



china syndrome

Right To Ride

April 2010

The China Syndrome

The EU Commission aims to restrict EU motorcyclists from modifying their bikes as well as imposing mandatory ABS brakes on EU manufacturers while letting unsafe, unregulated and pollutant imports from China to flood the EU markets.

In the 1979 award-winning thriller, *The China Syndrome*, a reporter (Jane Fonda) and cameraman (Michael Douglas) discovered safety violations at a nuclear power plant. The term "China Syndrome" meant that if an American nuclear reactor plant experienced a meltdown, the core will melt through the earth until it reached China.

More recently, the term is being used in business and political circles in relation to the attitude toward companies operating in China - e.g. Google refusing to submit to their strict censorship laws¹ and Rio Tinto whereby four executives from an Australian mining company were tried in a closed court and imprisoned on allegations of corruption – while just before, the company had refused to bend to pressure from China to sell their commodities on the cheap².

China is now under fire from economists, politicians and financial columnists, over Beijing's refusal to let the national Chinese currency, the renminbi – aka the yuan –, appreciate against the US dollar.

The problem is that an artificially cheap renminbi "increases Chinese exports at the expense of the rest of the world's economies", in other words China is manipulating currency markets to gain unfair competitive advantage. Add this to the fact that no major player in the world economy operates with China's special set of protectionism, lack of transparency and authoritarianism.

China is now the second biggest exporter (behind Germany) in world merchandise trade with 8.9% of the world's share. But alarm bells are ringing because of the quality of the products exported. In 2008, 59% of the RAPEX (the EU's Rapid Alert System for non-food consumer products)³ notifications concerned products of Chinese origin, while 52% of the cases were flagged up in 2007.

Bearing in mind that almost 80% of all toys on the European market are imported from China, over 18 million toys were recalled globally during the summer of 2007 because of magnetic parts that became loose, thereby posing life threatening risks to children.

A few months before, toothpaste tainted with diethylene glycol, a thickener used in brake fluids and anti-freeze, was found on the European market and originated from China. In spite of meetings and promises from Chinese officials to monitor quality control, the latest weekly RAPEX report issued 2nd April, 2010, flags up 32 products of which 17 (53%) came from China.

In a recent document⁴, *The Motorcycle Industry in Europe (ACEM)* reported that over a period of several years motorcycles, scooters and mopeds imported from manufacturers based in China have failed to maintain the performance standards required by the conformity of production (CoP) obligations in the Directive 2002/24/EC.

The number of imported motorcycles and scooters (aka PTWs) from the China has reached significant volumes, far above 300,000 units since 2007 and representing a market share in the range of 15%.

The ACEM report indicates that Chinese manufacturers are having great difficulty in complying with the limits for carbon monoxide (CO) set by the EU Directive. The report points out that in 2007 UK's Department for Transport (DfT) carried tests out on 4 PTWs as part of its Type Approval compliance programme. All four motorcycles were manufactured in China by major Chinese manufacturers.

¹ <http://www.guardian.co.uk/technology/2010/mar/22/google-china-shut-down-censorships>

² Rio Tinto case highlights risk in China: <http://www.ft.com/cms/s/0/fdd1e036-40d4-11df-94c2-00144feabdc0.html>

³ http://ec.europa.eu/consumers/safety/rapex/docs/rapex_annualreport2009_en.pdf

⁴ ACEM REPORT ON NON COMPLIANCES FOUND IN SAMPLE MOTORCYCLES MANUFACTURED IN THE CHINESE PEOPLES REPUBLIC January, 2010. http://www.acem.eu/publiq/ACEM_REPORT.pdf

The vehicles in question were sourced from Internet suppliers. Two of the vehicles were supplied in crates in semi knock down condition, to the purchaser's home address and lacked any form of assembly instructions. The other two were supplied fully built to the purchaser's home address. Registration documents and Certificates of Conformity (CoC) were received separately by post.

The compliance project was carried out by the Vehicle Certification Agency (VCA) on behalf of DfT. 95 assessments were carried out and there were some 21 failures of compliance. Some of the non-compliances were of a more serious consequence for safety and the environment, namely two relating to brakes (93/14/EC), one taking 35% longer to stop than is permitted in the test and the other by 18%.

