

EN

EN

EN



EUROPEAN COMMISSION

Brussels, 27.10.2010
COM(2010) 607 final

2010/0301 (COD)

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Directive 2000/25/EC as regards the provisions for tractors placed on the
market under the flexibility scheme**

(Text with EEA relevance)

SEC(2010) 1252

SEC(2010) 1251

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Directive 2000/25/EC¹ on action to be taken against the emission of gaseous and particulate pollutants by engines intended to power agricultural and forestry tractors and amending Council Directive 74/150/EEC (hereafter “the Directive”) regulates the maximum exhaust emissions of carbon monoxide (CO), hydrocarbons (HC), nitrogen oxides (NO_x) and particulate matter (PM) from diesel engines installed in agricultural and forestry tractors. This Directive has been aligned with the similar one for non-road mobile machinery (97/68/EC).

The Directive foresees emissions limit stages of increasing stringency with corresponding compliance dates. Manufacturers must ensure that new engines comply with these limits in order that they can be placed on the market.

On the basis of amending Directive 2004/26/EC², Directive 2005/13/EC³ introduced the currently applicable stage of emission limits for the majority of diesel engines referred to as Stage III A. These limits will be replaced by the more stringent Stage III B limits progressively as of 1st January 2011 for new tractors sold. From 1st January 2010 onwards the type approval period for these engines started. A great diversity of tractors production is affected.

To comply with Stage III B limits, current engines will need to be substantially modified. Changes to the configuration, size or weight of engines have a knock-on effect for tractor manufacturers who will have to adapt completely the design of their tractors in order to accommodate the modified engines. This process can only start once the engine is fully developed. Technical solutions for complying III B engines are not in general yet finalised. Thus, tractor manufacturers are not in a position to fully redesign the vehicle where the engine is to be installed. While for some of them, the Stage III B emissions requirements will not pose very significant problems, in other cases a Stage III B compliant engine is far from being finalised and substantial further research and technological development is needed to ensure that tractors can be placed on the market with III B compliant engines.

Compliance costs for manufacturers to cope with the new emission limits are significant. These costs include for example research and development costs, equipment redesign costs, after treatment devices costs, documentation and labelling costs, etc.

From early 2009 onwards most of the EU based industry producing tractors has been unexpectedly and severely hit by the global financial and economic crisis. In general, sudden falls in sales caused a large decrease in income and available capital to finance the necessary technology research and development for tractors with Stage III B compliant engines in all power categories and applications within the time limits in the Directive.

Directives 2004/26/EC and 2005/13/EC also introduced the so-called flexibility scheme to facilitate the transition between the different emission stages. This allows the tractor manufacturer to place on the market, during the period of one stage of exhaust emissions limit

¹ OJ L173, 12.7.2000, p.1

² OJ L 225, 25.6.2004, p.3

³ OJ L55, 1.3.2005, p.35

values, a limited number of tractors which are fitted with engines that still comply with the exhaust emission limits of the previous stage. The flexibility scheme allows the tractor manufacturer to place on the market either (1) for each engine power category a limited number of tractors not exceeding 20% of the tractor manufacturer's annual sales (calculated as the average sales in the EU of the latest 5 years) or (2) a fixed number of tractors as stipulated in the Directive. This second option is intended for smaller enterprises producing lower volumes of engines.

The attached proposal addresses the situation that manufacturers face difficulties to get Stage III B compliant engines approved and place them on the market due to delays in the design of new engines and the unexpected financial crisis. It is proposed to modify the provisions of the flexibility scheme to mitigate the effects from the transition of emission Stages III A to III B by extending its application while maintaining the entry into force of the exhaust emission limit Stage III B to preserve the objective of the Directive to reduce emissions of gaseous and particulate pollutants in the European Union.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

Representatives of Member States and industry stakeholders have been consulted on the proposal through the Group of Experts on Machinery Emissions under the Directive (GEME) and through the Working Group on Agricultural Tractors (WGAT). In addition the Commission carried out between May and June 2009 an in-depth consultation of Member States authorities and all relevant stakeholders, i.e. industry, environmental organisations, workers associations. The proposal takes into account a Technical Review of the Directive 97/68/EC⁴ by the Joint Research Centre (JRC) which includes, inter alia, an evaluation of the need to amend the provisions of the flexibility scheme; an Impact Assessment study by an external consultant⁵ to assess the impacts of the proposed policy options as laid down in the draft Technical Review of JRC, and a complementary study on the impacts of the options of the Technical Review of JRC, including consequences of an amendment of the flexibility scheme for SMEs.

