

1. INTRODUCTION

This paper aims to give an overview of the activities pursued by the Sherpa Group and the 3 working parties during the CARS 21 process. It also attempts to draw attention to the main issues, which have been addressed and indicate areas where broad agreement exists and as well as those where this is not the case.

2. ORGANISATIONAL OVERVIEW

The first Sherpa Group meeting largely set the framework within, which work has progressed. It defined the thematic areas into which work would be split as follows:

1. Better Regulation

Focus on principles of better regulation and simplification of existing legislation.

2. Competitiveness

This chapter covers all the policy areas, other than environmental protection and road safety, which can have an impact on the competitiveness of the automotive sector. It includes R&D, taxation, trade, intellectual property, competition and transport policy issues.

3. Environment

Focus on integrated approach (pollutant emissions, CO₂ emissions, end-of-life vehicles, etc.).

4. Road Safety

Focus on integrated approach to the Community Action Programme on road safety.

In addition three working parties have been set up at expert level in order to have in-depth discussions in the following areas:

- Existing Legislation
- Integrated Approach
- Fuels

The mandates to the working parties are attached (Annex D).

In parallel to the above, a broader stakeholder consultation was organised between February and April, followed by a **hearing held on 26 April**.

3. STATUS OF DISCUSSIONS ON INDIVIDUAL ISSUES

Discussions have been structured around the four above-mentioned areas of better regulation, competitiveness, environment and road safety. Tentative conclusions have been presented where possible to serve as a focal point for more in-depth discussions.

3.1. BETTER REGULATION

Issue:

In view of the overall task of the CARS 21 High Level Group (i.e. to make recommendations for the short, medium and the long term public policy and regulatory framework for the European automotive industry, that enhances global competitiveness and employment while sustaining further progress in safety and environmental performance at a price affordable to the consumer), agreeing on the set of principles that should govern decision-making, as well as analysing potential areas where existing legislation can be improved is considered to be an essential part of the process.

State of play:

– **Principles of better regulation:**

After a first exchange of views of the High Level Group on the main principles that should guide the regulatory process, a list of recommendations for guiding principles on better regulation has been agreed (Annex II). Whereas in some cases the principles have a general, cross-sectoral character (such as the need to support legislative proposals with sound impact assessments and to involve stakeholders throughout the legislative process), others put a specific emphasis on automotive regulations (in particular, the recommendation to base product-related regulations in this sector on Article 95 of the EC Treaty in order to ensure homogeneous implementation, or the recommendation to make increasing use of international regulations in the framework of the UN/ECE).

– **Simplification of existing legislation:**

An essential aspect of better regulation is reducing the complexity of legislative texts. A review of existing type-approval information is under way, in order to identify potential candidates for simplification or even repeal of existing legislation (where it is redundant or obsolete).

The review includes two main aspects: assessment of legislative texts, on the one hand, and analysis of the type-approval and testing procedure, on the other.

Next steps:

The list of guiding principles on better regulation could be endorsed by the High Level Group on 13 July.

As to simplification of existing legislation, draft recommendations will be submitted to the High level Group at the November meeting, as discussions at the technical level are still ongoing.

3.2. COMPETITIVENESS

3.2.1. Research and Development

Issues

The discussion on research and development issues has been approached from two main angles:

- determining what how Community-specific research programmes could better serve the needs and increase the competitiveness of industry, and;
- holding discussions relating to the potential setting up of a Joint Technology Initiative (JTI) on hydrogen and the fuel cell and its impact for the automotive industry.

– **7th Research Framework Programme**

State of play

The question of the content and implementation of the 7th Research Framework Programme (FP7) were addressed during the 14 June Sherpa meeting. Industry representatives welcomed the dedicated priority theme for transport and suggested that future research programmes:

- should ensure continuity with previous programmes;
- should avoid the atomisation of research into splintered areas;
- should focus more on the realistic concept of the “vehicle of the future”;
- should be implemented through simplified financial procedures.

Industry representatives welcomed the ERTRAC Strategic Research Agenda (SRA) and the Commission pointed out that the SRA had been implemented in the FP7 proposal.

