











CAPC

Regulatory Harmonization - Working Group


May 2007


Initiative	Action Plan Item	Owner	Timing	Status
Formal Harmonization Policy	<ul style="list-style-type: none"> Adopt policy with clear statements across departments dealing with auto sector. CAPC should play a coordinating role. Historic differences should be addressed. 	Fed-Prov	Ongoing	
Fuel Efficiency Targets	<ul style="list-style-type: none"> Adopt federal standards consistent with NHTSA requirements. Provinces should support federal standards. 	Fed Prov	2010 2008	 
CMVSS 208 (Occupant Protection)	<ul style="list-style-type: none"> Harmonize with FMVSS 208 	Fed	1H07	
CMVSS 215 (Bumpers)	<ul style="list-style-type: none"> Harmonized Canadian bumper requirements 	Fed	Tbd	
Emissions Monitoring and Reporting	<ul style="list-style-type: none"> Harmonization of emissions monitoring and reporting requirements (Ont. Reg 127/NPRI/GHG) 	Prov-Ont Fed	Announced 2005	
Self Certification	<ul style="list-style-type: none"> Full recognition of self certification (including electronic simulation) 	Fed	2007	
Telematics MOU	<ul style="list-style-type: none"> Recognition of Guidelines Developed by the Auto Industry 	Fed	2007	
CMVSS 114 (Locking and Immobilization)	<ul style="list-style-type: none"> Unique Canadian requirements without test protocols 	Fed	N/A	
EC Product Regulations	<ul style="list-style-type: none"> Non-harmonized (California) auto aftermarket products proposed 	Fed	2007	


Fed – Federal Government
 Prov – Provincial Government
 Auto – Auto Manufacturers, Suppliers
 Parts – Parts Suppliers
 Other

- Given that the regulatory initiatives are future-oriented and developed by the federal government, their priority is dependent on the substance, timing, etc. of the government's detailed proposal, and therefore their relative priority could change.
- Federal government has stated its intent to regulate fuel efficiency going forward.

Timing
 Timing: 1st or 2nd Half and Year
 Proposed expected 2008

 Addressed – implementation underway and on-time.

 Plans, commitments and timelines not clear – attention needed.

 Immediate Attention

Data as of: 04/24/2007

**Canadian Automotive Partnership Council
Regulatory Harmonization Working Group
PROGRESS REPORT – May 4, 2007**

Overview

- CAPC identified regulatory harmonization as a key pillar of Canada's automotive strategy for the future.
- To date the Regulatory Harmonization Subcommittee has identified the need for government to develop a formal harmonization policy with respect to automotive issues, as well as the following three priority issues:
 - A common approach to fuel economy in Canada and the U.S.
 - Canadian Motor Vehicle Safety Standard 208 (CMVSS 208) (Occupant Protection Requirements)
 - CMVSS 215 (Bumper Standards)

Status Report

- **No regulations have been harmonized since the last CAPC meeting.**
- Issue papers for the original harmonization priorities have been completed and outline the critical importance of these issues to the Canadian auto industry.
- The working group is concerned that action on the recommendation from the External Advisory Committee on Smart Regulation outlined below has not occurred and existing informal policy provides too much opportunity for unique requirements that are not necessary.

Recommendation 43: A comprehensive Canadian automotive policy framework is required to coordinate automotive regulatory roles and develop clear objectives. This framework would also incorporate a strategy of cooperation on standards and joint regulatory development with the U.S.

- A comparison of U.S. vs. Canadian Vehicle Safety Standards has been completed. 14 of 62 standards are currently the same. Six or more unique Canadian regulations apply to any given vehicle.

Next Steps

Process Required to Act on Recommendations

- A clear and efficient process needs to be established to deal with recommendations that are developed by the Regulatory Harmonization Subcommittee, particularly for recommendations that impact a number of departments.

Commitment to Develop a Vision for Regulatory Harmonization

- Progress towards resolution of immediate priorities would benefit from a vision on regulatory harmonization that spans across all departments that deal with automotive issues consistent with the recommendation of the External Advisory Committee on Smart Regulations.
- Governments within Canada should adopt a policy of harmonization of standards and regulations, unless compelling Canadian evidence exists that a different standard in Canada is necessary.