3. LEGAL ELEMENTS OF THE PROPOSAL

The aim of Directive 2000/25/EC, as well as this proposed amendment, is to contribute to the smooth functioning of the internal market for tractors while protecting human health and the environment. The legal basis is thus Article 114 of the Treaty.

The proposal foresees the following amendments to Directive 2000/25/EC:

An increase of the percentage of the number of engines placed on the market under the flexibility scheme in each engine category from 20% to 50% of the tractor manufacturer's annual sales of equipment and an adaptation of the maximum number of engines that may be placed on the market under the flexibility scheme as an optional alternative, in the period

⁴ The draft final report of the Technical Review is available on the NRMM web page at the Europa website : http://ec.europa.eu/enterprise/mechan_equipment/emissions/2007tecrew_dfr.pdf

⁵ The final report of the IA study by ARCADIS N.V. is available on the NRMM web page at the Europa website: http://ec.europa.eu/enterprise/mechan_equipment/emissions/impactassessment/nrmm_iastudy_fnrep.pdf

between emission Stage III A to emission Stage III B. This measure will expire on 31 December 2013.

4. BUDGETARY IMPLICATION

The proposal has no implication for the Community budget.

5. OPTIONAL ELEMENTS

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directive 2000/25/EC as regards the provisions for tractors placed on the market under the flexibility scheme

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission⁶,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee⁷,

Having regard to the opinion of the Committee of the Regions⁸,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Directive 2000/25/EC of the European Parliament and of the Council of 22 May 2000 on action to be taken against the emission of gaseous and particulate pollutants by engines intended to power agricultural or forestry tractors and amending Council Directive 74/150/EEC⁹ regulates exhaust emissions from engines installed in agricultural and forestry tractors. The current stage of emission limits applicable for type approval of the majority of compression ignition engines is referred to as Stage III A. The directive provides that those limits will be replaced by the more stringent Stage III B limits, entering into force progressively as of 1st January 2011 with regard to the placing on the market and from 1st January 2010 as regards the type approval for those engines. Stage IV, providing for limit values more stringent than stage III B, will enter into force progressively as of 1st January 2013 as regards the type approval for those engines and as of 1st January 2014 with regard to the placing on the market.
- (2) The transition to Stage III B involves a step change in technology requiring significant implementation costs for re-designing the engines and for developing advanced technical solutions. This transition stipulated by the legislator in 2005 coincides with the economic recession in the sector concerned which makes it difficult for the

⁶ OJ C [...], [...], p. [...].

⁷ OJ C [...], [...], p. [...].

⁸ OJ C [...], [...], p. [...].

⁹ OJ L 173, 12.7.2000, p. 1.

industry to bear the implementation costs necessary in order to adapt to the new legal requirements.

- (3) Directive 2000/25/EC provides for a flexibility scheme to allow tractor manufacturers to purchase, in the period between two emission stages, a limited quantity of engines that do not comply with the current emission limit values, but are approved to the nearest previous stage of emission limits.
- (4) Since 2005, Directive 2000/25/EC foresees in Article 4(8) the evaluation of the possible need for additional flexibilities in relation to Stage III B and IV limit values. In order to provide a temporary relief to industry when moving to the next stage, it is necessary to adapt the conditions for applying the flexibility scheme.
- (5) During the transition from Stage III A to Stage III B, the percentage of the number of engines placed on the market under the flexibility scheme should be increased from 20% to 50% of the tractor manufacturer's annual sales of tractors with engines in that category. The optional alternative that a maximum number of engines may be placed on the market under the flexibility scheme should be adapted accordingly.
- (6) Directive 2000/25/EC should therefore be amended accordingly.
- (7) The measures provided in this Directive reflect a temporary difficulty faced by the industry; as such, these measures shall be restricted to the transition from Stage III A to Stage III B and expire on 31 December 2013,

HAVE ADOPTED THIS DIRECTIVE:

Article 1

Directive 2000/25/EC is hereby amended as follows:

1. In Article 3a, the following subparagraph is added: "The flexibility scheme, set out in sections 1.2., 1.2.1. and 1.2.2. of Annex IV shall apply only for the transition from Stage III A to Stage III B and shall expire on 31 December 2013."
2. Section 1 of Annex IV is replaced by the text in Annex I to this Directive.

