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EuRIC - The European Recycling Industries' Confederation



EuRIC's recommendations on the ELV Regulation proposal



EuRIC POSITION PAPER

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Introduction

In July 2023, the European Commission unveiled its [Proposal for a Regulation on circularity requirements for vehicle design and on management of end-of-life vehicles \[COM\(2023\)451\]](#).

As the voice of Europe's recycling industries, the European Recycling Industries' Confederation (EuRIC) gathers most of Authorised Treatment Facilities (ATFs) and the vast majority of end-of-life vehicles (ELV) recycling facilities (shredders and post-shredder installations) recycling ELVs in Europe and producing recycled raw materials from plastics, rubber and metal incorporated into new automotive vehicles/parts.

EuRIC welcomes the European Commission's proposal to revise the ELV Directive into a Regulation, merging it with the type approval of vehicles for reusability, recyclability, and recoverability (3R type-approval Directive). This proposal notably incorporates a life-cycle approach, establishing requirements for both the end-of-life treatment and the initial design and circular material use of vehicles.

1. Legal basis, Scope & Definitions

EuRIC welcomes the choice of a **Regulation being crucial for harmonizing rules** on circular design of vehicles across the internal market and addressing challenges such as unknown vehicle whereabouts and illegal activities. For requirements on end-of-life treatment of vehicles, EuRIC underlines the importance of taking into account well-established country specific structures. EuRIC strongly **supports the extension of scope** to include new vehicle categories such as buses, trucks, trailers, and motorcycles, which should comply with minimum end-of-life treatment standards. EuRIC also **welcomes the alignment of the recycling definition** with the Waste Framework Directive excluding backfilling, which will create a level playing field for ELV recycling in the EU. However, for a long time to come, vehicles that will enter the recycling system will not have been designed for meeting the new requirements. Tightening the targets will demand significant additional investments in recycling facilities and processes, which require time. Clarity is required regarding the applicability of the new recycling definition to recycling targets. EuRIC recommends the following adaptations to the legal basis and definitions:

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- **Legal basis:** a dual legal basis of Article 192 TFEU for certain waste management related aspects will allow to better consider country specific structures.

- **Recycling definition:** ensure adequate timeframes for adaptation to recycling targets based on the new recycling definition.
- **Tackling illegal operators:** Only authorised operators shall be allowed to perform operations of repair, reuse, refurbishment, remanufacturing and recycling, based on technical requirements.
- **New definitions:** introducing a definition of “irreparable vehicles” and “vehicles from natural disasters”.
- **Shearing and compacting:** these operations shall not be included in the definition of treatment or shredding, because they are unsuited to achieve the recycling and recovery targets
- **Shredding:** sorting is the primary purpose of a shredder. It should be added to the definition of "shredding". The possibility of "tearing into pieces" is not the role of a shredder and should be removed from the definition.
- **Clarifications:** Removal and replacement encompasses the full reintegration of parts into vehicles, including re-coding.

2. Minimum recycled content in vehicles

EuRIC **strongly supports the introduction of minimum recycled content targets** for plastics and other materials in ELVs. The **25% recycled content target** for plastics originating from post-consumer plastic waste in new vehicles with a **closed-loop target of 25%** from automotive end-of-life plastics is **on par with what best performing OEMs can already achieve currently**. Recycled content targets are **essential to bridge design and end-of-life vehicle treatment** and boost the demand for circular and low-carbon materials. This is even more important as **currently on average 80% of ELV plastics are landfilled or incinerated** (Plastics Europe, 2020), resulting in **huge losses both in terms of materials, energy and climate-efficiency** as well as from a European industrial standpoint. Recycled content targets beyond plastics are essential **to boost investments and capacity-building in innovative mechanical treatment processes** using a mix of technologies and often optimized thanks to artificial intelligence (IA). Leading car producers have already set recycled content targets for **steel and aluminium** as part of their sustainability or circularity strategies, since it is these metals, used massively in cars, that have the biggest potential to lower carbon footprint of car manufacturing. **Mandatory declaration of recycled content** is essential for enabling consumer’s choice based on circularity performance and traceability of environmental and CO2 footprint benefits from recycling.

