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date of receipt:	14 July 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SEC(2023) 292 final
Subject:	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 - *Regulatory Scrutiny Board opinion*

Delegations will find attached document SEC(2023) 292 final.

Encl.: SEC(2023) 292 final

EUROPEAN COMMISSION

Brussels, 16.5.2023
SEC(2023) 292 final

REGULATORY SCRUTINY BOARD OPINION

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

{COM(2023) 451 final}
{SWD(2023) 255 final}
{SWD(2023) 256 final}
{SWD(2023) 257 final}

EUROPEAN COMMISSION
REGULATORY SCRUTINY BOARD

Brussels,
RSB

Opinion

Title: Impact assessment / Review of EU legislation on end-of-life vehicles

Overall 2nd opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

This impact assessment supports the review of Directive 2000/53/EC on end-of-life vehicles (ELV Directive), which deals with the treatment of vehicles at their end-of-life, i.e. when they are considered waste. It also informs the revision of Directive 2005/64/EC on the type-approval of motor vehicles regarding their reusability, recyclability and recoverability (3R type-approval Directive). Both Directives were evaluated, the ELV Directive in 2021 and the 3R type-approval Directive back-to-back with this impact assessment.

The review of this legislation was anticipated in the Circular Economy Action Plan and in the EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil'.

(B) Summary of findings

The Board notes the improvements made to the report responding to the Board's previous opinion.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

(1) The report does not sufficiently justify the need for or effectiveness of a roadworthiness certificate to control export to third countries.

(2) The report is not sufficiently clear on the distributional impacts.

(C) What to improve

(1) The report should explain the differences between used vehicles, waste and vehicles without a roadworthiness certificate and carry this differentiation throughout the text. It should better demonstrate that requiring a roadworthiness certificate for exporting used cars is the best option in view of other potential available alternative measures (e.g. based on age of the vehicle). It should clarify if different roadworthiness requirements are set by different Member States and if this would influence the internal market for exporting used

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vehicles to third countries. It should explain why the applicable regulations of the recipient country are not deemed sufficient in determining whether an export should be permitted.

(2) The report should discuss the (global) environmental footprint of discarding vehicles as waste by banning their export that could still be used in third countries where different legal requirements and standards allow this. It should demonstrate how this is compatible with the waste hierarchy and if a potential better end-of-life treatment of the vehicle in the EU outweighs the impacts resulting from the extension of its lifetime when further used in third countries from a lifecycle perspective. The report should better demonstrate the coherence with the European Commission circular economy strategy and action plan.

(3) The report should better justify the difference in approach for setting targets for recycled content for steel compared to the measure proposed for setting targets for aluminium and Critical Raw Materials. It should explain how the envisaged feasibility studies will subsequently inform the impact assessment and comparison of alternative targets and related policy choices when preparing the corresponding implementing measures.

(4) The report should better explain why the option of EU-level Extended Producer Responsibility (EPR) is discarded while Member State level EPR is required given the EU-wide, cross-border, nature of the motor vehicle market.

(5) The report should be clearer on the distributional impacts, in particular on who is likely to benefit from the estimated CO2 credits as their final allocation seems to be instrumental in identifying how the different categories of stakeholders, including consumers, will be affected by the preferred policy package.

(6) The assumptions and calculations of the administrative costs should be clarified and better presented, including those related to the 'one in, one out' approach. The tables in Annex 3 on the administrative costs should come with more explanation and cross-reference with the estimates presented elsewhere.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

(D) Conclusion

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Review of Directive 2000/53/EC on end-of-life vehicles and Directive 2005/64/EC on the type-approval of motor vehicles regarding their reusability, recyclability and recoverability
Reference number	PLAN/2020/8644
Submitted to RSB on	28 April 2023
Date of RSB meeting	Written procedure

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ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

Overview of benefits

I. Overview of Benefits (total for all provisions, compared to a "business as usual baseline") – **Preferred Option - in 2035**		
Description	Amount	Comments
Direct benefits - materials		
Materials recycled at higher quality (in addition to baseline)	+5,400 ktons	Total amount: this covers materials used as recycled content, treated at higher quality and collected more.
Plastics used as recycled content in new vehicles	+710 ktons	Post-consumer plastics used in new vehicles
Materials reused, removed and recycled at higher quality (current vehicle scope)	+2,300 ktons	Steel: Reuse +600 ktons; Recycled +860 ktons; Aluminium: Reuse +120 ktons; Recycling +330 ktons Copper: Reuse +15 kton; Recycled +82 ktons Glass: Recycled +160 kton Plastics: Reused +87 kton; Recycled +160 kton CRMs - REEs: Recycled +2.4 kton
Materials collected and treated more	+1,900 ktons	Steel: +1,550 ktons Aluminium: +240 ktons Copper: +31 ktons Plastics: + 60 ktons Platinum in catalysts: +7 tons
Materials reused, removed and recycled at higher quality from extended scope	+510 ktons	Motorcycles: + 57 ktons Heavy-duty vehicles: + 450 ktons
Direct benefits – Economic revenues (in current value)		
Revenues from improved collection and recycling	+2,400 million EUR	Total value of revenues and avoided costs for materials used as recycled content, treated at higher quality and collected more.
Plastics used as recycled content in new vehicles	+600 million EUR	Post-consumer plastics used in new vehicles: shredders and PST operators
Materials reused, removed and recycled at higher quality (current vehicle scope)	+1,380 million EUR	ATFs: +110 million EUR (net revenues) Shredders/ PST operators: +1,090 million EUR Recyclers: +170 million EUR
Materials collected and treated more	+360 million EUR	ATFs: + 328 million EUR Shredders/ PST operators: +29 million EUR

