

CIRCULAR ECONOMY IN THE AUTOMOTIVE SECTOR

Proposal COM(2023) 451 of 13 July 2023 for a **Regulation on circularity requirements for vehicle design and on management of end-of-life vehicles**, amending Regulations (EU) 2018/858 and (EU) 2019/1020 and repealing Directives 2000/53/EC and 2005/64/EC

cepPolicyBrief No.4/2024

SHORT VERSION [[Go to Long Version](#)]

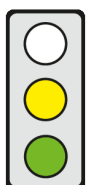
Context | Objective | Interested Parties

Context: In order to promote the circular economy in the automotive sector, the Directives on end-of-life vehicles [2000/53/EC] and on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability [2005/64/EC] are to be revised and combined into a new Regulation.

Aim: For cars and vans, a circular economy covering their entire life cycle – design, manufacture, use and disposal – will be created and the export of used vehicles to third countries will be more strictly regulated.

Affected parties: Producers of motor vehicles, waste management companies.

Brief Assessment



Pro

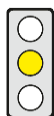
- ▶ The fact that vehicle producers also have to bear the disposal costs (“extended producer responsibility”) creates incentives for them to design vehicles in line with the circular economy and, at the same time, unlike rigid requirements, gives them the freedom to make their own decentralised and case-by-case decisions.
- ▶ The circularity passport for vehicles may close existing information gaps by providing transparency along the value chain, and thus promote the circular economy in the automotive sector.

Contra

- ▶ Bans on certain chemicals in vehicles could impair the recycling of these vehicles, as they can no longer be returned to the material cycle. This should be taken into account when calculating reuse and recycling rates.
- ▶ The fixed targets for the minimum share of recycled plastics in vehicles, in particular the requirement to use recycled plastics from end-of-life vehicles, are unnecessarily rigid and may lead to new barriers in the internal market for recyclates.

Circular vehicle design [Long Version A.3 and C.1.1]

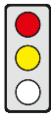
Commission proposal: Cars and vans that are type-approved 72 months after the new Regulation comes into force must be 85% reusable or recyclable by mass, and 95% reusable or recoverable by mass. To calculate the rates, manufacturers must record all “necessary” data along the supply chain and retain all other “appropriate” vehicle data.



cep-Assessment: In principle, an EU-wide standardised calculation of reusability, recyclability and recoverability rates could create a level playing field and make it easier for compliance with the Regulation to be verified. The requirement that all “necessary” data and all other “appropriate” vehicle data must be collected is very vague. When defining the methodology, care should be taken to ensure that the administrative burden is not disproportionately high.

Substances of concern [Long Version A.4 and C.1.2]

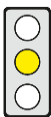
Commission proposal: The presence of substances of concern in vehicle parts and components must be reduced as far as possible. In addition to the restrictions in the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (EC) No. 1907/2006 (REACH Regulation), cars and vans that are type-approved 72 months after entry into force must not contain lead, mercury, cadmium or hexavalent chromium, although there are exceptions.



cep-Assessment: Since a general ban on certain substances can lead to unintended consequences, e.g. barriers to innovation, the Commission has rightly defined exceptions. However, substance bans can impair recycling. In future, vehicle parts containing these substances may, in certain circumstances, no longer be capable of being recycled, as the chemicals can no longer be returned to the material cycle. This should be taken into account when calculating reuse and recycling rates.

Minimum recycled content: Plastic recyclates [Long Version A.5 and C.1.3]

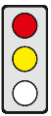
Commission proposal: 25% of the plastic content in cars and vans that are type-approved 72 months after entry into force must consist of recycled plastic (“plastic recyclates”) from “post-consumer plastic waste”, and, in turn, 25% of this must come from end-of-life vehicles.



cep-Assessment: In principle, the development of a market for high-quality plastic recyclates in the automotive sector could be promoted by the proposed rules. However, fixed targets for plastic recyclates in order to increase their demand are unnecessarily rigid and may give rise to new obstacles. Instead, there should be an open cycle for recyclates of different types with different quality requirements so that supply is not artificially reduced by the rigid specifications.

Circularity strategy [Long version A.6 and C.1.5]

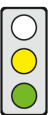
Commission proposal: For each car or van that is type-approved 36 months after entry into force, manufacturers must develop a “circularity strategy”. In this strategy, they must describe the measures they will take to comply with the requirements for circular product design and the rules on the share of recycled materials.



cep-Assessment: As manufacturers already have to document circularity requirements as part of their Sustainability Reporting, the added value of another strategy is not apparent. This merely generates huge bureaucratic costs for both companies and the Commission.

Circularity passport for vehicles [Long Version A.7 and C.1.6]

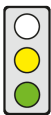
Commission proposal: 84 months after entry into force, a “circularity passport” must be issued for all vehicles placed on the market. This aims to provide information on the removal and replacement of parts, components and materials in vehicles, digitally and free of charge.



cep-Assessment: The circularity passport could be an important tool for promoting the circular economy and closing existing information gaps by providing transparency along the value chain. However, the exact design and the timetable for adoption of the implementing act are still unclear. These should be clarified as quickly as possible to enable implementation of the circularity passport.

Extended producer responsibility (EPR) [Long Version A.8 and C.17]

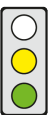
Commission proposal: 36 months after entry into force, producers must bear the disposal costs for vehicles which they make available on the market for the first time within the territory of a Member State (“extended producer responsibility”, EPR). The EPR fees cover the costs of collection and treatment of end-of-life vehicles and are based, among other things, on the weight and circular design (“eco-modulation”) of the vehicles.



cep-Assessment: The fact that the level of EPR fees is based on the circularity of vehicles, could provide strong incentives for circular vehicle design. In contrast to binding specifications, this has the advantage that manufacturers could decide for themselves, on a decentralized and case-by-case basis, how to design their vehicles.

Export of vehicles [Long Version A.9 and C.1.8]

Commission proposal: Used vehicles can only be exported if they are not end-of-life vehicles and are deemed road-worthy in the Member State in which they were last registered.



cep-Assessment: Better control over the export of used vehicles could support the goal of re-using a larger proportion of the resources that are built into vehicles in the EU. If vehicles that are deemed unroadworthy by EU Member States are no longer exported, this may ensure that important raw materials are kept within the EU and can be recycled and reused. This could reduce the depletion of raw materials and the dependence on imports.