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- **Plastics:** additional targets for a gradual increase of plastics in vehicles must be considered under this Regulation. The certification of recycled content by independent third party is paramount.
- **Metals:** the setting up of recycled content targets for aluminum shall follow the same timeline and process as for steel.
- **Rubber:** to face the dramatic lack of end-markets for recycled rubber from end-of-life tyres, avoiding co-incineration and landfilling, reducing Europe's dependency on imports of natural and synthetic rubber from outside Europe and supporting the EU's strategic autonomy, a minimum post-consumer recycled content target of 10% for new tyres is required, as well as a minimum post-consumer recycled content target of 20% for original equipment manufacturer (OEM) automotive rubber parts, based on installed capacities and mature micronized rubber powder technologies.
- **Glass:** Instead of adding costs for glass dismantling to be offset through EPR, setting minimum post-consumer recycled content targets for glass in vehicles must be assessed for boosting innovation in recycling and manufacturing of intrinsically high quality glass and turning a cost into a demand-driven market.

3. Reuse, remanufacturing and refurbishment

EuRIC supports provisions for market-based instruments, emphasizing the need for Member States to incentivize the reuse, remanufacturing, and refurbishment of ELV parts. Design for removal obligations are vital for ensuring workers' safety and enabling safe and efficient reuse of vehicle parts. Unrestricted, standardized and non-discriminatory access to information is crucial for enabling safe removal and replacement of parts. Additionally, labeling requirements and the introduction of a vehicle passport are crucial for effective part separation and aiding reuse and remanufacturing processes.

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- **Strengthening demand-based measures:** Member State pull measures for the reuse market in Europe must be further strengthened.
- **Effective penalties:** non-compliance with measures for promoting reuse shall lead to effective and dissuasive penalties.
- **Access to information:** shall be guaranteed in an open, fair and competitive manner to repair, maintenance and ATFs and waste management operators, fully

free of charge, giving full access to the manufacturer's parts catalogue, as well as full access for reintegration of parts in new vehicles, including re-coding.

- **Vehicles passport:** chemical of concern to be included in the vehicles passport to safeguard protection of the environment and workers. The information shall be updated based on latest regulatory status up to a certain period after the last vehicle has been put on the market for most complete information on 'legacy' chemicals
- **Removal of parts:** to be based on technical assessment before removal.
- **Clarify warranty obligations:** define responsibilities under warranty obligations.
- **Prohibitions on reuse of parts:** rethinking is needed considering market demand.
- **Simplify labelling requirements:** reduce the burden of labelling by referencing the original equipment part number only.

4. Addressing the problem of “missing vehicles”

The [ELV Directive Evaluation report](#) reveals that about 4 million deregistered vehicles (35%) are unaccounted for, raising concerns that they might not be processed at authorized treatment facilities (ATFs). To improve the collection and environmentally sound treatment of end-of-life vehicles, it's essential to track vehicles throughout their life cycle. EuRIC supports most proposed measures in this section to enhance vehicle traceability and collection. It is very positive to have a clearly articulated responsibility for the last owner of a vehicle to hand it over to an ATF. EuRIC strongly welcomes that the de-registration of a vehicle is subjected to the reception of a valid Certificate of Destruction (CoD) by an ATF. The new obligation to carry out a roadworthiness test to distinguish used cars from ELVs is essential for making sure that only the former can be exported. EuRIC also strongly welcomes the reliance on the MOVE-HUB electronic system for verifying compliance, exchanging information on vehicle registration and roadworthiness that plays a pivotal role in ensuring only roadworthy vehicles are exported outside of the Union.

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- **Financial incentives:** an effective collection and end-of-life treatment of vehicles in the EU requires to give financial incentives to vehicles' owners for handing over their vehicle to ATF, meeting proper end-of-life treatment. This shall be done through linking the insurance premium to the proper deregistration of a vehicle based on the issuance of a valid CoD or proof of sale/export.
- **Online sales:** additional measures shall also be adopted for tackling illegal online sales of valuable spare parts from ELVs which have been declared total losses, scavenged cars etc., by requiring e-commerce platforms to only allow ATF sellers.

