Within Europe, the quality of your products is mostly measured by meeting certain requirements. Succeeding in or failing to meet these requirements will make or break your attempts to find buyers within the European market.

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Different requirements
The requirements mentioned in this study are categorized into two clusters. Some buyer requirements are (1) musts. You need to deal with these requirements in order to enter the market. Other requirements are not obligatory, but you need to meet these requirements to be successful, as they give you a competitive advantage. Failure to meet these (2) common requirements often means failure on the market, because most of your competitors have already implemented these requirements.

1. Requirements that you must meet

Type approval - Compliance with technical standards for motor vehicles
Whole Vehicle Type-Approval (WVTA) is a certification for various types of motor vehicles and their components. EU legislation lays down strict requirements for (parts of) motor vehicles and agricultural and forestry tractors, in order to ensure harmonisation among EU Member States regarding technical, safety and environmental standards.

This type-approval or certification is valid in all EU Member States and is required whenever you want to sell your products in the EU. Many automotive components are not approved until the final assembly. In those cases, certification of individual components is not necessary; however, these components will have to comply with type-approval requirements.

In 2017, the testing process will change. In addition to current laboratory emission and fuel consumption testing (called New European Driving Cycle), Real Driving Emission (RDE) testing will be introduced. Europe also contributes to the development of a new global testing system called the Worldwide Harmonised Light Vehicle Test Procedure (WLTP).

Tips:
The Original Equipment Manufacturer and/or approval authority determine the specific requirements that you need to fulfil. These requirements differ greatly per product and per market. This means that it is possible that you need to fulfil different requirements for different buyers and countries to which
you are exporting. Check with your buyer, or the approval authority, what the specific type-approval requirements are for the parts that you are producing.

An important requirement of type-approval certification is Conformity of Production (COP). COP refers to the ability to produce the product in conformity with the specification, performance and marking requirements in the type-approval legislation, in series that do not require any further testing. Make sure that you have a proper quality management system in place (see also under “Common buyer requirements”).

CE Marking

Electronic equipment needs to bear the CE mark in order to be marketed in the EU. CE marking shows that a product is assessed before being placed on the market and that it meets EU safety, health and environmental protection requirements. CE marking is also sometimes accepted as a means of compliance with type-approval requirements; for example, electronic components that require type-approval and also CE marking for electromagnetic compatibility (EMC) or low-voltage equipment.

Tips:

Read more about type-approval in the EU Export Helpdesk.

Read more about CE marking of electrical equipment in the EU Export Helpdesk.

Follow the step-by-step guidance on CE marking.

If you are a producer of electronics or electrical engineering in the automotive industry, have a look at our studies of these subjects as well.

Chemicals

To avoid environmental damage, the EU has restricted the use of certain chemicals in several Regulations and Directives.

Tips:

In most cases, it is your EU buyer who is responsible for complying with the legislation with regard to chemical substances. Share information with your buyer on the substances used in your products so that he can prove that he complies with all relevant legislation.

Ask your buyer about his policies on chemicals and his expectations from your side. Sometimes, these aspects are referred to as “black/grey” lists. Does he provide a list of substances that you may not use, or does he want to receive information on the substances that you use in a certain format? If you do not know your buyer yet, try googling a car brand’s policy regarding chemicals. For example, searching for ‘Volvo REACH’ leads you to this page with guidance and information on IMDS (see below under “The REACH Regulation”).

Note that your buyer’s requirements regarding chemicals may be stricter than the legislation. For example, some manufacturers require that all textile parts are Oeko-Tex certified, which means that the use of a lot of hazardous substances is not allowed.
The REACH Regulation

REACH stands for Registration, Evaluation, Authorisation and restriction of CHemicals. This regulation sets rules for placing chemical substances on the market and, more relevant to producers of automotive components, it also restricts the use of certain dangerous chemicals (so called Substances of Very High Concern – SVHC) and specific uses of certain chemicals, such as certain flame retardants or polycyclic aromatic hydrocarbons (PAH) in tyres.

Tips:
- Check the Automotive Industry Guideline on REACH.
- Read more about REACH in the EU Export Helpdesk.
- Check if your buyer uses the International Material Data System (IMDS). This is a collective, computer-based data system developed by automotive Original Equipment Manufacturers (OEMs) to manage environmentally relevant aspects of the different parts used in vehicles. It has been adopted as the global standard for reporting on material content in the automotive industry. To determine in which way you are affected by REACH, read the CBI study of REACH.

End of Life Vehicles

The end of life vehicles (ELV) legislation aims to avoid environmental pollution in the waste stage of cars. It aims to reduce hazardous substances in vehicles. Furthermore, vehicles should be designed to facilitate proper dismantling and recycling (by coding the components), while the heavy metals lead, mercury, cadmium and hexavalent chromium are prohibited (except for a few applications).

Tip:
- Note that there is also non-product-specific legislation on packaging and liability that applies to all goods marketed in the EU.

Ozone-depleting substances

The EU has banned the use of ozone-depleting substances. Some of these substances were known to be used in car parts; for example, in air conditioners.

Heavy metals in batteries

There are restrictions on heavy metal content and labelling requirements for batteries and accumulators. These components are not allowed to contain more than 0.0005% of mercury or 0.002% of cadmium by weight.