Article 2

Transposition

1. Member States shall adopt and publish, by [twelve months after the publication of the Directive] at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

They shall apply those provisions from [Day, Month, Year = following day of application date].

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at [...], [...]

For the European Parliament
The President
[...]

For the Council
The President
[...]

ANNEX I

Section 1 of Annex IV is replaced by the following:

"1. ACTIONS BY THE ENGINE AND TRACTOR MANUFACTURERS

1.1. With the exception of the transition period between Stage III A and Stage III B, a tractor manufacturer who wishes to make use of the flexibility scheme shall request permission from his approval authority to place or to source from his engine suppliers, in the period between two emissions stages, the quantities of engines described in sections 1.1.1. and 1.1.2. that do not comply with the current emission limit values, but are approved to the nearest previous stage of emission limits.

1.1.1. The number of engines placed on the market under a flexibility scheme shall, in each engine category, not exceed 20 % of the tractor manufacturer's annual sales of tractors with engines in that engine category (calculated as the average of the last 5 years sales on the Union market). Where a tractor manufacturer has marketed tractors in the Union for a period of less than five years the average will be calculated based on the actual period for which the tractor manufacturer has marketed tractors in the Union.

1.1.2. As an alternative option to section 1.1.1., the tractor manufacturer may seek permission for his engine suppliers to place on the market a fixed number of engines under the flexibility scheme. The number of engines in each engine category shall not exceed the following values:

Engine Category (kW)	Number of Engines
19-37	200
37-75	150
75-130	100
130-560	50

1.2. During the transition period between Stage III A and Stage III B, a tractor manufacturer who wishes to make use of the flexibility scheme, shall request permission from his approval authority to place or to source from his engine suppliers, in the period between two emissions stages, the quantities of engines described in sections 1.2.1. and 1.2.2. that do not comply with the current emission limit values, but are approved to the nearest previous stage of emission limits.

1.2.1. The number of engines placed on the market under a flexibility scheme shall, in each engine category, not exceed 50 % of the tractor manufacturer's annual sales of tractors with engines in that engine category (calculated as the average of the last 5 years sales on the Union market). Where a tractor manufacturer has marketed tractors in the Union for a period of less than five years the average will be calculated based on the actual period for which the tractor manufacturer has marketed tractors in the Union.

- 1.2.2. As an alternative option to section 1.2.1, the tractor manufacturer may seek permission for his engine suppliers to place on the market a fixed number of engines under the flexibility scheme. The number of engines in each engine category shall not exceed the following values:

Engine Category (kW)	Number of Engines
37-56	200
56-75	175
75-130	250
130-560	125

- 1.3. The tractor manufacturer shall include in his application to an approval authority the following information:
- (a) a sample of the labels to be affixed to each tractor in which an engine placed on the market under the flexibility scheme will be installed. The labels shall bear the following text: ‘TRACTOR NO ... (sequence of tractors) OF ... (total number of tractors in respective power band) WITH ENGINE NO. ... WITH TYPE APPROVAL (Directive 2000/25/EC) NO ...’; and
 - (b) a sample of the supplementary label to be affixed on the engine bearing the text referred to in section 2.2 of this Annex.
- 1.4. The tractor manufacturer shall provide the approval authority with any information connected with the implementation of the flexibility scheme that the approval authority may request necessary to make a decision.
- 1.5. The tractor manufacturer shall file a report every six months to the approval authorities of each Member State, where the tractor or engine is put on the market, on the implementation of the flexibility schemes he is using. The report shall include cumulative data on the number of engines and tractors placed on the market under the flexibility scheme, engine and tractor serial numbers, and the Member States where the tractor has been entered into service. This procedure shall be continued as long as a flexibility scheme is still in progress.”

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A BUDGETARY
IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL:

Proposal for a Directive of the European Parliament and of the Council amending Directive 2000/25/EC as regards the provisions for tractors placed on the market under the flexibility scheme

2. BUDGET LINES:

Chapter and Article: Not applicable

Amount budgeted for the year concerned:

3. FINANCIAL IMPACT

Proposal has no financial implications

4. ANTI-FRAUD MEASURES

Not applicable

5. OTHER REMARKS

None