Industry members also expressed their concern at the potential cutting of research funding in the framework of ongoing discussions on the future financial perspective. Some stakeholders have also drawn attention to the fact that given the regular research overlap between transport and energy research it might be more efficient to bundle them together where appropriate.

The Commission has stated that it hopes to simplify the financial procedures for the implementation of FP7. However, the Commission also pointed out that such simplification will have to be compatible with the Community Financial Regulation.

Members also pointed out that the U.S. research model might be worth a closer look as the administrative cost of implementing them is lower than in Europe due to industry managing most of the programmes. The Commission has also pointed out that despite increased attention being paid to the seemingly significant commitment of the U.S. to hydrogen research, much of the committed resource-base is in fact not “new money” but rather finances, which had already been committed. And the Commission noted that the "joint technology initiatives" are a new instrument, which should be implemented according to specific rules, through a public-private partnership. The modalities regarding this new instrument are currently under discussion within the Commission services. The Commission indicated that a potential JTI has been earmarked for the automotive industry.

– **JTIs**

State of play

The Commission presented the outlines of the JTI during the Sherpa Group meetings of 17 May and 14 June and gave a presentation on the subject at the Fuels working party meeting of 3 June. The Commission will shortly be seeking letters of commitment from industry in support of JTIs. THE main pre-requisites for implementing a JTI have been defined by the Commission as follows:

- strategic importance of the topic and presence of a clear deliverable;
- existence of market failure;
- concrete evidence of Community value added;
- evidence of substantial long-term industry commitment;
- inadequacy of existing Community instruments.

These criteria should be borne in mind when more detailed discussions on JTI implementation commence.

Next steps

The Commission has asked industry to provide inputs regarding their expectations for a JTI on hydrogen, the fuel cell and other areas. Initial industry reaction was that of interest in this initiative.

At the moment it is expected that future CARS21 discussions on research will focus on the industry's expectations on:

- the eventual deliverable;
- the management structure;
- the financial structure and corresponding rights;
- intellectual property rights protection;
- role of the Member States.

The High Level Group should provide, at its meeting of 13 July, a first orientation on the possible setting up of the JTI on hydrogen and fuel cells.

3.2.2. Taxation

Issues

Discussion on taxation has been structured around two subjects:

- passenger car taxation
- fiscal incentives

– Taxation of passenger cars

State of play

5 July the Commission proposed a directive on passenger car taxation, which the stakeholders have expressed support for. The purpose of the proposal is:

- to improve the functioning of the Internal Market and
- to implement the Community strategy to reduce CO₂ emissions from passenger cars.

The scope of the proposal is limited as it deals only with Registration Taxes and Annual Circulation Taxes and introduces three main measures:

- The abolition of registration taxes,
- The establishment of a registration tax and annual circulation tax refund system to avoid double payment of these taxes,
- The introduction of a CO₂ based element in the tax base of both the registration tax (pending its abolition) and the annual circulation taxes.

There are several issues, which industry representatives would like to see included in the proposal particularly regarding the functioning of the directive in practice as MS are not required to harmonise taxation levels. However, generally it appears that a great majority of members are supportive of the direction of the proposal with specific qualifications by stakeholders as provided at the 13 June Sherpa Group meeting.

– **Fiscal incentives**

State of play

In the area of fiscal incentives there remain disagreements as such incentives are currently not harmonised across the member states. The industry stakeholders are in favour of harmonising incentives across the EU while member states prefer to retain their freedom of action in this area and other stakeholders are supportive of such measures. The industry position suggests that varying fiscal incentives not only distort the operations of the internal market but that they also have the effect of rendering any lead time given to industry vis-à-vis requirements negligible (see Better Regulation).

Next steps

There is no broad agreement on the horizon regarding this question. It has also been suggested that even if fiscal incentives are not harmonised across the Union, their adoption could at least be based on the same criteria and principles so as to ensure consistent principles of regulation. The Group will continue to assess this matter with the aim of providing recommendations for the final report.

