agreed voluntary Code of Conduct. However, if agreement is not reached at the latest by the end of 2014, the Commission reserves the right to initiate a process, with the aim of adopting a legislative proposal regulating relations between different players of the automotive sector*
- *publishing in the beginning of 2015 a report on the second hand market in Europe*

3.3. ENHANCING COMPETITIVENESS ON GLOBAL MARKETS

Background

Liberalisation of trade remains of a strategic importance for the sustainable growth of the European automobile industry as the sector continues exporting an ever increasing portfolio of high-quality and high-technology vehicles to third markets. Ensuring an open global market place taking into account the priorities of industrial policy remains a challenge – notably due to existence of non-tariff barriers. While the industry strives to keep its competitive edge, the role of public policy is to ensure a level playing field in terms of market access.

3.3.1 Trade policy

The Commission's commitment:

– to take full account of the importance of maintaining a strong and competitive automotive manufacturing base in Europe when conducting its trade policy, using both multilateral and bilateral tools. Both should be used to tackle the key issues of **removing tariff and non-tariff barriers. FTAs should aim at full tariff dismantling** and removal of Non-Tariff Barriers. The overall impacts of each trade negotiation will be assessed in a thorough and comprehensive way.

State of play:

The European Commission fully recognises the role of a balanced trade policy in creating conditions to strengthen, inter alia, the European automotive industry. The Commission is working towards removing tariff and non-tariff barriers (NTBs) in the process of negotiating and implementing free trade agreements. It also systematically assesses the impact of the FTAs on the competitiveness of the sector. This approach has been taken, among others, in the on-going discussions towards trade agreements with the US, India and Japan. In the latter case, the mandate for negotiating the FTA included a parallel approach towards dismantling of tariffs and NTBs removal.

The Commission's commitment:

– to assess the impacts of trade agreements as well as their cumulative impact on the competitiveness of this industry by launching a study into already concluded FTAs and those likely to be concluded in the near future. The study will be launched shortly by the Commission and concluded by the end of 2013. The results will be discussed with the relevant stakeholders.

State of play:

The European Commission has launched a study which will assess the cumulative impact of the trade agreements on the competitiveness of the industry. The preliminary results of the study were presented and discussed in November 2013 and in April 2014.

The Commission's commitment:

– to complement multilateral regulatory cooperation under the UNECE framework with **bilateral regulatory cooperation** in particular with key new players, but also with, for example, the United States - under the Transatlantic Economic Council - and with Japan.

State of play:

The regulatory cooperation under the TEC has entered a new stage with the US in the framework of the Transatlantic Trade and Investment Partnership (TTIP). When concluded, the agreement is expected to strengthen the cooperation between the EU and the US creating a favourable framework for the European automotive sector. Tightening co-operation with the US within the framework of the 1998 Agreement and deepening legislative harmonisation in the areas of innovative technologies has been put into life with the creation of two dedicated working groups covering environmental and safety related issues of electric and fuel cell vehicles. Moreover, the EC has been conducting bilateral negotiations with major trading partners, as well as successful co-operation with Russia and Japan under the framework of the UNECE and with China (ex. adoption by China of European emission legislation, Euro 5).

3.3.2. International harmonisation

The Commission's commitment:

– to promote and actively support further international harmonisation of vehicle regulations along the lines set out below. The **reform of the 1958 UNECE Agreement** is a key element of this strategy and will aim to make adoption and implementation of international regulations **more attractive for third markets**. Member States and stakeholders are invited to support this effort. The Commission will steer the development of a first proposal for the revised 1958 Agreement in March 2013.