The Vision for Regulatory Harmonization

- | | | |
|----------------|---|---|
| For Products | → | A product environment that respects self-certification to one set of regulatory requirements across North America and in the longer term, globally, and satisfies societal needs efficiently. |
| Within Canada | → | One set of globally competitive manufacturing and vehicle in-use requirements across all jurisdictions in Canada |
| Recommendation | → | Develop a formal harmonization policy with clear statements that is recognized across government departments with responsibility for the automotive sector. |

Key Issues of the Status Report

Fuel Efficiency Targets

- Federal government has signaled its intention to regulate fuel efficiency after the period covered by the current Greenhouse Gas Memorandum of Understanding.
- The reformed U.S. federal fuel economy standards are set at the maximum achievable level that won't degrade safety or cause economic harm to the industry. The mix of vehicles purchased in Canada leads to a more stringent target for manufacturers in Canada. This is the appropriate balance for the integrated NA market. This is a code yellow.
- The industry is extremely troubled by provincial proposals to regulate fuel economy. These proposals for unachievable standards would lead to reduced product availability particularly for those needing larger vehicles (families, farmers, businesses).
- Provincial initiatives are coded red.

CMVSS 208

- TC has proposed requirements for Canadian Motor Vehicle Safety Standard (CMVSS) 208 for Occupant Protection that are not harmonized with the extensively upgraded U.S. Federal Motor Vehicle Safety Standard (FMVSS) 208 which is currently being phased in. Canada has not demonstrated that there is a field problem with the current occupant protection systems. With a non-harmonized regulation, Canada risks foregoing the benefits of U.S. advanced systems or compelling more expensive unique Canadian variants of vehicles, or both.
- TC has hired a U.S. academic to conduct additional cost benefit analysis and risk analysis.
- Revised proposals continue to seek unique Canadian requirements, so this issue is coded yellow.
- It has been seven years since FMVSS 208 was finalized and TC still has not completed its analysis.

CMVSS 215

- Canada has unique bumper requirements (damageability) and is not currently planning to harmonize this standard.
- This requirement has precluded products from the Canadian market; these are generally low volume or cost sensitive products.
- This is coded red.

Emissions Monitoring and Reporting

- The Ontario ONAir Regulation 127 emission inventories and the federal National Pollutants Release Inventory (NPRI) are duplicative and create a significant administrative burden, because both regulations cover primarily the same substances with different reporting and recordkeeping requirements. The federal government is currently developing a GHG reporting system which may not be harmonized with the Ontario system.
- Proposals exist to revoke Reg 127 and harmonize GHG reporting but full resolution is delayed.
- Environment Canada has proposed additional reporting obligations for process level emissions of Criteria Air Contaminants beyond those required of U.S. facilities. Therefore, this issue is coded yellow.

Self Certification

- Transport Canada's (TC) discussion paper on proposed revisions to the Motor Vehicle Safety Act (MSVA) would have the effect of restricting the automotive manufacturers' ability to certify vehicles using available tools including advanced, state of the art, computerized techniques (correlated to physical tests) and engineering judgment. TC is attempting to prescribe how manufacturers certify their vehicles under the Canadian Motor Vehicle Safety Act in order to make compliance audits easier. The use of advanced methods to support certification speeds the implementation of advanced technologies and supports robust testing and compliance.
- This is now coded red as TC, to date, has not indicated a change in its position on this issue or a timeframe for its resolution.

Driver Focused Telematics MOU

- The Canadian auto industry has proposed entering into a Memorandum of Understanding (MOU) that would adopt guidelines for telematics devices in new vehicle designs as has been adopted in the U.S. Arrangements were made for TC to participate directly in discussions regarding the development of the guidelines.
- After TC proposed to add prescriptive requirements, some changes to the MOU and guidelines are being negotiated which hopefully will allow an agreement to be completed.
- This is coded yellow.

CMVSS 114

- TC has added requirements for vehicle immobilization systems..

- The U.S. has no such requirements
- The regulation contains performance requirements for which there is no test method or procedure to demonstrate compliance, contrary to government policy.
- TC without the knowledge of the Canadian industry proposed a revision to an ECE regulation (which was rejected) and TC added the new requirements to the final regulation in a manner inconsistent with regulatory process requirements.
- This is coded red.

Safety Regulations Review

- A comparison of Canadian vs. U.S. vehicle safety regulations has been completed with TC. The report is attached.