- **Responsibility for collection:** in line with the Waste Framework Directive, the responsibility for ensuring collection shall lie on producers/PROs, as well as ATFs and waste management operators.
- **Delivery to ATFs:** a list of essential parts and components to be delivered to ATFs shall be established under this Regulation and updated according to technological developments in the types of vehicle placed on the market. No exemption must be permitted for electric vehicle batteries.
- **Administrative procedure:** no additional administrative burden and only relevant information shall be included in the Certificate of Destruction.

5. Treatment of end-of-life vehicles

EuRIC is highly concerned about the proposed mandatory removal obligation of parts and component prior to shredding. EuRIC evidently supports increasing reuse and recycling of ELV parts, but raises concerns about the disproportionate burden this requirement would place on ATFs and shredders. Mandatory removal should only be applicable for parts and components for which a downstream market for re-use of car components exists. For material recovery, the proposal is based on the biased assumption that mechanical treatment would negatively impact the quality of recycled materials. It is the opposite. Thanks to continuous innovation, state-of-the-art shredding and post-shredding technologies enable to recover an extremely diverse range of materials for being used back into vehicles. From a quality standpoint, it is essential to emphasize that quality of recycled raw materials means in practice that the applicable industry standards or specifications, be them in terms of contamination levels or mechanical properties, are met. Continuous improvements in shredding and post-shredding technologies have enabled for now more than 20 years to recover from waste recycled raw materials which are then sold to steel mills, smelters, plastic converters, etc, at competitive prices. EuRIC raises strong concerns on introducing a complete ban on mixing ELV with packaging waste and waste electrical and electronic equipment (WEEE). Nowadays, the quality output of shredders is linked to specifications set by customers¹, contributing to the decarbonisation of vehicle production. Separating different fractions for shredding does not evidently lead to a better environmental result. Also, mixing ELV with WEEE can improve the efficiency of the recycling technologies and extend the process lifespan (for instance the hammers of the shredder).

¹ EU-27 Steel Scrap Specification developed EUROFER:EURIC

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- **Technology-neutral recycling:** only a technology neutral approach will promote innovations in recycling processes. EuRIC calls on the EU legislator to endorse a market-driven, technology-neutral approach for removal requirements, as current technologies in shredding and post-shredding can effectively recover a wide range of materials without compromising quality.
- **Shredding requirements:** EuRIC opposes a blanket ban on mixing ELV materials with WEEE or packaging in shredders and calls instead for a technology-neutral approach that offers flexibility and promotes innovation for high-quality recycling.
- **Applicability:** acknowledge the significant time gap between when vehicles are designed (eco-design conception) and when they actually reach the end of their lifecycle and are recycled. This time lag, along with the average lifespan of vehicles and the necessary adjustments in recycling processes, should be factored into treatment operations and regulatory considerations.
- **Depollution:** the requirement to record of the date and time of depollution operations would clearly be excessive and should be deleted. The final treatment process for depolluted ELVs shall be shredding or post-shredding by an authorized treatment facility. Also, the link between neutralized and removed parts shall be clarified under Annex VII Part B.

6. Extended Producer Responsibility (EPR)

EPR Schemes shall only be laid down when the costs of proper treatment exceed the value of recovered materials. ELVs have little to do with packaging, for instance. They have a value which requires less involvement from manufacturers. It is in that respect worth mentioning that recyclers still bear the brunt of the costs of recycling ELVs (88% of all end-of-life costs), that may be dependent from vehicles' design by manufacturers until 20 years in the past. The establishment of EPR schemes in EU Member states shall not go to the expense of well-functioning ELV treatment structures. To be able to handle the responsibility for the costs for the EPR-systems in practice there is a need for a clear methodology and role distribution for the decision process determining the initial cost level and its evolution over time. The proposed stricter requirements for handling, removal, logistics and recycling will increase the costs for the whole system. For determining an adequate compensation level, the producers and the waste management operators must be involved in the process of deciding the EPR fees. For ensuring fair competition for SMEs in the recycling sector, the fair representation of recyclers in PRO governing bodies should at least ensure parity. Eco-

modulation of EPR fees plays an essential role for giving a financial incentive for recycling and increasing market acceptance of recycled materials.