State of play:

The European Commission services presented to the World Forum for Harmonisation of Vehicle Regulations (WP.29) in March 2013 a first informal draft with amending proposals for revising the 1958 Agreement. WP.29 welcomed these draft proposals with the request to further finalise them and to resolve the main outstanding issues. In November 2013, a finalised set of draft proposals has been submitted to WP.29, so that all Contracting Parties to the 1958 Agreement can start scrutinising the proposed changes with a view to ensure that they can support the proposal for amending the 1958 Agreement which has to be adopted by unanimity. The proposals contain major features to make the 1958 Agreement more attractive for 3rd countries and provide greater and legal clarity to the provisions aimed at enhancing the quality and reliability of the type-approval procedures and the mutual recognition of type-approvals. The representatives of the automotive industries in WP.29 (OEMs and suppliers) welcomed these proposals as a substantial improvement. A number of 3rd countries expressed their strong interest in joining the revised 1958 Agreement and have requested to consider increasing the 2/3 (e.g. to 4/5) majority voting rule to ensure that new Contracting Parties will have a fair share in the decision process. The European Commission has received a mandate from the Council to represent the Member States in further negotiations on the proposals. A formal proposal was submitted to the March 2014 session of WP.29 hence concluding the technical work.

The Commission's commitment:

– to contribute to the **development of a first proposal for a new Regulation¹⁸ on IWVTA (International Vehicle Type Approval system)** by November 2013. The IWVTA Regulation will substantially reduce the administrative burden related to the introduction of the same vehicle model in countries which are Contracting Parties to the 1958 Agreement.

State of play:

An informal proposal for a new Regulation on IWVTA co-developed by the European Commission has been submitted to the March 2014 session of WP. 29. The draft UN Regulation will be finalised for formal submission to WP.29 by June 2015.

The Commission's commitment:

– to **steer the work of the two informal working groups on (1) safety and (2) environmental performance of electric vehicles** with a view to agreeing a Global Technical Regulation (GTR) on the safety of electric vehicles in 2014 and a common approach in terms of policy on environmental performance of electric vehicles. Both informal working groups were launched on the initiative of both the EU and the US but have already attracted a broad membership, including Japan, China and Canada. The agreement on a GTR on electric vehicle safety will be of key importance so as to ensure economies of scale for manufacturers and reassure consumers on the adequate level of safety of electric vehicles.

State of play:

The EU together with the US have established two working groups under the UNECE 1998 Agreement, which aim at developing common provisions for safety and environmental impact of the electric vehicles.

The Commission's commitment:

– to promote, based on input from stakeholders, stronger international cooperation between standardisers to achieve common or compatible standards on electric vehicle safety, infrastructure and interoperability.

State of play:

The European Commission is strongly involved in the promotion of international standards in the area of electric vehicle safety, infrastructure and interoperability. This objective is attained by close international cooperation in the framework of the UNECE and through standardisation activities undertaken by CENELEC.

Next steps: 2014 and beyond

- *working on an agreement on a closer regulatory cooperation with the US within the framework of the TTIP and further negotiation in this area with key trade partners;*
- *continuation of the work in the framework of the UNECE and by means of bilateral agreements with an aim of further international harmonisation of automotive legislation;*
- *adopting the proposals for a reform of the 1958 Agreement and encouraging new countries to participate in the work under the UNECE framework;*
- *adoption by the WP.29 of the proposal for a new Regulation on IWVTA.*

¹⁸ According to the established principles of the 58 Agreement, Contracting Parties applying the most stringent version of the IWVTA Regulation will not have to accept type-approvals issued according to a less stringent version.

3.4. ANTICIPATING ADAPTATION AND MANAGING RESTRUCTURING

Background

As the economic and social parameters evolve over time, modifying the competitive position of production locations, the industry strives to adapt to this new situation. However, this is not an isolated attempt provided that public intervention can effectively provide the necessary impetus to safeguard both the internal market and a level playing field, while ensuring that the negative social consequences of any restructuring are kept to a minimum.

3.4.1. Human capital and skills

The Commission's commitment:

– to following the recently completed feasibility and added value assessments, support in 2013 the creation of a **European Automotive Skills Council**¹⁹, which will bring together existing national organisations conducting research on skills development and employment in the automotive sector. The Skills Council will also involve employers' and workers' representatives at European and national levels and education and training providers' organisations. The Skills Council will encourage peer learning based on the exchange of information and good practice as well as providing a platform for dialogue. It will start by analysing **trends in automotive employment and skills**, which will form the basis of recommendations aimed at policymakers, education, training providers and other stakeholders.