Environment Canada (EC) Product Regulations

- EC is developing regulations which impact automotive aftermarket products based on unique state requirements (California)
- This is coded yellow.

Harmonization of North American Motor Vehicle Safety Standards

Issue

- In order to drive efficiencies (cost to the consumer, manufacturing), motor vehicles are developed and manufactured for a common North American market place yet Canadian vehicle safety standards are not fully consistent with U.S. standards.

Background

- The Canadian Automotive Partnership Council (CAPC) Harmonization Working Group was established largely to improve harmonization of Canadian and U.S. Motor Vehicle Safety Standards
- Industry developed a draft list of Canadian regulations and their status as being harmonized or unique relative to U.S. federal standards
- Transport Canada (TC) also conducted a comparison
- CAPC's industry members and TC staff have discussed the standards and have developed a consensus list of harmonized and non-harmonized requirements

Harmonization Status

- 14 of 62 standards are fully harmonized
- 26 standards are currently being revised or are being considered for revision by TC in a manner improving harmonization
- 7 unique Canadian regulations would apply to any one passenger car*
- 6 unique Canadian regulations would apply to any one MPV or truck*

Industry Perspective

- We are encouraged by proposals to improve harmonization on 26 and encourage speedy resolution
- There are several requirements in the unique to Canada category that will remain a challenge for industry including:
 - Occupant protection standards (CMVSS 208 in particular)
 - Bumper standards (CMVSS 215)
 - Immobilizer requirements (CMVSS 114)
 - Lighting standards (CMVSS 108)
 - Restraint Anchorage (CMVSS 210 series proposals)
- Unfortunately there has been no change in status since the last meeting.

Recommendation

Transport Canada must move forward with proposed improvements and undertake further work than it has planned to date to harmonize safety standards.

* Diesel or gas powered, more for alternative fuel vehicles

CAPC Regulatory Harmonization Working Group – Priorities

The CAPC Harmonization WG met by teleconference on January 26, 2007, to discuss the Council's request for the working group to identify its top three priorities.

Given the extent to which non-harmonized requirements affect the auto industry (only 14 of 62 safety standards are the same as the U.S. standards) the group wishes to put forward potential concerns with this approach. The fact that so many standards aren't the same is a reflection of historic policies and processes which promote unique requirements. This must be addressed. While these three priorities are the most important to the industry, this should not be taken to mean resolving them is all that needs to be done. TC is to be congratulated for its proposal to assess 26 standards for further harmonization and this work must continue expediently.

None of the priorities are new.

Priorities:

- 1) Harmonize fuel efficiency requirements with U.S. federal standards (the dominant N.A. standard)
- 2) CMVSS 208, Occupant Protect in Frontal Collisions
- 3) CMVSS 215, Bumpers

Additional Context

Fuel Efficiency: The Canadian market is not large enough to support unique designs in a manner that is cost efficient for the consumer. Increased vehicle prices would slow fleet turnover, delaying environmental and safety benefits inherent in new vehicles, reduce product offerings or limit vehicle utility and functionality, or both. Provincial initiatives aiming for unachievable standards would magnify the challenges for consumers and harm the industry.

CMVSS 208: This safety standard sets requirements for occupant protection in frontal collisions. All modern motor vehicles optimize occupant protection utilizing a systems approach which integrates the safety attributes of the vehicle structure with advanced restraint systems (seats, safety belts, air bags, sensors, etc.). Unique requirements can necessitate structural or other changes which will have collateral safety impacts and drive significant cost increases or exclude a vehicle from the market, or both. In the case of price increases, road safety is reduced because of slower penetration of new technology into the market.

CMVSS 215: This standard is called a safety standard while other jurisdictions (US, EU) classify low speed requirements as damageability standards. The test speed (8km/h) is different than the US (4km/h) and Europe (2.4

April 24, 2007

CAPC Regulatory Harmonization Working Group – Priorities

km/h). Transport Canada suggests benefits occur because there is a reduction in the number of vehicles being driven with damaged safety systems, after a low speed collision. Provincial in-use requirements prohibit driving vehicles with damaged safety equipment. The standard drives structures which generate challenges for managing energy (pulse) during crashes (eg. CMVSS 208 requirements) and conflicts with potential pedestrian protection objectives.