

Why we can't buy some popular European cars in Canada

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Paul Kenney longs for the day when he can get behind the wheel of Volkswagen's sporty Scirocco R. He may have a long wait.

The two-door hatchback is on a lengthy list of models that aren't available in Canada – some because of economics, but others because of mismatched standards between the United States, Canada and Europe. Frustrated manufacturers say this patchwork quilt of regulations is causing delays in the introduction of new models, driving up sticker prices and blocking some of most technologically advanced cars from coming to Canada from European and Asian manufacturers.

Mercedes-Benz, Volkswagen and Audi all say it's time regulatory standards were harmonized, allowing more choice, faster access and lower prices on European models

The global auto standards issue recently resurfaced in the wake of the tentative free trade agreement between Canada and the European Union's 28 countries. If ratified in about two years' time, the Comprehensive Economic Trade Agreement (CETA) will allow for the free flow of goods for everything from Italian wine to French bread to pork bellies and Porsches.

CETA would also gradually eliminate the 6.1-per-cent tariff on European cars imported to Canada, over seven years.

In December, Tim Reuss, president of Mercedes-Benz Canada, questioned the notion that Canada's standards are better: "Are you really going to say that a car that has been deemed safe enough and environmentally okay for Europe is not environmentally okay and safe to be driven in Canada or vice versa?"

Veteran auto analyst Dennis DesRosiers says Reuss's comment is dead on. "He's got it summarized in the most cogent way I've ever read."

The gap is not just with Europe; standards even differ between Canada and the United States – on the height of a seatbelt or bumper and daytime running lights, says DesRosiers.

“We don’t need Canadian-specific regulations,” says Global Automakers of Canada president David Adams.

But Transport Canada insists we do. The government department that is responsible for and oversees policies and regulations for the vehicles we drive, also points to “Canadian-specific factors” such as geography, road and weather conditions and driver training as reasons we do need our own standards.

Meanwhile, DesRosiers warns eliminating these standards is no easy task. “Canada has to get the U.S. on side before it meets the EU standard. It becomes politically complex; there are egos and science and economics in the way.”

But Transport Canada defends its differences by saying it has “several significant vehicle safety requirements which are more stringent in Canada than in Europe.” The strength of the anchoring system for child seats and rear crash test speed are two examples (See sidebar).

It’s tough to pinpoint exactly how much Canada’s own auto testing adds to the MSRP, but everyone agrees it is a significant cost. “It’s much higher than the tariff imposed,” says DesRosiers. “You can easily get into a \$1,000-to-\$5,000 increase because of the standard differential of a cost or higher ... but we don’t know for sure.”

Don Mertens, spokesperson for Volkswagen and Audi, agrees Canada-only standards are unnecessary, and hopes CETA will bring new flexibility.

“We don’t have all the fine details about the free-trade agreement, but we hope there will be more acceptance of UNEC (United Economic Commission for Europe) standards.”

There has been a worldwide move in the industry to try to forge a global standard, DesRosiers says. But the long evolution of North American standards makes them difficult to negotiate or eliminate. Standards were ramped up after consumer advocate Ralph Nader’s

1965 book, *Unsafe At Any Speed*, accused the auto industry of disregarding safety standards.

"The need for regulatory standards became more intense with that book," says DesRosiers. In those days, there wasn't a global auto industry as we know it today.

The United States created its Federal Motor Vehicle Safety Standards while the United Nations Economic Commission crafted another set for Europe and those are also followed by Japan and China. Canada follows many of the rules set by the United States, but layers on its unique standards.

DesRosiers fears free-trade agreements, like CETA, will slow the shift to one set of standards because they are used as "negotiating chips." But Adams insists auto makers would prefer one set of global regulations. And, through CETA, Canada has the chance to take the lead by eliminating overlaps in regulatory testing.

"Canada's tradition has been to follow the U.S. in its regulatory environment," says Adams. "Now we have an opportunity. Do we want to sit back and wait for the U.S.?"

Transport Canada says it is open to developing or reviewing existing standards "as long as they fulfill national objectives." The agency continues to "actively participate in the development of global technical regulations under the auspices of the World Forum for the harmonization of Vehicle Regulations"

Reuss points to two models that could come to Canada right away if European standards were accepted: the Mercedes A-Class subcompact with new technology, featuring brake lights that flash if a car is approaching too quickly from behind, and the all-wheel-drive version of the Sprinter commercial van.

Mertens would like to see "harmonization-plus." He says we should be able to expand, at minimum, some European advanced technology and add some European standards to Canada's regime, citing advanced lighting and the latest in clean diesel.

"For us, it's technology that helps the consumer, whether it's safety

technologies, but certainly engine choices," he says. "We need to accept European standards that benefit the consumer."

Thomas Tetzlaff, also of Volkswagen and Audi, is convinced the enhanced choice would be a win with car enthusiasts.

"Many of them call us immediately upon return from summer vacation in Europe ... and ask us why we can't get the 'blank' ... or this engine in North America."

Adams and DesRosiers both argue that Canadian consumers are more open to Euro-style diesels, subcompacts and hatchbacks – people like Kenney, who pines for the sporty Scirocco.

"I've always been a big VW fan," he says. "When I get in, I always know what it's going to feel like. The fit, the finish and interior design; they take it much more seriously."