

Introduction

On July 13, 2023, the EU Commission (Commission) proposed a [new regulation concerning end-of-life vehicles \(ELVs\)](#), with the aim of ensuring sustainable management of ELVs and of maximizing the reuse or recycling of most ELV parts and materials. This proposal builds upon and replaces two existing directives – [Directive 2000/53/EC](#) on end-of-life vehicles and [Directive 2005/64/EC](#) on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability.

For the purpose of the proposed regulation, the term “end-of-life vehicle” encompasses two categories:

- Vehicles that qualify as waste, as defined in Article 3, Point 1, of [Directive 2008/98/EC](#). This includes any substance or object that the holder discards, or intends or is required to discard.
- Vehicles that meet the criteria specified in Part A, points 1 and 2 of Annex I of the proposed regulation, which pertain to vehicles that are technically or economically irreparable.

Objectives of the Proposal

The new regulation aims to enhance the circular design of vehicles to achieve a minimum of 25% of recycled plastic used in vehicle manufacturing, with 25% of that coming from recycled ELVs. To this end, it establishes circularity requirements during the vehicle design and production phase. These requirements pertain to reusability, recyclability and recoverability, as well as the use of recycled content which will be assessed during the vehicle homologation process. The aim is to ensure that new vehicles are designed in a manner that facilitates recycling and reuse of spare parts when they reach the end of their life. Additionally, the regulations strive to improve the quality of raw materials, including critical raw materials (CRMs), plastics, steel and aluminum.

In addition to these objectives, the proposed rules include several measures. Firstly, they hold manufacturers financially responsible for their vehicles once they become waste, ensuring a more accountable approach to their disposal. Secondly, the regulations promote effective treatment operations for end-of-life vehicles (ELVs), encouraging responsible recycling practices. Thirdly, they provide incentives for recyclers to enhance the quality of their recycling processes.

Moreover, the proposal aims to gradually expand its scope, eventually covering new categories such as motorcycles, trucks and buses. This ensures that proper end-of-life treatment is applied to various vehicle types. Lastly, the proposal introduces new requirements that prohibit the export of vehicles that are not roadworthy for European roads, with the aim of preventing air pollution and ensuring road safety in third countries.

The majority of the provisions would apply to vehicles of categories M1 and N1 (cars and vans). Specific provisions on ELV management, and export requirements, would also apply to certain motorcycles – L-category vehicles (vehicles of categories L3e, L4e, L5e, L6e, and L7e), trucks, buses and trailers (vehicles of categories M2, M3, N2, N3, and O).

Impact on Manufacturers

The new regulation would impose several obligations on manufacturers of vehicles falling within its scope. These obligations include:¹

- (i) Demonstrating compliance with the rules set forth by the new regulation during the homologation process
- (ii) Preparing a circularity strategy for all new vehicle models, containing a list of actions that the manufacturer commits to undertake to ensure the ELV treatment adheres to the new rules
- (iii) Declaring the share of recycled content of specified materials present in vehicles
- (iv) Providing information on the safe removal and replacement of vehicle parts, components and materials using a new proposed digital tool – the circularity vehicle passport

Furthermore, the proposal introduces extended producer responsibility for vehicles that are placed on the market for the first time within an EU Member State. This responsibility involves ensuring that end-of-life vehicles are collected and treated in accordance with the new rules set forth in Articles 23 and 27, respectively. Another noteworthy aspect of the proposal is the introduction of a requirement for manufacturers to contribute financially to the expenses associated with the management and disposal of ELVs. Additionally, the new law would impose obligations on manufacturers to actively participate in the establishment of collection systems for ELVs. The purpose of these systems is to facilitate vehicle holders in delivering their vehicles to authorized facilities without incurring unnecessary efforts or costs.

¹ This list is not exhaustive, as there are numerous introduced obligations. For a comprehensive overview of all the new obligations, please refer to the text of the proposed regulation.

The complexity of the obligations set forth in the proposed regulation makes it advisable for manufacturers to engage in the early stages of the legislative proposal to effectively navigate the regulatory landscape. By familiarizing themselves with the intricacies of the proposed provisions, manufacturers can develop a deeper understanding of the potential impact on their operations, products and overall business strategies.

How We Can Help

As a full-service global law firm, we provide insight at the point where law, business and government meet, giving our clients a voice, supporting their ambitions and achieving successful outcomes. Our multidisciplinary team of more than 1,500 lawyers and public policy experts in over 40 offices across four continents provides unrivalled access to expertise and invaluable connections on the ground. It is a seamless service that operates on any scale – locally or globally. It encompasses virtually every matter, jurisdiction and market. And we place our clients at the center.

We combine sound legal counsel with a deep knowledge of our clients' businesses to resolve their legal, public policy and political challenges. We care about the quality of our services, the success of our clients and the relationships that are forged through those successes.

Our client base spans every type of business, both private and public, worldwide. We advise a diverse mix of clients, from Fortune 100 and FTSE 100 corporations to emerging companies, and from individuals to local and national governments. Leveraging local connections, while exerting global influence, we are commercial, connected and committed.

Our Public Policy Practice Group works with clients to make sure they are heard, at the right time, by the right people, with the right message, in Washington DC, Brussels, London, Canberra and other major capitals around the world. Visit our European Public Policy and International Policy webpages for more information on our team and capabilities.

Contacts



Wolfgang Maschek

Partner, Chair of European Public Policy Practice, Brussels

T +32 2 627 1104

E wolfgang.maschek@squirepb.com



Valerio Giovannini

Associate and Public Policy Advisor, Brussels

T +32 2 627 1104

E valerio.giovannini@squirepb.com