3.2.3. Intellectual Property

Issue

The discussion has been focused around the issue of design protection, in particular the abolition of design protection for spare parts, which is aimed at creating an open market in this segment of the aftermarket. The draft directive is currently undergoing a co-decision procedure. Concern was equally expressed with regard to the issue of Computer Implemented Invention.

State of play

The industry has stressed that the proposal will have a negative effect on the competitiveness of the European automotive industry and should be reconsidered in its entirety because:

- there are significant problems with previous impact assessments performed vis-à-vis the proposed directive;
- no study has been completed regarding the safety implications of the draft directive;
- there is no proved benefit to consumers;
- the draft directive takes away legitimate intellectual property rights;
- the proposal is likely to create a prospect of unfair competition from low-cost producers with no development or product range related costs.

On the other hand, the CARS21 public hearing on 26 April demonstrated the level of after-market support for the draft directive. It has been argued that there is no relationship between safety and the removal of design protection and that the liberalisation of the market will have strong societal benefits.

The Commission services (DG MARKT) responsible for the draft directive presented the rationale behind the proposal at the 14 June Sherpa meeting, which further brought out the conflicting positions of various stakeholders as well as confirming that there is no agreement among the member states on this proposal either. It seems highly unlikely that a compromise can be reached on this issue.

Next steps

Given the level of disagreement among members on the question of design protection and the fact that the draft directive is already being considered under the co-decision procedure, it is suggested that this item should no longer be discussed in CARS 21 Sherpa Group meetings and will be addressed at the 13th July High Level Group meeting in the framework of the discussion on the Progress Report. Indeed, previous discussions on this issue have shown that not only is this matter time-consuming but also that agreement remains a very distant and unlikely prospect. However, as this proposal is currently following the co-decision process, stakeholders will still have the opportunity to make their views known to the European Parliament and the Council.

3.2.4. Trade

Issues

The discussion on trade has focused on **China**, which is not only the most promising emerging market for European manufacturers but has also attracted a high level of European investment to date. Industry has reported significant difficulties with the regulatory and business framework in China and has urged the Commission to act on the matter.

In addition, the industry representatives have also stressed the importance of using bi-lateral trade instruments in relation to the South-East Asian region.

State of play

The main problems outlined by manufacturers regarding China are the following:

- there is serious favouritism in China towards domestic producers;
- there is lack of management control of joint ventures;
- there are problems with distribution channels;
- vehicle imports are being discriminated against;
- European industry, despite being a major sectoral investor, is not consulted over draft legislation;
- there is a lack of co-operation from the part of the Chinese at UNECE level;
- there are serious problems with the protection of intellectual property rights.

Stakeholders are generally united in their view that investing and doing business in China is currently fraught with complications and that it is the role of the Commission (in co-operation with industry) to do something about it.

Next steps

The Group recommends that the Commission should urge China to abide by the WTO rules and cease its current discriminatory activities. The Group also recommends that the Commission should monitor the situation very closely in the future and that sufficient supporting material should be collected for a WTO panel if the situation does not improve. The Group finally recommends that the Commission considers the necessary consequences for EU trade policy of other world regions' bilateral approaches, for example in South East Asia, and further discuss the other third market access issues, which have yet not been addressed.

3.2.5. Competition

Issues

Discussion has focused on two issues: access to repair information (by independent repairers) and state aids.

– **Access to repair information**

State of play

Currently the obligation to provide repair information to independent repairers is contained in DG Competition’s block exemption regulation although the Euro IV directive indicates that the Commission is to make a legislative proposal, which would ensure that independent repairers have access to the technical information they require. Such a proposal has not yet been made and it is likely that this issue will arise again during discussions on the Euro V proposal.

In addition, DG Competition has identified several manufacturers who have failed to abide by the block exemption regulation requirements and has commenced an investigation into the matter.

Next steps

It seems reasonable for the Group to support either a regulatory or a voluntary solution where the details of industry obligations are clearly spelt out together with the methodologies for the distribution of information. Following the discussion at the 17 June Sherpa meeting on this issue, stakeholders have agreed to arrange further separate meetings in order to analyse the situation and find an appropriate solution..

