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Cc Kristian Schmidt, EU Coordinator for Road Safety

4 July 2024

Re: Individual Vehicle Approval, and the continued application of the lightest touch to the most lethal vehicles

Dear Vice President, dear Commissioners, dear Director General,

A gaping loophole in EU and member state law continues to allow US pick-up trucks (and similar vehicles) to be imported without the need to comply with EU type approval law on air pollution, climate emissions or vehicle safety. This loophole is known as 'Individual Vehicle Approval', or IVA.

Last October seven civil society organisations wrote to the Commission regarding IVA and the Commission replied the following month (both letters attached for reference). The clear acknowledgements - and commitments - made by the Commission in its November letter are welcome:

[The Commission] shares your concerns and we are determined to do all that we can to improve the situation. We see the problem that some economic operators are using loopholes in the legislation to circumvent the rules and to place significant volumes of vehicles produced in large series on the EU market under Individual Vehicle Approval

(IVA) that are exempted from the safety requirements under the General Safety Regulation and from CO₂ monitoring and target compliance whereas their competitors continue to comply with Regulation (EU) 2019/631.

But the apparent lack of progress is deeply concerning. In fact, we are not aware of any substantive steps taken by the Commission to progress this issue, despite the candour of its letter last November, which included many stated commitments to advance reform.

For too long, citizens have witnessed the continued application of the lightest touch to the most lethal vehicles. Imported pick-up trucks are certainly the most lethal vehicles when it comes to climate breakdown and fatal collisions, and the application of real-world on-road testing may reveal these vehicles to be the most lethal when it comes to air pollution. Nearly 5,000 Dodge RAMs were brought into Europe in 2023, up 20% compared to 2022, according to newly-released data from the European Environment Agency. This import level is 2.7 *times* higher than the 2019 volume of 1,800. There are now more than 20,000 Dodge RAMs on European roads. (See further the Annex to this letter.)

The Commission's inaction stands in stark contrast to the steps being taken by progressive cities. Already, Paris, Lyon, Grenoble, Koblenz and Tübingen have decided to vary parking charges by weight or, in the case of Koblenz, by vehicle size (width x length). These reforms show the determination of cities to counter SUVisation by adopting clear reforms that discourage the further increase in the weight and size of private vehicles.

The lack of action by the Commission does not compare well. Worse, it invites an ever-widening exploitation of the IVA loophole. As shown by examples cited below, US vehicle-makers such as Chevrolet, Corvette, GM, GMC and Stellantis are ramping up their supply of pick up trucks on the EU market through 'Individual Vehicle Approval'.

The use of IVA to import pick-up trucks is being deployed as European law-makers never intended, i.e. as a large-scale back-door import channel to avoid the air quality, climate and safety requirements that apply under EU type approval. Covering these areas in turn, we ask that the European Commission use its upcoming work programme to formally commit to closing the IVA loophole, and to follow this up by publishing a detailed and time-bound implementation plan, including key objectives / priorities, and proposed deliverables, under the following three headings:

Air pollution

- As a matter of urgency, we ask the Commission to advance its plan to apply a real driving emissions (RDE) test to IVA imports, and make good its commitment in its November 2023 letter "that each particular vehicle to be approved under the EU-IVA scheme should undergo emission testing, including for real-driving emissions in accordance with Regulation (EU) 2017/1151".

Climate

We ask that:

- Official CO₂ values are applied to IVA imports, as envisaged by the Commission, and that these official values are expressly recognised for use in Member States' vehicle tax systems, and that
- The CO₂ emissions of IVA vehicles are recognised and incorporated in the fleet average CO₂ of vehicle-makers for the purpose of compliance with EU climate targets.

Road safety

- We ask that the safety requirements that other new vehicles must meet from 7 July 2024 be applied to IVA.
- While there is a case for limited exemptions (vehicles adapted for special mobility requirements, emergency service vehicles, and vintage cars), as with any exemptions, they must be tightly drafted to avoid abuse.

