

Preliminary Briefing for Antonio Tajani, European Commissioner for Industry and Entrepreneurship

Subject: protection of European enterprise from the "cycle beating" practises of unfair competition under the new EC type approval provisions for the automotive industry.

"Cycle beating" is an expression used by professionals in the area of vehicle emission which refers to the practise of tuning their automotive technology aiming to solely pass the requirements of the homologation test "cycle" imposed by the controlling regulation without effectively ensuring that the products delivered into the regulated market respect the spirit of the law once in the field (outside the homologation cycle).

Modern technology allows many ways of effectively "beating the cycle", by implementing special software routines which recognise the start of an homologation test cycle, to then purposely default to a much lesser stringent requirement once in the field, in order to achieve regulation compliance with sub-standard technology which can be sold largely below the market price of an equivalent "all vehicle life" compliant technology.

This practise is detrimental for many reasons, as it completely discredits the work of the Commission trying to achieve social and environmental benefits with a stringent regulation, and it is particularly serious for the small and medium enterprise which, unlike the gigantic industrial conglomerates, is usually very innovative and product focused however less resilient to replacement sub-standard cheaper technologies.

It is our intention to recall the European Commissioner attention to the urgency of implementing strict rules of market surveillance, as mentioned in the recent report of CARS 21, as well as to give strong and immediate signals to the industry that cycle beating practises will not be tolerated. This is aimed to favour fair competition which creates social benefits as well as employment opportunities fuelled by European SMEs.

A clear example of this issue is the mandatory application for passenger vehicles of Tyre Pressure Monitoring Systems (TPMS) by the General Safety Regulation (GSR) issued by your DG in 2009, in which cycle beating practises could facilitate the proliferation of cheap substandard TPMS technology. This will compromise heavily the safety and environmental benefits which the GSR aimed to deliver to the point of becoming counterproductive.

As a solution to prevent such proliferation and its detrimental effects we propose that the EC sends strong and clear signals to the market indicating that cycle beating practises will be put under scrutiny and not tolerated.

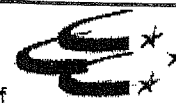
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