In regards to emissions, all four machines failed, one producing 110% more CO than is permitted, the second 23%, and the third 13%. The fourth, a moped, had had the restrictor removed and although the test was not valid, the emissions exceeded the limit by 150% (97/24/EC Chap.4). Two of the four machines tested exceeded the limits for permissible sound levels (97/24/EC Chap.9), both by a margin of 5 decibels.

These results provided the first evidence that that some Chinese manufacturers are finding great difficulty in keeping their production within the CoP allowances.

Further evidence was gained from ANESDOR, the Spanish motorcycle industry trade Association and the final evidence comes from the testing of four Chinese made scooters (one a moped) by a laboratory used by the Italian Ministry of Transport in October and November 2009. All four machines failed to comply with EU Type Approval in several respects.

In all cases there were problems with emissions and brakes. The ACEM report commented that the serious non conformities are among the most expensive to test for, e.g. braking performance, and emissions. Even some electric scooters imported from China are unsafe. In one case⁵ the scooter posed a risk of electric shock and explosion and fire.

But the cost of CoP testing is sufficiently expensive to limit the number of samples that Member states competent authorities are willing to test – so the Chinese manufacturers and their importers play the system.

The Europeans are not alone in their findings about shoddy bikes produced in China.

In the US, Chinese imports are creating enormous headaches for the authorities there due to the fact that many Chinese motorcycle manufacturers obtain an EPA (Environmental Protection Agency) Certificate of Conformity in the name of a "U.S. paper company" that is set up in the U.S. without any operations or staff or parts or service.⁶

In recent months the EU Commission (DG Enterprise) has been debating the Framework Regulations for motorcycles. The representative of the European Commission wrote that

"In order to obtain whole vehicle type approval the OEM must demonstrate this obtained balance of the three pillars to the Type Approval (TA) authorities with a representative new / degreened vehicle. After obtaining Whole Vehicle Type Approval the OEM must provide evidence in the shape of Conformity of Production (COP) to the TA authority that the production vehicles do not differ from the demonstration vehicle. Through a Certificate of Conformity (CoC) the OEM guarantees to the end-

⁵ http://ec.europa.eu/consumers/dyna/rapex/create_rapex_search.cfm?zoek=Scooter&vanaf=21&jaartal=ALL No. 2008 – 39; 8 1075/08

⁶ EPA non-compliance is due to the fact that many Chinese manufacturers obtain an EPA Certificate of Conformity in the name of a "U.S. paper company" that is set up in the U.S. without any operations or staff or parts or service.

The Chinese U.S. owned subsidiary exists in name only. It serves the purpose of holding the EPA Certificate so that the Chinese company can sell its vehicles to anyone who can pay for them and import them into the U.S. using the Chinese paper company as the registered importer, even though the paper company is not actually involved in the purchase, shipping or warehousing and sales of the imported vehicles. Even though the EPA requires the Certificate holder to provide parts under warranty to fulfill the EPA's stipulated emission components replacement requirements, the Chinese paper company cannot meet the EPA warranty commitments as it has no parts and no operations in the U.S. Many of the importers who bring vehicles into the U.S. under the paper company's EPA Certificate, sell via the Internet and have no parts or warranty programs for the vehicles they sell. (From a presentation by CMSI President, Tom Lynott to MIC officials in March of 2009) <http://files.cmsiinc.com/pdf/MICpresentation.pdf>

user that vehicles comply with the TA requirements as demonstrated to the TA authorities. The OEM can only be held responsible for this guarantee as long as it is under their control, so only if these pillars are not modified in an unauthorised way”.

While this is a reasonable request by the Commission, the concerns of riders about possible anti-tampering legislation, mandatory ABS brakes and restrictions to 100 bhp seem to be sidelined.

It is ironic that on the one hand, the EU Commission wishes to consider anti-tampering measures to *“guarantee that after a modification to the type approved vehicle by the end-user the type approval emission limits continue to be respected for the remaining vehicle life after the repair / modification”.*

Yet at the same time does not prohibit the flow of polluting and unsafe motorcycles and scooters to enter the EU market from China.

Perhaps it is time that our EU civil servants recognise that the modification of motorcycles using *type approved* parts is an important and profitable European industry, which does not need restricting through anti-tampering legislation.

Rather than destroying our motorcycle aftermarket industry and way of life with unnecessary legislation, our civil servants would do far more for Europe by halting shoddy non-compliant products arriving on our shores from China.

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