There's no justification to continue applying the lightest touch to the most lethal vehicles. Equally, there's no reason why mass market vehicles from other jurisdictions enter the EU by the thousands under the false pretence that each Dodge RAM pick-up truck, for example, is 'individual'.

As noted by the Commission, EU IVA and Member State IVA constitute distinct and separate import channels. The first step for the Commission is to close the loopholes in EU IVA. After EU IVA is revised, the reform of IVA at Member State level will need to follow without delay. We urge the Commission to put the necessary resources in place to engage with Member States on the timely updating of national IVA. The potential delay by Member States in reflecting EU-level reform in their national law needs to be avoided. However, the first reform steps are with the Commission itself, namely, the reform of EU IVA.

Yours faithfully

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This letter is sent on behalf of all organisations applying their logos (above). The contact persons are as above.

Annex: key features of the IVA loophole

1. IVA vehicles raise air pollution as post-Dieselgate reform still not applied to IVA

Almost a decade after 16 major car-makers were found cheating air quality requirements on a wholesale basis,¹ the EU's post-Dieselgate reforms still do not apply to IVA imports - a clear regulatory gap.

The October 2023 letter from civil society organisations drew attention to the leading vehicle imported to the EU under IVA: the Dodge RAM pick-up truck. Manufactured outside Europe by the Stellantis group, Dodge RAMs make up 60% of IVA imports. Their importation to the EU, which is done exclusively via IVA, has been increased 2.7 fold since 2019, up from 1,804 in that year to 4,882 in 2023. The 2023 figure is 20% higher than 2022, continuing a steep upward trajectory over the past five years.

New Dodge RAM pick-up trucks registered in the EU (+Norway & Iceland), 2019 - 2023 ²					
2019	2020	2021	2022	2023	5-year total
1,804	3,537	4,589	4,060	4,882	18,872

Examining import patterns, 86% of Dodge RAMs (and similar vehicles) enter the EU through certification entities headquartered in Germany, making it the predominant IVA channel for US pick-up trucks to enter Europe. (More specifically, we understand that TÜV Nord accounts for more than half of Dodge RAM certifications, while other major IVA certifiers based in Germany include TÜV Süd, GTÜ and TÜV Rheinland.)

As shown by the Dieselgate scandal, when it comes to defending the air quality of European citizens, there is no alternative to the real-world testing of vehicle pollutants, known officially as Real Driving Emissions (or RDE) tests. Lab-based tests can unfortunately be gamed, as shown by the revelations of 2015/6. It is therefore essential that RDE testing is introduced into both EU and national IVA without delay.

We ask the Commission to apply real-world testing for air pollutants to EU IVA, as signalled in its November 2023 letter ("that each particular vehicle to be approved under the EU-IVA scheme should undergo emission testing, including for real-driving emissions in accordance with Regulation (EU) 2017/1151").

Importers have in fact two IVA channels to bring such vehicles into Europe, IVA at EU level, or IVA at national level. IVA at EU level is scarcely used by the main importers. Yet, the IVA rules applied at EU level establish a legal floor that all Member States must respect as a

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¹ Leigh Day (2024). Car manufacturers will face trials over Dieselgate emissions scandal next year. Link.

² European Environmental Agency (2024). Vehicle CO₂ dataset. Link.

benchmark in their national IVA systems. After the Commission tightens an IVA loophole at EU level, Member States (such as Germany) are required under 2018 law to carry this change into domestic law, or apply a "relevant alternative requirement" to national IVA approvals.

After it reforms EU IVA, the Commission will need to be adequately resourced to ensure these reforms are mirrored at national level. More specifically, in the case of RDE testing, we urge the Commission to ensure it puts the necessary resources in place for consultation with Member States so that the application of RDE testing to national IVA systems follows without delay after the Commission makes such real-world testing mandatory for EU IVA.