– **State aid**

State of play

DG Competition has provided the Sherpa Group with an overview of the process it is following as part of the review of state aid rules, which also includes the assessment of different sectors (incl. the automotive sector). Industry has expressed its wish to be treated as a “normal” sector not subject to the restrictions it currently has.

Next steps

In terms of future actions, industry has been invited to provide inputs into DG Competition’s review of this matter.

3.4. ENVIRONMENT

Issues

A preliminary discussion of environmental issues was held at the 4 July Sherpa Group meeting. The main issues on the table are as follows:

- discussion of the draft proposal of the Commission on Euro V emission requirements for light duty vehicles;
- Euro VI emission requirements for heavy duty vehicles;
- discussion on the End-of-Life-Vehicles Directive;
- CO₂ emissions;
- alternative fuels;
- Mobile Air Conditioning.

CO₂ emissions

CO₂ emissions, have been subject of discussion in the Integrated Approach working party where stakeholders have begun the preliminary identification of possible measures to improve the environmental performance of the road transport sector in the framework of a holistic approach. A more crystallised position is expected to be reached following further discussions in the second half of the year.

The Sherpa Group had a preliminary discussion on CO₂ emissions on 4 July. While the debate is still at an early stage, a lot of useful suggestions were made on how to tackle the issue. It was commonly acknowledged that reduction in CO₂ emissions had to continue and that the next step in this process should take into account an integrated approach, where not only car manufacturers but also drivers, public authorities, infrastructures and other stake holders such as related industries are seen as part of the answer to environmental concerns. It was agreed that the CARS 21 November deadline is challenging, since the impact assessment on future measures is still underway.

Euro V on light duty vehicles

At the Sherpa Group meeting on 4 July industry expressed concerns on some elements of the outline of the draft provided by DG Enterprise (in particular concerning durability requirements, inclusion of NO_x requirements for petrol engines and lead-time). On the opportunity to indicate already at this stage the next step for further reduction of NO_x the group concluded that the issue needs to be linked to the outcome of discussions on the Air Quality Thematic Strategy. The issue will be discussed at the High level group on the 13 July and will be the subject of extensive consultations.

Euro VI (heavy-duty vehicles)

The Commission gave the Sherpa Group on 4 July some indications on the process that it will follow in order to introduce proposals for further emission reductions from heavy-duty vehicles in the horizon of 2010-2012. Industry indicated that it would be ready to accept the more stringent US limit value requirements as long as they are adopted in the framework of a global technical regulation (Geneva), and after pending draft global technical regulations in this area are adopted in 2006. .

Fuels

The Fuels working party has focused on alternative fuels in order to provide additional inputs on means for CO₂ reduction, which will complement the technical improvements to the vehicle fleet alone. The working party has analysed various studies, which have been commissioned on this matter and has consequently identified the potential alternative fuels, which could realistically be used in the transport sector before 2020.

In addition the Fuels working party has performed an initial assessment of the different fuels with regard to their potential cost, CO₂ impact and availability.

The preliminary conclusions of the working party were endorsed by the Sherpa Group on 4 July :

- All alternative fuels carry a cost which needs to be evaluated against other CO₂ abatement measures.
- First generation biofuels & compressed natural gas (CNG) offer some benefits, and have been made available in a number of Member States through economic incentives.
- Advanced biofuels are the most promising option for the medium term and need R&D effort to be successful.

- Hydrogen is a promising opportunity as an energy carrier for the longer-term, and needs a major research and development effort.
- CNG and high-blend first generation biofuels require specialized vehicles and a separate supply infrastructure.
- Low percentage first generation biofuels blends in conventional fuels and certain second generation biofuels can be used in existing vehicles and can use the existing supply infrastructure.

End of life vehicles (“ELVs”)

While the Commission is undertaking a review of the ELV Directive, industry has put forward a number of concerns with regard to the current text (mainly its legal basis – Article 175 of the EC Treaty-, which leads to uneven implementation at the national level, and the application of the ban of certain materials on replacement parts for vehicles put on the market before the directive became applicable). Industry would like to see any ban on chemical substances to follow the general chemicals framework and not be automobile-specific.

