Dieselgate scandal symptomatic of how EU is losing its global regulatory crown, warns transport group

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Opinion

Once a world leader in environmental regulation, Europe is now worryingly slipping behind, argues Cecile Toubeau.

The golden era of European environmental policy, in the late 1990s, lead to industries such as the automotive sector often finding that global markets would simply adopt and adapt European law – meaning that access to the market was relatively cheap and easy.

However, the heyday of European legislation being recognised internationally as innovative, high-quality law is on the wane.

The European regulatory system dominates vehicle manufacturing globally, with most countries using EU laws as a template or basis to develop national laws.
This means that vehicle manufacturers face fewer legal variations in different markets. If you also consider that a high proportion of vehicle manufacturers are European, this is a net win for both the reputation of European manufacturing and EU law-making.

A map of the world showing which vehicle emissions regulations are used where (normalised for the number of new car sales) shows that European regulations (or hybrids of these) are dominant.

This creates a significant competitive advantage for European manufacturers, which have had significant input in designing the rules and are familiar with every flexibility to optimise test results and meet regulations at the lowest possible cost.

**Which vehicle emissions regulations are used in which parts of the world (normalised for the number of new car sales)**

![Map of vehicle emissions regulations](image)

However, this decades-long competitive advantage is now threatened by recent developments that suggest EU law is no longer seen as accountable, reliable or timely.
The Dieselgate scandal was not only embarrassing because VW had been caught cheating; it also highlighted in a very public way the failure to enforce European legislation.

European law is based on the principle that laws will be developed at European level and will be implemented and policed by EU member states. The scandal is the perfect example of what happens when member states are afraid that being too strict will put them at a competitive disadvantage.

We have seen this with banks, medical devices and now with cars. Dieselgate has shown that this tenet of European law – national policing – needs to be fundamentally rethought.

So not only did member states neglect to implement and police air pollution limits, they also failed to react or attempt to fix the situation once it became apparent.

Instead they opted to set new limits for nitrogen oxide (NOx) emissions from diesel cars that are double the limits set eight years ago.

This further weakens European law in the sense that not only can it not deliver the targets it sets out, but that, in time, these targets are further weakened instead of being made more technologically challenging and offering greater protection to human health.

That European inaction has been in sharp contrast to the rest of the world. When it comes to truck standards for air pollution, the recent scandal and increased political ties between the US and China has meant that the latter is slowly moving towards US-based law.

Beijing has also proposed basing its future air pollution laws for light and heavy-duty vehicles on California's requirements and has also proposed a set of real-world driving tests for in-use conformity checks that must be no more than 20 per cent above these tight US limits.

The new Beijing-Washington relationship unfortunately further highlights who isn’t at the table: Europe. This could potentially continue as the EU continues dawdling over establishing CO2 standards for trucks.

The EU has yet to propose CO2 standards for vehicles for 2025 while the US set its own standards in 2012. The European Commission should have proposed new European 2025 CO2 targets in 2014 but, so far, nothing has been announced. As Europe dithers once again America takes the lead.

Once a leader in environmental regulation, recent developments show how far Europe is slipping behind. The result will be additional costs and challenges for European manufacturers to export vehicles to regions of the world that have tougher environmental rules.

The constant bleating of European carmakers’ that EU regulations impose additional costs will be replaced by cries that tough foreign emissions rules are keeping them out of certain markets.

Such complaints have already been levelled in Japan, South Korea and California where diesel cars are rare due to their high NOx emissions.

If the rapidly growing Chinese and Brazilian markets also continue to be inaccessible to diesel cars then European manufacturers will be shown to have picked the wrong technology instead of the increasingly popular hybrid and electric solutions. The once dominant position of European regulation appears to be waning.

About the author
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Environment [11]
International Relations [12]
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