The same point applies to avoiding potential future delay between the reform of any IVA loophole, i.e. the Commission first needs to spearhead reform at EU level, and then apply resources to ensure Member States deliver at national level.

As indicated in our previous letter, there is scope for tightly-defined exemptions, including from RDE requirements. For example, vehicles that need to be imported under IVA for citizens with special mobility requirements, and imports of vehicles for emergency services, could be partly or completely exempted.

2. IVA vehicles are exempt from EU climate law despite being the most climate-damaging

A key reason auto-makers, such as Chevrolet, Corvette, GM, GMC and Stellantis, use IVA is to avoid the European climate law provisions which apply to EU Type Approved vehicles.

Corvette provides a good example of marque shifting sales from EU Type Approval to IVA. Corvette obtained formal Type Approval in the past,³ but since April 2024 is channelling imports into Europe using IVA.⁴ Corvettes are seriously climate damaging vehicles, emitting 277 gCO2 per km, around 3 times higher than the average for newly-sold cars.⁵ From 2025 to 2029, vehicle-makers must respect the EU-wide target of 93.6 gCO₂ for new cars - or incur financial penalties, or pay the price of joining a pool dominated by cleaner cars.

The use of IVA by Stellantis to import Dodge RAMs is even more egregious. Dodge RAMs imported into Europe emit between 300 and 910 gCO₂/km.⁶ In other words, these vehicles contribute to climate breakdown 3 to 9 *times* higher than the average new car. Similarly, the

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³ To date Corvette sought and obtained small series Type Approval most frequently in Luxembourg (e.g. 13*KS07/46*0008*03).

⁴ Einpresswire (2024). AEC Specialty Vehicles Ltd. appointed official European Distributor of Corvette Brand in key European Markets. Link.

⁵ Average emissions are due to reduce to 93.6 gCO₂/km in 2025. See T&E (2024). Bridging the gap: Carmakers' progress toward the 2025 car CO₂ targets. <u>Link</u>. See also European Commission (2024), CO₂ emission performance standards for cars and vans. <u>Link</u>.

⁶ European Environmental Agency (2024). Vehicle CO₂ dataset. Link.

emissions from Dodge RAMs are 3 to 9 times higher than the level at which financial consequences would apply if Dodge RAM used Type Approval as European law-makers intended. By getting a mass market vehicle, the Dodge RAM, 'individually approved' Stellantis is avoiding EU climate law.

And by using IVA to bring Dodge RAMs into Europe - instead of securing EU type approval - Stellantis removes its highest emitting imports from the calculation of its CO₂ fleet average. Using the false pretence that every Dodge RAM warrants 'individual' approval, Stellantis artificially decreases its CO₂ fleet average, and by doing so, may help the company avoid fines, or payments to other car-makers for selling cleaner cars.

The rationale why the large-scale use of IVA is exempt from EU climate law is not explained within the relevant legal provisions. Nor did the Commission offer an explanation in its November 2023 letter.

3. In the absence of climate emission data, IVA is also a tax avoidance loophole IVA may also help buyers of the highest-emitting vehicles to avoid paying vehicle tax within their Member States.

Because climate emissions are not regulated under IVA, buyers can then point to the absence of any officially-certified CO₂ emissions figure when it comes to paying CO₂-based vehicle taxes. Due to this loophole, we understand owners of IVA vehicles may avoid CO₂-based taxes completely, or be significantly under-taxed compared to the actual climate damage of the pick-up truck, large SUV, or similar vehicle.

While not mentioning tax avoidance explicitly, the Commission is aware of the need to apply official CO_2 values to IVA imports. At a July 2023 meeting of the Motor Vehicle Working Group, the Commission proposed a formula to estimate CO_2 emissions from IVA vehicles. However, we are not aware of further work to develop this calculation formula (or the extent of such work). This formula also needs to be developed in such a way that it's recognised by Member State tax systems without the need for further intermediate steps.

