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#### NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Current legislative proposals: Proposal for a Regulation of the European Parliament and of the Council on circularity requirements for vehicle design and on management of end-of-life vehicles, amending Regulations (EU) 2018/858 and 2019/1020 and repealing Directives 2000/53/EC and 2005/64/EC – Information from the Presidency

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Delegations will find in Annex an information note from the Presidency on the above subject, to be dealt with under “Any other business” at the Council (Environment) meeting on 17 June 2024.

## **Proposal for a Regulation on circularity requirements for vehicle design and on management of end-of-life vehicles**

### **– Information from the Presidency –**

#### **INTRODUCTION**

On 13 July 2023, the European Commission published a Proposal for a Regulation of the European Parliament and of the Council on circularity requirements for vehicle design and on management of end-of-life vehicles, amending Regulations (EU) 2018/858 and 2019/1020 and repealing Directives 2000/53/EC and 2005/64/EC (the ‘Proposal’).

The review of the legislation on end-of-life vehicles (ELVs) stems from the broader context of the European Green Deal, with the aim of promoting more circular business models by linking design issues to end-of-life treatment. This appears necessary with respect to the significant environmental footprint of vehicle production, which is primarily due to the greenhouse gas emissions of the energy required to extract and process primary materials (coal and iron ore for steel, bauxite for aluminium and copper and oil for plastics). In addition, the increasing use of sophisticated and composite materials poses particular challenges for dismantling, reusing and recycling end-of-life vehicles, which undermine the overall treatment quality of the end-of-life vehicles.

The Proposal therefore sets out requirements to ensure that new vehicles are designed in a way that facilitates recycling and re-use of parts and components. It also proposes to introduce a mandatory target for the use of recycled plastics and uses Commission delegated acts to set targets for recycled steel, critical raw materials and aluminium in the future. In this way the proposal complements the Critical Raw Materials Act as many provisions aim to reduce raw material dependencies in this resource intensive sector by increased circularity, the availability of spare parts and higher quality recycling. The proposal also aims to reinforce extended producer responsibility and contains stronger traceability and control measures to increase the collection of end-of-life vehicles and tackle the persistent problem of 'missing vehicles'. Furthermore, it proposes to ban the export of used vehicles that are no longer roadworthy in order for the Union to comply with its commitments not to contribute to pollution in third countries and keep valuable materials in the EU. The proposal also aims for better treatment of end-of-life vehicles through the setting of a recycling target for plastics, the modernisation of the technical treatment requirements in the annexes, and the mandatory removal of parts and components prior to shredding to facilitate their reuse and remanufacturing, thus enhancing the circular economy.

## **THE STATE OF PLAY IN THE COUNCIL**

The Spanish Presidency organised a presentation of the proposal, together with an initial exchange of views, at the meeting of the Working Party on the Environment (WPE) on 3 October 2023. The detailed examination of the Proposal then began under the current Belgian Presidency which identified thematic clusters in order to facilitate the handling of the file:

- (1) Legal basis, scope and definitions
- (2) Circularity requirements – general provisions and circularity strategy
- (3) Circularity requirements – recycled content
- (4) Information requirements and circularity vehicle passport
- (5) Extended producer responsibility (EPR)
- (6) Definition of ELV and collection
- (7) Treatment
- (8) Export of used vehicles
- (9) Enforcement and reporting
- (10) Final provisions

Under the Belgian Presidency, the Proposal was discussed in 6 all-day meetings of the WPE on 29 February, 15 March, 8 and 26 April, 23 May and 7 June 2024. During the first three of those meetings, the WPE conducted a first article-by-article examination of all ten clusters. The following three meetings were dedicated to an in-depth examination of clusters 6, 7, and 8 on the basis of thorough Presidency steering notes which contained a number of compromise solutions and clarifications addressing the concerns of the member states.

The main changes to the Commission proposal, that seem to have broad support amongst the member states, can be summarised as follows:

**The definition of ELV and the distinction between used vehicles and end-of-life vehicles:** In order to collect more ELV and ensure their delivery to the authorised treatment facilities (ATF), it is necessary to be able to distinguish used vehicles from ELV. This should be done in a manner that uses stringent enough criteria that can be checked at the right moment, i.e. at the moment of transfer, and without increasing the administrative burden beyond reasonable limits, especially for private persons. The Presidency approach consists of imposing, for every change of ownership, the presentation of documentation attesting that the vehicle is not an end-of-life vehicle. This documentation can be an assessment according to Annex I (i.e. criteria for determining whether a vehicle is an end-of-life vehicle) or a valid roadworthiness certificate. The Annex I assessment has to be carried out by an independent automotive expert, but it would be up to the member states to decide how exactly such independent automotive experts should be appointed.