The Commission took note of the industry’s concerns, and further discussion will take place in the autumn, based on progress in the discussions around the Community’s waste strategy under preparation, as well as in the framework of the Existing Legislation Working Party.

Mobile Air Conditioning systems (“MACs”)

Industry requested to include this point (concerning the Commission proposal for a regulation on fluorinated greenhouse gases), although the text is about to enter the stage of second reading in the co-decision process.

ACEA is concerned about some elements in the proposal (the global warming level and the implementation dates), as well as on the general necessity of the proposal. The Commission stressed that a proper consultation process had preceded the proposal, with substantial input from industry, but it took note of the industry’s concerns. However it was acknowledged that the Commission’s influence of the process at this stage is very limited.

Green public procurement

Although it has not been discussed as part of the environmental chapter, this initiative (currently under consideration in the Commission services of DG Energy and Transport) has as one of its main objectives the promotion of fuel efficiency. The Commission presented the main elements of this initiative to the Sherpa Group on 4 July, and a preliminary exchange of views took place.

The initiative contains a requirement for public authorities to purchase at least 25% of their annually procured heavy duty vehicles in vehicles that either meet the enhanced environmental vehicle (EEV) requirements of Directive 1999/96/EC, or which use alternative fuels or are equipped with alternative propulsion technologies. ACEA expressed concerns on the consultation process followed by Commission services and was critical on the contents of the initiative. Some Member States expressed concerns about the national authorities’ ability to pay higher prices for these vehicles. The item is on the agenda of the High level Group on the 13 July.

Next steps

All environmental dossiers require further discussion.

3.5. ROAD SAFETY

Issues

The main-and substantial question to be resolved in the field of road safety is how to adopt an integrated approach to continue the reduction of casualties on European roads as outlined in the European Road Safety Action Programme. The output of the road safety analysis should be the creation of a road-identifying a list of priority actions and their timing.

State of play

The **Integrated Approach** working party has identified a number of measures, which could contribute to the reduction of the casualty rate and has begun the process of assessing them with regard to their cost, benefits and ease of implementation.

At present there seems to be an initial support of 3 vehicle-related measures in particular:

- Brake Assist
- Seat-belt reminders
- Day-time running lights

A series of other measures (Electronic Stability Programme in particular) remain under discussion.

*Pedestrian Protection*The Commission's draft proposal on phase II of the pedestrian protection Directive was discussed both by the Sherpa Group on 14 June and in the Integrated Approach working party. The Sherpa Group expressed support to the approach envisaged and suggested its quick adoption by the Commission.

Next steps

In the coming weeks work will continue on the assessment of the measures so that a full recommendation on the Integrated Approach to road safety can be given to the Sherpa Group at a later stage.

WORKING PARTIES UNDER CARS 21 SHERPA GROUP

With a view to assist the Sherpa Group in preparing specific dossiers for discussion, it is proposed that three Working Parties are set up, concerning the following subject-matters, respectively:

- Existing legislation;
- Integrated approach;
- Fuels

General aspects on the Working Parties

- Mandate: all three groups should have a specific mandate. They are expected to report to the Sherpa Group so that the latter can monitor progress.
- Composition: the groups should include experts in the relevant areas. Members are expected to bear the own costs of their participation in these groups.
- Chairmanship: it is proposed that DG Enterprise chairs these groups, in order to facilitate coordination of work.

Proposals for mandates for each Working Party

WORKING PARTY ON EXISTING LEGISLATION

Task:

On the basis of proposals from industry, screen legislation with a view to identifying requirements that are unduly burdensome or costly.

The task should be seen not so much as a formal reduction in the size of the legislation (which is being done through codification by Commission services), but as reduction, where feasible, of

- the substantive requirements (where this can be done without turning back the wheel on environmental protection and safety),
- the administrative burden (by, for instance, the merger of type-approval procedures relating to different, but closely related, aspects of a vehicle) or
- the testing procedures (by, for example, combining various tests).