Furthermore, batteries containing mercury, cadmium or lead must be labelled with a “crossed-out wheeled bin” and there are specific capacity labelling requirements for automotive batteries.

Tips:
- Read more about requirements for batteries and accumulators in the EU Export Helpdesk.
- Read more about these requirements in our study of vehicle batteries.
Autonomous vehicles

ECE Regulation 79 describes additional requirements for autonomous vehicles. Among other things, it describes the maximum speed under various circumstances and it states that the driver needs to be in control of the vehicle in all conditions.

Tip:
Be up to date with the rapidly evolving requirements for autonomous vehicles.

Binding emission targets

The EU has set binding emission targets for new cars and vans. This means that every new car or van sold is permitted to emit a certain amount of CO2. The maximum amount of CO2 emitted by passenger cars is 130 gram of CO2/km starting from 2015, a figure which will be reduced to the target level of 95 gram of CO2/km by 2021.

Tip:
Focus on supplying more efficient or lighter parts and components.

Tariffs and duties

Key issues in the context of buyer requirements relate to tariffs, duties, intellectual property, Value Added Tax (VAT) and preferential duty rates. A common customs tariff is applied across all EU countries on goods imported from outside the EU.

Tip:
Visit the EU webpage on taxation and customs to find tariff specifications for your product.

Preferential duty rates

The Generalised System of Preferences (GSP) allows products from a range of developing countries to be imported into the EU at a reduced or zero rate of duty. The European Union (EU) also has various trade agreements with third countries (countries outside the EU), whereby preferential duty rates may apply to goods.

Tips:
Visit the EU website to read more on the GSP.

Find smart routes to get your products into Europe by exporting your products into Europe via countries which have preferential duty rates.
Find out if your goods qualify for a preferential duty rate and meet the appropriate rules of origin as set out in Notice 828.

**Intellectual property**
Ensure that your imported goods do not breach the Intellectual Property Rights (IPR) of other businesses, so watch out for counterfeit goods and design infringements. Counterfeit goods may be seized and destroyed by national authorities – mainly customs authorities – in any of the European states.

**Tip:**
Visit the EU website on taxation and customs for more information on counterfeiting, piracy and other IPR violations.

**Buyer Requirements in Practice**
The ways that EU buyers communicate their requirements are not always the same. Some buyers have extensive “supplier manuals” in which all requirements are described in detail, while others provide very little information and only state that you have to meet EU legislation.

**Tip:**
Find an example of how an importer of automotive components communicates his buyer requirements to his suppliers in the CBI Supplier Code for Automotive Components.

**Quality Management: ISO 9001 & ISO/TS 16949**
If you want to apply for type-approval, you have to ensure that your production process meets quality management criteria. As said before, Conformity of Production (COP) is essential. COP requirements are based around established quality systems principles. ISO/TS 16949 and ISO 9001 are accepted as a basis and often demanded by EU buyers and producers. ISO/TS 16949 contains all the elements of the more general ISO 9001, plus some more specific additional requirements for the automotive industry.

**Tips:**
Implement ISO 9001 and ISO/TS 16949, because it is a regular requirement by EU buyers.
Take a look at ISO/TS 16949 on the ISO website.

2. **Common buyer requirements**
The International Trade Centre’s Standards Map

In the International Trade Centre’s Standards Map, you can identify standards or codes of conduct relevant to your product, review the main features of the selected standards and codes, and compare standards’ requirements side-by-side by using an online tool. Furthermore, you can assess your company’s performance against standards requirements in a self-assessment module and generate your own company’s “sustainability diagnostic report”, which you can then share with the business community.

Tips:

Check the International Trade Centre's Standards Map.

Check the Standards Map videos to see how the Standards Map can help you to determine which initiatives may be useful for your company.

Certification on Corporate Social Responsibility

Corporate Social Responsibility (CSR), and the extent to which buyers expect a certain level of social and environmental performance, is becoming more important. The bigger EU companies have developed their own CSR policies and require their (sub)suppliers to conform with them. Signing a supplier code of conduct is often required. These codes of conduct generally mention compliance with local laws, protection on workers’ health and safety, respect of basic labour rights and business ethics.

Having a certified management system regarding Occupational Health and Safety (OHS) may offer an advantage over competitors without such systems in place. OHS is concerned with protecting the safety, health and welfare of working people. Although OHS is not a specified set of requirements itself, there are several certifications related to this subject, such as OHSAS 18001 or SA 8000 on social accountability.

Tips:

Most big car brands publish their CSR policies and supplier code of conduct on their websites. Searching the internet for some of them and assessing your company’s performance against them may give you valuable insights. Also, the European Automotive Working Group on Supply Chain Sustainability published a Self-Assessment Questionnaire on CSR, which will give you an idea which issues are covered.

Implement an environmental management system, such as ISO 14001, since it is becoming a common requirement.

Determine whether OHSAS 18001 or SA 8000 certification benefits you.

This document was compiled for CBI by CREM B.V., updated by market researcher Marktonderzoekbureau Molgo in corporation with CBI expert Peter Nagel, Managing Partner and management consulting GmbH.

What requirements should my product comply with?

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Do you have questions about this research?

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