4. EU vehicle safety: the growing gap between IVA and EU type approved vehicles IVA imports don't need to deploy key safety measures which become mandatory from 7 July 2024 for all other newly-registered light-duty vehicles, including:

- Improved crash protection for vulnerable road users (energy-absorbing bonnets and front bumpers to mitigate injury severity in collisions)
- Automated Emergency Braking (an automatic system to stop the driver crashing into the rear of another vehicle)
- Lane Departure Warning (alerting drivers when the vehicle is about to drift outside the lane)

- Intelligent Speed Assistance (helping drivers stay within the speed limit)
- Drowsiness and distraction warning (alerting drivers who become sleepy or inattentive)
- Event data recorders (helping investigate crashes)
- Reversing detection (alerting drivers to the presence of pedestrians and other vulnerable road users behind the vehicle), and
- Emergency Stop Signal (alerting other drivers when the vehicle is rapidly reducing speed).

Instead of being narrowed, the vehicle safety gap between EU type-approved vehicles and IVA imports will widen significantly from 7 July 2024. Here there is a glaring policy mis-match when it comes to the road safety priorities of the European Commission. IVA vehicles such as pick-up trucks imported from the US are the widest, heaviest and most lethal 'light duty' vehicles on the road - and most require the application of the July 2024 safety measures. But they remain entirely exempt.

5. Pick-ups and SUVs with high bonnets are the most dangerous, especially for children

The October 2023 letter from civil society organisations noted that pick-up trucks imported under IVA have dangerously high bonnets, with the vehicle's leading front edge often standing 1.3 metres from ground level. The result is that children up to 10 years old standing or walking in front can be obscured by the vehicle's bonnet height, and therefore unseen by the driver. On top of concealing children, the literature is increasingly clear on the lethal nature of high-fronted vehicles such as pick-up trucks and large SUVs in collisions:

- A November 2023 study by the Insurance Institute for Highway Safety⁷ in the US shows that vehicles with bonnets higher than 102 cm are 44 to 45% more likely to kill adult pedestrians in crashes. (The study involves approx 18,000 vehicle collisions with pedestrians over 16 years of age and 3,000 vehicles of different dimensions.)
- A Jan 2024 study by Justin Tyndall⁸ outlines how children, women and the elderly are at much greater risk from high-fronted vehicles such as pick-up trucks. For every 10 cm increase in bonnet height, there is a 22% increase in the probability of death for 18 65 year old pedestrians. This figure rises to 31% for over-65s, and to 81% for children. Women hit by high bonnets die at a rate 70% greater than men. (The study covers approx 3,400 vehicle-to-pedestrian collisions and 1,800 vehicles of different dimensions.)

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⁷ Insurance Institute of Highway Safety (2023). Vehicles with higher, more vertical front ends pose greater risk to pedestrians. <u>Link</u>.

⁸ Tyndall (2024). The effect of front-end vehicle height on pedestrian death risk. Link.

 Research in Europe is focusing more on bonnet height. The August 2023 study by VIAS⁹ (also referenced in our Oct letter) found that the risk of death for a pedestrian or cyclist struck by a pick-up truck is almost 200% higher. (The research is based on Belgian crash data.)

For reference, a typical bonnet height for Dodge RAMs (60% of IVA imports) is 126 cm, whereas the bonnet height of low-slung cars (e.g. Renault Clio) is 70 cm or less.

Therefore, the increased risk inherent in vehicles imported under IVA makes it essential to apply the safety measures of the General Safety Regulation. Any relaxation of this principle should not be applied to vehicles sold on the mass market of other countries. For vehicles adapted for special mobility requirements and vehicles for emergency services, there is a case to consider exemptions, as there is for imported vintage vehicles. However, as with exemptions generally, they must be tightly drafted to avoid abuse.

⁹ VIAS (2023). Des voitures plus lourdes, plus hautes et plus puissantes pour une sécurité routière à deux vitesses ? <u>Link</u>.