

## **Legislative inertia cuts the lifeline of the SME driven independent automotive aftermarket**

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Changes to the type-approval legislation are urgently needed, no one disputes this and the main focus has been on measures addressing the aftermath of Dieseldate. However, an important market segment that is regulated via the type-approval legislation, i.e. the multi-brand automotive aftermarket dealing with repair and maintenance of cars, is left hanging out to dry in the Commission 2016 proposal for revision

Updates in the regulatory framework are literally the lifeline that is needed to keep the entire vehicle repair and maintenance sector in business. Not only the sector itself states this, but an independent report (Ricardo report), ordered by the Commission comes to the exact same conclusion.

**Not revising the RMI provisions now would constitute legislative negligence to the detriment of an SME driven industry sector that is the driver of independent entrepreneurship.** This would go against all principles the EU and especially the EU Commission stands for: more jobs and more SME prospering in Europe. **Action is needed now in the current legislative process and the window for action is closing rapidly.**

### **SMEs and independent entrepreneurship in jeopardy**

The multi-brand repair and maintenance sector is not what you would call a small, niche sector.

It accounts for 500,000 companies employing 3.5 million people across Europe offering services to 285 million vehicle owners and business operators. Mainly SMEs offer car owners quality service at an affordable price. Our sector stimulates independent entrepreneurship in a rapidly evolving business sector. This is all at stake if the legislative framework regulating our activities is not adapted to evolutions that have already taken place and will continue to take place in the coming months.

Waiting to make structural adaptations will have catastrophic and instant effects for our sector and will lead to bankruptcy of numerous SMEs. We are not asking to make big changes but to address structural problems of a 10 years old legislation in order to be able to operate on the basis of equality of service. How? By integrating the findings of the Ricardo Study in legislation now.

### **The lifecycle of a car needs to be addressed**

The debate on the revision of the type-approval legislation was accelerated by the Dieseldate and ever since the debate has mainly focused on provisions dealing with the putting on the market of cars. This is however only a very limited part of the car's lifecycle. Adequate maintenance and repairs are just as fundamental to maintain emission limits and to achieve the results politicians are looking for in restoring consumer confidence in cars. Equipping this sector with an adequate and firm regulatory framework is the only way to deliver on the overall societal objective of the legislation.

## **Apply Better Regulation in practice – walk the talk**

Beyond content reasons, it is extremely worrying to see that in the context of the type-approval revision, numerous principles of Better Regulation are forgotten.

First and foremost, Better Regulation's underlying objective has always been reducing administrative burden in order to make SMEs prosper. Walk the talk and equip an SME driven market segment with the legal instruments it needs to survive and thrive.

Efficiency and effectiveness, fundamental principles of Better Regulation, make it inexcusable not to address RMI provisions in the current revision of the legal text. Type-approval is the appropriate legal instrument for RMI provisions, it is their most natural home and this vision is shared by the actors of the automotive value chain.

Any hypothetical revision 'in future', revision via delegated acts, revision via different instruments, are false excuses jeopardising the existence of an entire market segment.

- *Revising in future?* We all know that, once the type-approval revision is closed, it will not be re-opened for many years.
- *Revising via delegated acts?* Although delegated acts are an important and useful tool to complement and update legislation, essential provisions must be first be enshrined in the legislative act before they can then be refined and implemented via delegated acts.
- *Revising in conjunction with a different instrument?* The 'classical' analogue RMI issues should not be mingled with other instruments or topics, such as e.g. future solutions on telematics/'connected car'. The structural deficiencies of a 10 years old legislation need to be addressed *now*.

## **What is at stake - Example**

The standardised OBD connector as vital data communication channel with the vehicle and its data is at stake: The communication with the vehicle to enquire its 'health status' and to perform subsequent diagnostic, repair and maintenance services is currently ensured by a physical standardised OBD connector. This standardised data link connector (on-board-diagnostic (OBD) connector) is THE lifeline thereby supports fair competition, innovation and independent entrepreneurship in the automotive aftermarket. This lifeline is at risk of being closed in practice by car makers. This situation needs to - and can only be - addressed during the current revision of the type-approval legislation.

## **The way forward – Please take EP amendments on board!**

So what opposes the adaptations the independent aftermarket so dramatically needs? Too complex to revise? Not at all, as is demonstrated by the amendments introduced by the European Parliament. The measures they table guarantee the lifeline the repair and maintenance sector needs to survive.

We ask that the EP amendments are taken on board in the trilogue discussions as there is no justified reason for not addressing the RMI dispositions now. It would be legislative negligence to drop the EP amendments which guarantee the lifeline for so many SME and employees.