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- **Role of EPR:** EPR schemes shall only be laid down, when needed. If laid down, EPR schemes shall build on the expertise of the recycling industry and organize the market efficiently without interfering into operational activities.
- **Fair representation of recyclers:** shall not only be mandated for collective EPR Schemes but also apply for individual EPR Schemes. It shall at least allow a parity representation of recyclers within the PRO executive and advisory boards² for a practical understanding of vehicle treatment along the life cycle and operational efficiency to achieve regulatory targets. Member States shall not impose any restrictions on the fair representation of recyclers.
- **Control mechanisms:** self-control mechanisms shall mandatorily be carried out at least every 3 years by an accredited and independent third party.
- **Free & fair competition for SMEs:** preventing abuses of dominant positions regarding in particular the financial responsibility for vehicles and ELV treatment operations through better regulating the contractual framework between producers and ATFs.
- **Protecting business confidentiality:** the collection of data of calculation EPR fees must remain fully confidential in line with competition and data protection laws. This information shall only be gathered in full independence by a third party, protecting sensitive internal company data.
- **EPR fees:** financial contributions shall be based on average calculations by an independent third-party per Member State, protecting sensitive internal company data. They shall include transportation costs and reflect changes in the cost of labour, VAT, transport, energy and raw materials. Revenues of waste management operators shall not account for the average cost monitoring. The rules for EPR fee payments should not depend on the state of the car, whether it's used or new. Fees should follow a geographical approach and be paid in the Member State in which the car is registered, regardless if it is pre-owned or new. Increased costs for investments needed to meet the proposed recycling rate must be reflected when calculating the financial fees.

² [Regarding fair representation at board level, the Belgian system FEBELAUTO could serve as model.](#)

7. Eco-design and recycling targets:

More recycling of ELVs will only work, if materials used in new vehicles placed on the market in the EU are effectively recyclable. EuRIC welcomes the minimum targets of 85% by mass for reusability or recyclability of vehicles and the 95% by mass for minimum reusability or recoverability of type approved vehicles. However, a number of aspects of this provision cannot be adequately assessed at present, as the criteria will only be set out in delegated acts issued at a later stage. A real step forward would be an increased exchange between recyclers and manufactures on win-wins for the eco-design of future vehicles.

EuRIC also appreciates the limits on harmful substances in new vehicles but is concerned about the exemptions for certain substances (like lead, mercury, cadmium) that could hinder the reuse of recycled materials from ELVs in new vehicles.

EuRIC welcomes the 85% reuse and recycling, and the 95% reuse and recover targets but notes that the 85% reuse and recycling target could be more challenging to achieve in future giving the increased mass of batteries in the vehicle feedstock delivered to recycling facilities. EuRIC also underlines that natural disasters, accidents, or fires, including EV battery fires should be taken into account for the calculation of the targets.

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- **Recyclability:** Manufacturers should harmonize materials and their placement in vehicles, especially for critical components, to aid industrial-scale extraction. Interaction between recyclers and manufacturers to improve eco-design in future vehicles should be encouraged. Focused on environmental performance, mechanical recyclability of vehicles shall be promoted in priority.
- **Substance restrictions:** for preventing legacy issues hindering circularity, the same exemptions on restrictions of substances of concern granted at design stage must be granted at recycling stage as well. Also, intentionally added PFAS shall be phased out from vehicles.
- **Reuse, recycling and recovery targets:** shall be achieved by all economic operators. Natural disasters, accidents, fires (including EV battery fires) must be taken into account with regard to data collection and fulfilment of targets. The 30% plastic recycling target must be calculated on a practical and technically achievable basis.