Composition:

Sherpas are invited to appoint technical experts with extensive experience in type-approval procedures. Industry representatives are invited to identify legislation that they consider unduly burdensome or costly.

WORKING PARTY ON FUELS

Task:

Provide the Sherpa Group with an overview of the potential improvements in the environmental performance of fuels, with a view to meeting the societal demands concerning the improvement of air quality and the reduction of dependency on oil.

Accordingly, the Working Party should make recommendations to the Sherpa Group in the following areas:

- *Fuel quality*: potential improvements and possible future measures;
- *Alternative fuels*: consideration of mid-term solutions which are an alternative to oil. The various options should be examined with regard to their impact on the environment, their cost, technical feasibility and the availability of sufficient supply.

Composition:

Sherpas are invited to take part in or appoint experts to participate in the group. From the Commission side, the services responsible for energy in DG Energy and Transport, as well as DG Environment, should participate.

WORKING PARTY ON INTEGRATED APPROACH

Task:

To analyse and recommend what actions should be taken to contribute from different policies to the overall Community objectives in the areas of road safety and environmental protection, and to identify which actors need to take action and at what level such action should be taken.

In particular, the group should make concrete recommendations both at EU and national level, for actions in the following areas:

- *Road infrastructure*
- *Driver education*
- *Enforcement of traffic laws*
- *Fiscal incentives*

Composition:

In view of the varied policies involved, Sherpas are invited to appoint experts in the above mentioned areas.

BETTER REGULATION: GUIDING PRINCIPLES FOR THE REGULATORY PROCESS

This paper lists the main principles which should guide the regulatory process, with a particular focus on the automotive sector. These principles should be applied within the framework of the environmental and safety objectives pursued.

1) QUALITY OF REGULATION

- **Clear and unambiguous policy objectives** should be defined and **priorities** should be set at an early stage and with a long-term view. Proposals should **remain in the framework** of the objectives set.
 - A **clearer method of setting priorities** for motor vehicle regulation should be established. The proposal of a **roadmap** that will identify mutually consistent priorities over the next ten years is/can be a useful instrument for this purpose.
- The EU regulatory process should be **coherent** and provide for **predictability** (incl. the timing of rules).
 - Generally, the **EU should refrain from adopting technical legislation directly affecting the vehicle construction and functioning outside the type approval framework** and at the same time **consistency of type approval legislations should be improved**.
 - **Product-related automotive legislation** should be adopted on the basis of **Article 95** of the EC Treaty and thus contribute to the better functioning of the internal market.
 - **Close dialogue and coordination should be maintained at all stages between different parts of the European Commission** and other policy makers or regulators (in particular Member States) responsible for different regulations with potential cross-impacts. This is particularly important where trade-offs have to be made between different policy objectives.
- A **more holistic approach** to regulation should be taken, maximising convergence between the policy aims of different regulation in the competitiveness, environment and safety field.
 - The objectives of growth and competitiveness should be combined with the objectives of developing employment and safeguarding high social and environmental standards.
- All automotive legislation should be **performance orientated**, **technology neutral**, and **over-prescriptive regulations should be avoided**.
 - The principle that **regulations should only fix objectives in terms of measurable performances, not solutions**, should be strictly respected. If there are exceptions, the criteria to accept them should be given.
- To ensure the coherence of legislation, the **Competitiveness Council should be involved in the consideration of proposals that are likely to have substantial effects on competitiveness**.

2) SIMPLIFICATION

- **EU legislation should be simplified** (superfluous, obsolete or inapplicable rules should be eliminated or modified).
- **EU legislation should be simplified by strengthening the links between the European regulatory system and the United Nations 1958 Agreement framework**.
 - The recent Commission orientation to progressively replacing part of EU type approval legislation with the corresponding UN Regulations is strongly supported.