State of play:

The Commission continued to support the creation of an Employment and Skills Council in the Automotive Industry and to encourage the European industry and social partner organisations, as well as other relevant stakeholders, to work together to achieve that goal. A new call for proposals has been launched (deadline for applications: 15 January 2014), in the framework of which a project for the creation of a Skills Council should be presented with a view to create the Council by the end of 2014.

The Commission's commitment:

– to encourage the **use of the European Social Fund (ESF) for workers' retraining and re-skilling**. Without prejudice to the decisions that will be taken in the Multi Annual Financial Framework on the ESF, Member States will be encouraged to make more use of the systemic projects addressing skills needs, skills matching and anticipation of change and propose life-long learning opportunities.

State of play

The European Commission strongly encourages the use of the European Social Fund (ESF) to support skills development and anticipation of change. On-going negotiations of Partnership Agreements covering years 2014-2020 foresee such a support in the automotive sector. The Commission expects that ESF funding is made available to support the adaptation of the industry, as was the case in previous years.

¹⁹ Project run by the social partners and supported by the European Commission / DG Employment, Social Affairs and Equal Opportunities

3.4.2. Dealing with industrial adjustment

The Commission's commitment:

– continue to **monitor/review restructuring activities as regards to their strict compliance with EU legislation**, in particular concerning state aid and internal market rules.

State of play

The Commission is regularly consulted on all State and Regional aid aimed at the companies undergoing restructuring within the automotive sectors. Each notified measure is examined with respect to its compliance with the State aid rules e.g. Rescue and restructuring aid guidelines, Regional aid guidelines to ensure that no undue competition is taking place within the internal market.

The Commission's commitment:

– **identify good practice and promote an anticipative approach in restructuring** in consultation with representatives of the automotive-intensive regions, employment authorities and the sector's stakeholders, including the social partners.

State of play

The European Commission is actively involved in identifying good practice and promoting an anticipative approach in restructuring, among other, through the CARS 2020 Expert Group.

The Commission's commitment:

– to re-launch the **inter-service task force to study and follow up the main cases of automotive plant closures or significant downsizing**. The task force has been active and highly efficient in past cases in the automotive industry²⁰. The task force would streamline the use of the relevant EU Funds (by providing technical assistance, reducing waiting time, advising on the most effective use of resources, monitoring and reporting).

State of play

The Commission has launched an inter-service task force for Ford Genk in April 2013. Following this, the Flemish authorities were presented in an inter-service meeting in July 2013 with all the funding possibilities for the region.

The Commission's commitment:

– for the cases of plant closures and significant downsizing, **to invite the Member States to consider using the European Globalisation Adjustment Fund (EGF)**.

State of play

The European Commission recognizes the benefit of using the European Globalisation Adjustment Fund (EGF) (renewed for the period 2014-2020) in case of significant downsizings. The Commission encourages Member States to apply this measure, among other, through the CARS 2020 Expert Group and when dealing with inter-service task forces.

²⁰ For example, the cases concerning VW Forest and MG Rover in West Midlands;

The Commission's commitment:

– to encourage Member States to make use of **labour flexibility schemes and their co-financing by ESF** in support of the suppliers who might need additional time to find new clients following a closure/downsizing of an automotive plant.

State of play

The European Commission acknowledges the advantages of applying labour flexibility schemes and encourages Member States to apply this measure, among others, through the CARS 2020 Expert Group.

Next steps: 2014 and beyond

- *launching of the European Automotive Skills Council;*
- *further encouragement of Member States to use of European Social Fund (ESF) for retraining and re-skilling workers in the automotive sector and supporting labour flexibility schemes;*
- *monitoring restructuring activities from the perspective of their compliance with EU legislation;*
- *further promotion of good practice in an anticipative approach to restructuring;*
- *continuation of the work of the inter-service task force for Ford Genk and standing ready in case a new major restructuring case takes place in the automotive sector;*
- *further encouragement of Member States to use the support available from the EGF for the cases of plant closures and significant downsizing.*