A derogation from this requirement is provided for changes of ownership of roadworthy vehicles transferred by natural persons who are not economic operators. However, this derogation should not apply to sales concluded online as they constitute a higher-risk situation.

Provisions were added addressing situations where vehicles have been declared an economic or technical total loss in order to improve transparency and discourage illegal practices. Also, obligations are set for insurance companies to do an Annex I assessment on vehicles that have been involved in accidents and report to the competent authorities on the number of economic and technical total losses declared each year.

The above changes are accompanied by a clarified definition of ELV which now states that an ELV is a vehicle that is waste according to the Waste Framework Directive or which is considered waste on the basis of Annex I. In turn, Annex I has been substantially overhauled in order to clarify the criteria on the basis of which a vehicle is to be considered an ELV. The criteria for Part A (binding criteria) and Part B (indicative criteria) should be assessed in a cascading manner. A further technical assessment may then be necessary to determine whether the vehicle can be repaired to obtain a roadworthiness certificate. If not, the vehicle in question is to be considered an ELV. While the ‘vehicles of historical interest’ have been already excluded from the regulatory scope of the proposal, additional exemptions are included in Part C of Annex I for vehicles of special cultural interest and for cases where the vehicle owner decides to restore it back to a roadworthy condition, despite the costs of repair significantly exceeding its market value. Member states will be given flexibility to allow these exemptions or not.

**Collection of ELVs:** The Presidency text will clarify that ELVs may be delivered either directly to an authorised treatment facility (ATF), or, if authorised by a member state, to a collection point included in the collection system for its territory which will then have the obligation to deliver the ELV to an ATF within one month, in order to reduce the risk of illegal activities. The option to authorise collection points is considered necessary to address the situation of very small member states or remote regions where an ATF is not available.

Another important element of the Commission proposal was that delivery to an ATF or to a collection point should be free of charge, unless an essential component other than the electric vehicle battery is missing. This has now been further clarified by listing the essential components exhaustively in the relevant provision in order to increase legal certainty. Regarding the electric vehicle battery, it has been clarified that delivery remains free of charge if it is missing, to facilitate reuse and has been handled by a professional operator in accordance with Regulation (EU) 2023/1542.

**Treatment:** The Presidency text makes a number of clarifications in the articles on the obligations of ATFs, on shredding, storage, fluids removal, and on a time limit for depollution as well as on a Commission empowerment to adapt treatment requirements which is now specifically circumscribed to scientific progress in treatment technologies. The Presidency text positively rephrased the prohibition on mixed shredding of ELVs with other waste, now allowing this operation if certain quality criteria and limit values are met by 'post-shredding technology' (PST). These new limit values also apply as a condition for the landfill of non-inert waste from the shredding of ELVs. The text allows more exemptions for parts and components to be removed in Annex VII Part C when the limit values for PST can be achieved to make the text more future-proof, innovation friendly and technologically neutral, as post-shredding technologies will develop further in the near future. Member states broadly agree that parts that are removed from ELVs should not be considered waste when the technical assessment proves that these parts and components are fit for reuse, remanufacturing or refurbishment as set out in Article 31. Further discussion is needed on the definition of reuse and the scope of plastics to be covered by the 30% recycling targets.

**Export** of used vehicles: Member states ascertained through a number of clarifications in the text that the customs controls to verify that only roadworthy vehicles are exported from the Union are fully automated and remain based on existing risk management principles, without requiring any physical checks of the status of individual vehicles. It has also been clarified that member states may continue using existing applications, including the European Vehicle and Driving Licence Information System (EUCARIS), to connect to the MOVE-HUB, the new message exchange platform to interconnect Member State national electronic registers and national customs systems via the EU Single Window Environment for Customs.

The Presidency intends to issue a revised legislative text addressing the issues set out above and hand it over as a basis for further work to the forthcoming Hungarian Presidency.