3) IMPACT ASSESSMENTS

- **High quality** (sound analytical approach) and **comprehensive impact assessments** should be undertaken **at an early stage** of policy development and should **accompany all legislative proposals**, forming a key part of the policy debate in the European Parliament and Council formations, and enabling clearer evidenced-based decision making.
- Based on the Commission Impact Assessment Guidelines of 15 June 2005¹, the following are the impact assessment elements most relevant to the automotive sector:
 - a **cost/benefit analysis** (based on agreed and consistently applied monetary valuations) of the specific measure (economic costs vs. environmental, road safety and social benefits, in particular its impact on employment, which should be quantified whenever possible); additional **costs of forthcoming regulations should go hand in hand with an adequate customers benefit ('affordability test')**. It is essential for European industry to have a **profitable home market**;
 - a cost-effectiveness analysis of the various policy options proposed to meet the policy objectives. Each measure should be assessed with respect to:
 - its effective capacity to solve a problem of concern;
 - its feasibility (including costs, lead-time);
 - its implications with regard to other policy areas.
 - **impact on competitiveness with regard to the following factors:**
 - **entire legislative framework (assess new policy proposals in terms of their consistency with existing and other pending measures),**
 - **cumulative costs,**
 - **any potential "first mover" advantage** resulting from a European initiative in the field of automotive regulation,
 - **international benchmarks**, both in terms of competitiveness and regulation pressure and trends (in particular, it should include **comparisons with regulations in the USA and Japan**).
- The impact of an adopted regulation should be evaluated also some years after its implementation.
- Stakeholder consultation should be an integral part of the impact assessment.

4) STAKEHOLDER CONSULTATION

- **All stakeholders should be involved at an early stage** in the preparation of proposals relevant to industrial policy, taking into account possible cross-impact (and sometimes contradictions) between different regulations affecting the automotive industry.
 - It is essential that all stakeholders are consulted and that the legislator understands where a specific expertise is to be found and where the major impact will be.
 - The methodology of electronic consultations from the Commission should be clarified, so as to avoid duplicating the process.
- Stakeholders should be engaged **throughout the legislative process**.

¹ SEC(2005) 791.

5) SUFFICIENT LEAD-TIME

- **Consistency between the lead-time foreseen** by the proposed legislative measures **and the needs of the industry** in terms of investments and activities planning should be ensured.
- **Better predictability on future regulations** (with better planning and timetabling) should be provided, to allow enough time in order to make well-planned and cost-effective investments in development and in manufacturing.
- **Where it is expected that a N+2 stage is needed, as good an indication as possible should be given at the N+1 stage on what such legislation should be.** That could help going towards a “long term program” of regulatory work, with more transparent methods.
- **Implementation dates should be linked to the date of entry into force** of the regulation.
- If new requirements are made mandatory for existing vehicle types, the **lead time** for their application should be established **in accordance with the product cycle of the vehicle, system or component concerned.**
- **In laying down the implementation dates of new regulations, the potential effects of the new requirements on spare parts should be taken into consideration.**

6) CHOICE OF INSTRUMENTS

- **Alternatives to regulations** should be considered, **including market-driven solutions and voluntary agreements.** After fully assessing their effectiveness (performed at the same time as impact assessments), the **full range of instruments** (e.g. agreements, labelling, incentives, mandatory standards etc) that could be used to achieve the required objectives should be considered. A **better balance should be struck between traditional ‘regulatory push’ policies** (by which the Commission force higher standards by means of legislation imposed on industry) **and new ‘demand pull’ policies** (by which Member States stimulate consumer willingness to pay for new technologies), while ensuring the integrity of the Internal Market. Choosing the right instrument should include considering whether to regulate at all.
- Well-designed **voluntary agreements**, particularly those that encourage changes in consumer behaviour, can in some cases deliver public interest objectives in a quick and effective way.
- The Commission should **systematically explore whether developing global regulations is preferable to taking regulatory initiatives within the EU alone.** **Only where there is need for earlier or more stringent action should EU regulation be generated.** Subsequent adoption by the UN should then be sought.
 - Better harmonisation of measures (e.g. test procedures) should be strived at worldwide to improve market access and reduce costs. **Global test methods** should be adopted wherever feasible.