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Materials reused, removed and recycled at higher quality from extended scope	+81 million EUR	ATFs: + 42 million EUR Recyclers: +39 million EUR
GHG savings (- = reduction)	-12,300 kton CO2eq	Production share only: Plastics recycled content: -310 kton CO2eq Reuse and recycling: -4,540 kton CO2eq Increased collection: -6,350 kton CO2eq Scope extension: -1,120 kton CO2eq
Energy savings plastics recycled content (- = reduction)	-7,300 GWh (plastics)	Plastics recycled content -4.5 million barrels of oil eq.
Reduced air pollution emissions, plastics recycling	+13	Reduced decease incidences due to particulate matter
ELVs collected and treated more	+3.8 million vehicles	+3.2 million for N1,M1; +0.6 million for scope extension. Includes 1.1 million vehicles more from illegal/ informal treatment EU, in total 65% less low value used vehicles and ELVs exported less for N1,M1
Export reduction used vehicles + ELVs	-2.1 million vehicles	
Indirect benefits		
Additional EU jobs	+22,100	Of which: Manufacturers: +7,200 SMEs: ATFs and shredders: +14,200
Improved resource efficiency	Not quantified	Manufacturers
Reduced environmental externalities of mismanaged waste and health risks in third countries	Not quantified	Reduced offer of second-hand vehicles in 3rd countries" expected with 2.1 million vehicles and "increase in prices of second hand vehicles in 3rd countries". Improved quality of vehicles exported with a valid roadworthiness. Many importing countries are taking measures to ban the import of second hand cars over a certain age, or below certain emission levels.
Lower amounts of landfill	Not quantified	Waste management sector
Improved recycling rates vehicles	+5%	Based on improved recycling definitions, main benefits are improved recycling quality
Lower repair costs from 2nd-hand spare parts	Not quantified	Vehicle owners, reduced costs by avoiding new spare parts. Rough estimation is a 50% lower parts costs on average, very dependent on the type of parts and age of the vehicle
More legitimate income	Not quantified	Waste management sector
Increased tax revenue	Not quantified	Member States
*Administrative cost savings related to the 'one in, one out' approach **		
Not applicable	Not applicable	Not applicable

Overview of costs

II. Overview of costs – Preferred option, compared to a "business as usual baseline", all values in million EUR, in 2035, current value							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
Design circular PO1	Direct administrative costs			Manufacturers: 2.370	Manufacturers: 0.5; ATFs, shredders 0.16	EC: 0.200	Type approval: 0.014; market surveillance 0.191
Recycled content plastics and steel PO2	Direct adjustment costs			Plastic recyclers capacity investment: 690	Manufacturers: 392, Recyclers 284		
	Direct administrative costs				Manufacturers 0.24		
Recycling PO3	Direct adjustment costs				ATFs: 491 Shredders/ PST operators: 1,230 Recyclers: 83		
	Direct administrative costs				ATFs: 16.2 Shredders/ PST operators: 12.9 Recyclers: 2.52		MS waste authorities 0.043
Collection and EPR (PO4,5)	Direct adjustment costs		Reduced export value: 151		Specialised export car dealers: 523		
	Direct administrative costs				Manufacturers: 32.1	MS waste authorities 1.35	MS waste, 4.87; MS vehicle registration 16.6; EC: 0.850
Scope extension PO6	Direct adjustment costs				Specialised exporters HDV: 51; ATFs: 39		

	Direct administrative costs		Private vehicle owners (L3-L7): 2.33	Manufacturers L: 0.056; Manufacturers HDV: 0.026	Manufacturers: 0.010, ATFs: 10.4; HDV vehicle owners: 0.574		MS waste authorities 0.280
Costs related to the 'one in, one out' approach (in million EUR)							
Total	Direct adjustment costs	n.a.	n.a.	n.a.	n.a.		
	Indirect adjustment costs	n.a.	n.a.	n.a.	n.a.		
	Administrative costs (for offsetting)	0	2.33	2.45	80.33		

EUROPEAN COMMISSION
REGULATORY SCRUTINY BOARD

Brussels,
RSB

Opinion

Title: Impact assessment / Review of EU legislation on end-of-life vehicles

Overall opinion: NEGATIVE

(A) Policy context

This impact assessment supports the review of Directive 2000/53/EC on end-of-life vehicles (ELV Directive), which deals with the treatment of vehicles at their end-of-life, i.e. when they are considered waste. It also informs the revision of Directive 2005/64/EC on the type-approval of motor vehicles regarding their reusability, recyclability and recoverability (3R type-approval Directive). Both Directives were evaluated, the ELV Directive in 2021 and the 3R type-approval Directive back-to-back with this impact assessment.

