



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels, D(2010)

16 AVR. 2010

Opinion

Title **ENTR - Impact Assessment accompanying proposal for a Directive amending Directive 94/25/EC on the approximation of the laws, regulations and administrative provisions of the Member States relating to recreational craft, as amended by Directive 2003/44/EC**

(draft version of 22 March 2010)

(A) Context

This Impact Assessment accompanies a proposal for amending the Recreational Craft Directive (94/25/EC) which regulates the placing of pleasure boats on the European market. When it was first introduced, it set safety requirements. These include obligations on manufacturers to design safe craft, make a Declaration of Conformity, affix a CE label and provide users with use and maintenance information. The Directive was later amended to also set limit values for exhaust emissions and engine noise from both compression ignition and spark ignition propulsion engines (Directive 2003/44/EC). The key air pollutants regulated are Nitrogen Oxide (NO_x), Hydrocarbons (HC) and Particulates (PT). Carbon monoxide is also controlled. A review clause in the amending Directive of 2003 required the Commission to report on the possibility of further improving engines' environmental characteristics by amending emission limits to reflect technological progress and of harmonising EU limits with those in other countries, especially the USA. Accordingly, the Commission issued a report in 2007 announcing it would assess options to further reduce exhaust emission limits (Com(2007/313)). The vulnerable position of SMEs is a consideration as more than 95% of firms in the recreational craft sector are small and medium enterprises.

(B) Overall assessment

While the IA report presents an analysis of economic, environmental and social impacts, the assessment is not yet sufficiently clear and needs to address a number of analytical issues. The report should be amended to clarify the problem, to better justify the options and to better explain the expected impacts and the basis of estimates and key assumptions. Additional information is needed on the EU market and trade in recreational craft, and on health and environmental impacts of emissions. The justification of the emissions option needs particular work, informed by a clear EU-US comparison. The impact analysis should cover all objectives. The views of stakeholders should be described more consistently, and views of health and environment stakeholders included.

Given that this will entail significant rewriting, the IAB invites DG Enterprise and Industry to resubmit a new version of the IA report, on which it will issue a new opinion.

(C) Main recommendations for improvements

(1) The nature of the problem and context should be clarified. Health and environmental impacts of emissions should be described, e.g. by outlining for each pollutant: to what extent air or water is affected and whether overall EU emissions or only local concentrations are of concern (exposure), what concentration is harmful (hazard), what subsequent damage occurs (risk). Affected locations should be identified. The baseline situation should be made clear including particulate emissions. The regulatory context should be more precisely described, firstly with regard to interacting air quality policies and waste and end-of-life issues if relevant, and secondly through an improved comparison of EU, US and other standards. The likelihood of EU-US standards being co-ordinated in future should be noted. Further industry context should be added on the market for recreational craft in the EU and on exports, market and the number of EU-based manufacturers and marinisers by various engine categories. If available, details of industry concern about multiple emissions standards and the effect differences have on actual costs should be described – as indications that exporting firms don't currently work to one (strictest) standard could be helpfully referred to later. The internal market rationale for EU-wide standards and the risk of national standards within the Community diverging should be explained as clearly as possible. The report should clarify whether engine noise causes risk to craft users' health.

(2) The impact analysis should be more clearly explained. Each option should be more systematically assessed against key objectives to bring a broad perspective on benefits and on competition issues. The possible impacts of the differentiated transitional regime proposed by option 3.4 on competition, SMEs and the functioning of the internal market should be described. DG ENTR explained flaws in option 3.1 'flexibility scheme', and this clarification should be put in the report. Analytical issues should be addressed. The aggregation of Hydrocarbon and Nitrogen Oxide impacts requires justification or amendment. The benefits of emission reductions should either be monetized or a clearer explanation given as to why this is not done. Choosing a four year comparison period should be better justified. The emission reductions of options 3.3. and 3.4 should be stated so as to enable comparison. The case for relaxing carbon monoxide limits should be reviewed as it is currently rather unclear. More detail should be given on the methodology and assumptions underlying quantitative estimates, perhaps in Annexes. Although methods are currently touched on, more is needed so the report can act as a standalone document (particularly on emission estimates). The acknowledged technical error requires correction.

(3) Options should be better justified and explained. The case for emission limits over other possible interventions should be strengthened. Stakeholder views should be briefly noted for each option, with the nature of their interest in the issue. If, as DG ENTR indicated to the Board, there is only one credible scenario for exhaust emission limits then the decision to screen out all but this one should be very well justified. Furthermore, the options should be formulated in a way that is understandable by non-specialists. Either in the option section or elsewhere, there should be a clear and comparable presentation of the different emission limits being discussed for all relevant types of engine. Option 3.4 on mitigation should be better explained (p17, does it cover years 2-4

after entry in force?).

