

From: [REDACTED] (TRADE) [Art. 4.1(b)]

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Sent: 0 February 2013 21:04

To: [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); S [REDACTED] (ENTR); [REDACTED] (ENTR)

Cc: ETRICCIONE Mauro Raffaele (TRADE)

Subject: NTR - TRADE Meeting with ACEA today - report

Attachments: eeting ENTR TRADE ACEA 20022013.doc

Dear all,

Please find attached my meeting notes of today's meeting with ACEA – 3 hrs in total, and very interesting for us in terms of technical information. You will find a much shorter summary below. [REDACTED] is of course welcome to correct if there's anything missing / incorrect. I will also send this to the DEL, encrypted.

Tomorrow in the meeting organized by TRADE they will keep it much more general, but will probably still touch upon all the issues ([REDACTED], you should be perhaps prepared to give a reaction on zoning, as they will raise this. It's the one issue that I haven't been following much).

Best,
[REDACTED]

Meeting ENTR / TRADE with ACEA - summary

Participants: ENTR ([REDACTED]), TRADE ([REDACTED]), ACEA ([REDACTED])
ACEA sought a meeting to discuss with the COM in detail expectations for the first year of negotiations. KDG said 'real progress should be made in the first 12 months. This progress should be measured against the roadmap (not the GRU final report, which is less committing), but the roadmap itself is vague and does not include any deadlines. ACEA hopes there will be progress in each roadmap item at the end of year 1. ACEA also mentioned the discussion with [REDACTED] at the meeting of the Business Europe Japan network, and expressed hope that the COM would 'make this a habit', in order to update industry periodically (e.g. every 3 months) of the progress of negotiations, together with the Japanese mission.
1) UN ECE

ACEA did not seem to be aware that there is a draft roadmap by MLIT that was handed over to the EU during the ENTR mission to Tokyo (we did not mention it either).

ACEA will send a detailed analysis of the status of Japan's implementation of UN Regulations by end-Feb. Basically, the core ACEA requests for year 1 will concern 16 UN Regulations (21, 43, 55, 64, 121, 51, 117, 4, 34, 46, 79, 125, 83, 101, 67, 110).

According to ACEA, on 5 of them, GoJ has apparently already taken a decision to apply them without any changes. For the rest (see attached for details), most of them are being discussed in the IWVTA context in WP 29, and JP has already made proposals for amendments on several (N.B. We need to check this).

ACEA will discuss in the coming days with its IWVTA experts to come up with its opinion on the JP requests – on the one hand, ACEA welcomes initiatives by the GoJ to apply more UN Regulations; on the other, they need to make sure that the changes that GoJ is proposing will not make those Regulations significantly more restrictive, thus leading to a negative impact globally for industry.

On emissions, the situation is further complicated by the fact that there are ongoing discussions in WP29 on the adoption of a GTR on test methods (WLTP). Once adopted, the emissions Regulations (83, 101) should be amended to reflect the GTR. ACEA's biggest interest on emissions is for the WLTP to be adopted, and then for the EU and JP to apply it concomitantly.

COM also asked ACEA's opinion for the remaining regulations relevant for the IWVTA which they did not mention (see attached for ACEA's replies).

COM also asked what ACEA would like to see from the GoJ at the end of FY2012, and end of year 1

(review deadline). ACEA indicated that they don't have much expectation for 31 March. However, they have high expectations that by end of year 1, JP will not only have issued specific roadmaps for these 16 Regulations, with clear timelines of adoption, but also should have adopted a significant number of them. This should not be hard, as at least for some of them, there is agreement in the GoJ that they have to be adopted without changes (see above).

2) Kei cars

ACEA was a bit irritated with 'alternative' solutions to the Kei car issue than the one they proposed (i.e. making taxes more proportionate). Neither the solution to produce a European Kei car, nor the one to elevate the size and engine limitations to allow European sub-compact cars to qualify as Kei cars were feasible or desirable. Instead, COM should push for a more equitable fiscal treatment, in accordance with the commitment in the scoping roadmap, which specifically mentions "impact on competitive conditions". We told them that we had not made up our mind on what to do about Kei cars; this was a sensitive and political issue which will be addressed in the negotiations. However, we would continue to consult industry on possible solutions and would evidently not push for one which industry was (and could provide solid arguments) against.

3) Pyrotechnic safety devices – hydrogen compressed gas airbags

ACEA explained that this issue was now mainly led by [REDACTED], but all ACEA members shared an interest to see a satisfactory solution. [Articles 4(1)(a) third indent and 4(2) first indent]

[REDACTED]. Therefore, a solution should be found by 2015. METI has proposed to solve this with a 'paperwork solution' (i.e. matching with documentation each car with each airbag inflator – N.B. we know already from BMW that this solution is very difficult to implement). This is almost impossible to comply with. Instead, METI should provide for a generic exemption of gas compressed airbags from the High Pressure Gas Act.

ACEA is working, at the advice of the EU DEL, on two proposals (one on how to amend the relevant Ministerial Ordinance to provide for this exemption, and one fall-back solution, see attached). We told them that we would discuss this with the GoJ in the negotiations, and will also continue to follow this up with METI via the DEL.

4) Harmonized test driving cycle (WLTP) – see above in point 1

5) High pressure gas tanks

ACEA expressed its discontent with the fact that the final GRU report is not as committing as the interim one included in the roadmap. The COM should push the GoJ to deliver on the roadmap, not the final GRU report (this was repeated several times). In this case, for instance, the roadmap specifically indicates the possibility to accept on the Japanese market fuel tanks approved in accordance with EU and ISO standards.

We told them that, indeed, the roadmap and not the GRU report is attached to the negotiating mandate, so Japan's bilateral commitments towards the EU are in the roadmap. However, it is up to TRADE hierarchy to decide whether to push this aspect and when (N.B. Antonio, if you touch upon this issue next week, it would be good to focus on this aspect of the roadmap).

6) Zoning

Same comment – ACEA thinks that the GoJ should comply with the roadmap, which is more committing than the final GRU report. ACEA and JAMA are unhappy that, despite the flexibilities introduced in end March 2012, no member has been able to take advantage of them to set up a single additional shop. One US company appears to be the lone beneficiary of these flexibilities for the time being.

Technical Barriers to Trade and
Non-Tariff Barrier Negotiations

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