The review of this legislation was anticipated in the Circular Economy Action Plan and in the EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil'.

(B) Summary of findings

The Board notes the additional information provided and commitments to make changes to the report.

However, the Board gives a negative opinion because the report contains the following significant shortcomings:

(1) The report lacks clarity on how the specific objectives relate to the general objective of contributing to the competitiveness of the automotive sector.

(2) The report is not clear on the key policy choices and the robustness of the evidence informing these choices.

(3) The level of quantitative analysis on the extension of scope of the ELV legislation is not proportionate to the scale of the expected impacts. The report does not sufficiently assess the impacts on competitiveness of affected EU sectors, international partnership countries and the enforcement capacities of Member States.

(4) The report does not clearly compare the different policy options in terms of effectiveness and efficiency. It does not sufficiently demonstrate that the preferred combination of options is the most proportionate and best performing one.

(C) What to improve

(1) The report should clarify key terminology and concepts upfront. It should present a clear, consistent and hierarchical set of general and specific objectives. It should clarify how the specific objectives support the general objective on competitiveness and how this initiative would contribute to enhancing the competitiveness of the EU automotive and recycling sectors. The specific objectives should be formulated more precisely, going beyond general objectives for a circular economy, so that the progress and success of the initiative can be better measured.

(2) The report should clearly set out the different policy choices. It should clarify if the policy maker could prioritise one or more specific problems and related objectives by choosing a more limited set of measures from different intervention areas which in turn could lead to other combinations of measures than the one selected for the preferred package. On this basis, the report should also clarify whether alternative combinations of measures have been assessed and compared in terms of effectiveness, efficiency and proportionality against the baseline.

(3) Given the overall single market narrative, the report should better explain why the option of individual and/or collective EU-wide Extended Producer Responsibility schemes was discarded. It should clarify how banning the export of vehicles that still can be used in third countries (in line with the applicable national legislation) is consistent with the waste hierarchy, i.e. re-use before recycle, and what the environmental effect will be in terms of the increased quantity of vehicles left in the EU requiring ELV disposal.

(4) The report should further develop the impact analysis so that the level of quantitative analysis is always proportionate to the scale of the expected impacts. In particular, it should make an effort to quantify the costs and benefits of the options regarding the extension of the scope of the ELV legislation. Where the quantification is not possible or proportionate, it should explain why and discuss more transparently the differing levels of quality of the available evidence that informs key policy choices, in particular regarding setting targets (for a recycled content target for steel in particular). It should better inform to what extent an evidence-based decision can be taken on the targets based on the available information (e.g. absence of cost estimates) and what the corresponding risks would be that the envisaged benefits may not materialise.

(5) The report should strengthen the analysis of impacts. It should be more transparent about the impact on competitiveness for the different sectors, particularly the automotive sector. It should be clearer on the total costs arising from the preferred option on the EU vehicle manufactures. This should include the quantitative estimates and qualitative assessment of the costs not quantified. Regarding impacts on international partner countries, the report should assess more thoroughly if an export ban could result in reduced mobility options, in particular for more vulnerable groups or in trade diversion involving the import of potentially polluting vehicles from other third countries exploiting an emerging supply gap. The report should assess the impact on the enforcement capacities of the Member States. It should clarify how the administrative burden is estimated, taking into account the One In, One Out approach.

(6) The report should analyse and explicitly present the distribution of impacts and show who will benefit from this initiative and who will bear the costs, taking into account that the overall net benefit of the initiative is critically linked to credited CO_2 savings.

(7) The report should provide a clear comparison of options, mainly in terms of effectiveness and efficiency. It should present the cost-benefit analysis (net impacts and Benefit Cost Ratios) for each option (and relevant combinations thereof) to allow for a

solid comparison of options which in turn can support the selection and justification of the preferred set of measures. The total net impact and Benefit Cost Ratio of the preferred option should be presented. The comparison should bring together all monetised and non-monetised impacts – economic, environmental and social. The integration of environmental benefits in the analysis should be transparent and consistent. (8) The report should improve the explanation of its methodological approach and the analytical clarity throughout. All the key assumptions and data should be explained. The report should present the aggregated and disaggregated estimates in a way that it is clear how the figures relate to one another. *Some more technical comments have been sent directly to the author DG.*

(D) Conclusion **The lead DG must revise the report in accordance with the Board's findings and resubmit it for a final RSB opinion.**	
Full title	Review of Directive 2000/53/EC on end-of-life vehicles and Directive 2005/64/EC on the type-approval of motor vehicles regarding their reusability, recyclability and recoverability
Reference number	PLAN/2020/8644
Submitted to RSB on	15 February 2023
Date of RSB meeting	15 March 2023