



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
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Opinion

Title

DG ENTR - Impact Assessment on: Proposal for a Directive of the European Parliament and of the Council amending Directive 2000/25/EC as regards the implementation provisions for tractors placed on the market under a 'flexibility scheme'

(draft version of 7 May 2010)

(A) Context

The tractors emissions Directive 2000/25/EC - amended by Directive 2005/13/EC - regulates the exhaust emissions from diesel engines installed in agricultural and forestry tractors. Directive 2005/13/EC introduced the currently applicable Stage IIIA emission limits for the engines and a 'flexibility scheme' to facilitate the transition between the different stages. Stage IIIA limits will be replaced by the more stringent Stage IIIB limits progressively as of 1st January 2011 for new tractors sold. The type approval period started in January 2010. The current engines need to be re-designed to respect new emission limits. This redesign affects tractor manufacturers who have to adapt the design of their vehicles to accommodate the modified engines. This impact assessment accompanies the proposal for an enlarged flexibility scheme for transition from Stage IIIA to Stage IIIB.

(B) Overall assessment

The Board is of the view that the current version of the report does not provide sufficient evidence to justify the proposed extension of the flexibility scheme. In order to do so, the report should in particular strengthen the baseline scenario by distinguishing between the problems caused by the economic crisis and those related to the preparation – since 2005 - of the various players in the value chain to meet the Stage IIIB requirements. The report should assess possible revisions of the flexibility scheme to levels other than the suggested 50%, and discuss further the feasibility of the options which are discarded. Finally, it should be clearer about the economic and competition impacts of the preferred option, and explain how future compliance with Stage IV emission limits and dates will be ensured.

Given the fundamental nature of the concerns raised above, the IAB requests DG ENTR to resubmit a new version of the IA report, on which it will issue a new opinion.

(C) Main recommendations for improvements

(1) Strengthen the baseline scenario to support the case for EU action. The report should explain to what extent the problems identified result from the economic crisis, and to what extent they can be attributed to the insufficient preparation by the engine and/or tractor sectors to meet the Stage IIIB emission requirements known to industry since 2005. Evidence should be provided to support these two separate problem drivers. The report should be more specific about the differences in preparation of the various players in the value chain (tractor manufacturers, engine manufacturers, and integrated engine/equipment manufacturers). It should explain what caused the delays for each of these players, and describe the competitive situation of the relevant markets.

(2) Expand the range of policy options. Discuss further the feasibility of discarded policy options. The report should provide clearer explanations/calculations to underpin the decision to increase the flexibility for tractors to 50% under option 4.2. It should assess the possible implications of a revision of the flexibility scheme to levels other than 50%, and conclude on the feasibility of such options. In addition, given the efforts to align emission limits and implementation dates of the key stages within the transatlantic market, the report should consider an option which would include flexibility measures similar to those introduced in the USA. Finally, the report should explain the basis for the choice of policy options which were discarded, and discuss further their feasibility.

(3) Be clearer about the economic and competition impacts of the preferred option. Explain how future compliance with Stage IV emission limits and dates will be ensured. The report should either explain why it is not possible to provide a quantitative estimate of compliance costs (R&D and investment costs), or it should provide an estimate of these costs, clearly explaining which data was used for the estimate. The report should assess more thoroughly the competition impacts, particularly on innovation, rivalry and first-mover advantages. The report also needs to address the fact that the adoption and transposition into national law of Member States of the proposed flexibility scheme revision is likely to take some time, and explain to what extent this might affect the expected impacts of the preferred option. Finally, the report should be clearer about how the preferred option will achieve in practice operational objective 2.2 aiming to 'send a clear signal to industry [...] that the current path of reducing emissions is maintained', and assess the issue of whether this proposal could set a precedent for the future transition from Stage IIIB to Stage IV.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should be clearer about the views of the stakeholders on the proposed flexibility for tractors.

(E) IAB scrutiny process

Reference number	ENTR/2010/009
External expertise used	No
Date of Board Meeting	2 June 2010