(4) Administrative burden. The report should explicitly identify whether there are any unnecessary information obligations (administrative burdens) that could be removed as part of this proposed amendment.

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 would benefit from a careful review and rewrite, with the aim of making it more accessible to non-specialists. The monitoring and evaluation section should also be revised and provide appropriate indicators and a clear timeline for the evaluation of the initiative. A table of contents should be added and the glossary expanded.

In the summary of stakeholder views (p3), consultation with environmental and health groups should be briefly noted. The sources of all key facts and tables used in the main text should be given (e.g. on the high price elasticity p26). Data should be presented to reflect its reliability, implying less precision in tables 11 on jobs, and 1 and 4 on HC+NOx. The summary table on benefits should cover all options (t10). As already mentioned, it is important to give more details about the methodology and assumptions underlying quantitative estimates.

(E) IAB scrutiny process

Reference number	2009/ENTR/010
External expertise used	No
Date of Board Meeting	14 April 2010



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels, 15 JUL. 2010
D(2010)

Opinion

Title **ENTR - Impact Assessment accompanying proposal for a Directive amending Directive 94/25/EC on the approximation of the laws, regulations and administrative provisions of the Member States relating to recreational craft, as amended by Directive 2003/44/EC**

(resubmitted draft - version of 5 July 2010)

(A) Context

This Impact Assessment accompanies a proposal for amending the Recreational Craft Directive (94/25/EC) which regulates the placing of pleasure boats on the European market. When it was first introduced, it set safety requirements. The Directive was later amended to set limit values for exhaust emissions and engine noise from compression ignition and spark ignition propulsion engines (Directive 2003/44/EC). The key air pollutants regulated are Nitrogen Oxide (NO_x), Hydrocarbons (HC) and Particulates (PT). Carbon monoxide is also controlled. A review clause in the Directive required the Commission to report on the possibility of further improving engines' environmental characteristics by amending emission limits to reflect technological progress and of harmonising EU limits with those in other countries, especially the USA. The Commission issued a report in 2007 (COM(2007/313)). The position of SMEs is a consideration as they account for more than 95% of firms in the sector.

(B) Overall assessment

The report has been significantly improved along the lines of the Board's first opinion, and provides evidence to justify action in this area. It now includes a monetised assessment of the possible net benefits that reflects key environmental impacts and compliance costs for affected firms. It should be strengthened further by making a stronger case for options with mitigation, references to practical effects, a more fully developed evaluation plan, and some further clarification of the text.

(C) Main recommendations for improvements

(1) Strengthened case for options with mitigation. The report should better explain and justify the options with mitigating measures. It should explain the US flexibility scheme in option 3.1, and outline the definition of SME (i.e. only true SME's or also "SME

subsidiaries" of larger groups) that would be used to determine whether a firm qualifies for extra transition time under option 3.3. Given that public authorities disagree with the need for mitigating measures for SMEs and that there is apparently only one (or very few) clearly identifiable independent SME affected, the report should review the proportionality of option 3.3.

(2) References to practical effects. The report should indicate how the preferred option is expected to affect pollutant concentrations in target locations compared to the baseline situation, if known. This could be done by describing changes relative to tables 1-3 (for which the underlying methodology also needs to be explained in the Annexes). To make the practical effects easy to grasp, the expected change in the number or proportion of actual maritime locations where the Environmental Quality Standard is exceeded for relevant pollutants should also be stated if known.

(3) More detail about evaluation plans. Plans for evaluation should be more fully developed, as should plans for tracking monitoring indicators to spot potential problems in the functioning of the Directive.

(4) Prospect of administrative savings. The text on administrative burdens should clarify whether burdens to regulated manufacturers or importers arise from certification requirements, and might be reduced under the preferred option and alignment with US limits.

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

In line with the integrated approach to impact assessment, the content of section 6.1.4. ("SME test") should be presented in each of the relevant analytical sections (e.g. consultation, problem definition, options etc) of the IA report. If considered necessary current section 6.1.4 could be repeated in an annex.

Certain changes to the text should be made to clarify the conclusions. Tables 10, 14, 17 and 20 should be labelled 'environmental benefit / year' or 'value of damage avoided / year' rather than 'average annual damage savings / tonne'. Numbers should be presented consistently throughout (e.g. to avoid differing representations of thousands within Annex IX). The labelling of options should be standardised, and be coherent in the main text and annexes (e.g. see Annexes VIII, X, table 22). Calculations in table 21 should be rechecked. The text should indicate clearly whether key studies listed in footnotes 2-4 are available publically.

(E) IAB scrutiny process

Reference number	2009/ENTR/010
External expertise used	No
Date of Board Meeting	Written procedure The present opinion concerns a resubmitted draft IA report. The first opinion was issued on 16/04/2010.