

JBCE'S POSITION ON END-OF-LIFE VEHICLES- REVISION OF EU RULES

INTRODUCTION

Being a cross-sector association with member companies operating in different industries and stages in the supply chain (electronics, chemicals, polymer, automotive, machinery, semiconductor, steel, nonferrous metal, textiles, ceramics, and glass products), Japan Business Council in Europe (JBCE) welcomes the opportunity to contribute to the Commission's proposal regarding End-of-life Vehicles (ELV) – revision of EU rules¹.

KEY MESSAGES

On a general note, we understand that the End-of-Life Vehicles Regulation (ELVR) offers many opportunities to enhance sustainability of the automotive industry, as highlighted by various companies across different impacted sectors represented by JBCE. However, we are also concerned that the targets announced in the ELVR proposal need to be feasible and practicable.

Our main points of concern are listed below, and further explanation and evidence is provided in the Annex.

1. To circulate the post-consumer recycled plastic in the automotive sector in a sustainable way, the **economic feasibility for actors in the value chain** is a crucial element.
2. It may overlap with other EU initiatives on product sustainability and circularity. The Circularity vehicle passport should also **avoid duplication and be coherent** with similar measures under other EU legislations.
3. The biggest challenge that we see is the lack of availability of recycled feedstock in the European market. The ELV regulation should propose a **definition for “sustainable content”** taking into account both recycled and other types of sustainable materials including chemical recycling.
4. **Recycled content cannot be applied to all commodities** and/or products indistinctively. For plastics, targets should be realistic, including pre-consumer and post-consumer waste.
5. Regarding the **restriction of substances of concern**, we support a **risk-based approach** rather than a simple approach based solely on the hazard classification of substances.

¹ 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

6. While all plastics are polymers, not all polymers are plastics from a physico-chemical standpoint. The definition should be more specific as to which **types of polymers** are **covered under the minimum recycled content target** for plastics.
7. We do support a flexible target having included a share of biobased content for plastics by weight. The proposal should also **clarify the principles** which will guide the establishment of **methodology for the calculation and verification of the share of recycled & sustainable materials** (for example, “mass balance”), and how the recycled content will be verified or certified.
8. The **methodology and standard** to prove the recycled content for plastic and its content and other materials (steel, aluminium, rare earths in permanent magnets) should be **harmonized among the non-EU countries**.
9. A clear need for securing a **framework for innovation** that ensures we deliver on our circular economy goals.
10. We believe the **‘design to enable removal and replacement’ should not be made to a type-approval requirement** because the structure of vehicles varies significantly between different manufacturers, and it would be challenging to establish universal standards that apply to all vehicles.

ABOUT JBCE

Founded in 1999, Japan Business Council in Europe (JBCE) is a leading European organization representing the interests of over 100 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, textiles, and glass products.

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EU Transparency Register: [68368571120-55](https://ec.europa.eu/transparency/regexp1/index.cfm?do=entity.entity_details&entity_id=68368571120-55)

ANNEX

1. GENERAL

- **The ELV regulation offers many opportunities to enhance sustainability of the automotive industry**, such as incentivizing low weight materials, harmonizing approaches towards the use of sustainable contents, etc.
- However, the idea that the targets announced in the ELVR proposal can be achieved as early as 2030 is not based on the previous development cycles of the automotive industry. At least two years before the start of series production, prototypes are usually already rolling on the road to test the new components. Two years before that, the materials must have been specified and qualified, as must the secured material supply. This means that material and recycle producers are already required to secure corresponding waste streams of consistent quality from post-consumer waste. In addition, suppliers, as well as the automotive industry, must design components as quickly as possible so that they work even under the influence of potential fluctuations in recyclates. **Multi-material systems must be reduced and dismantlability increased** in order to have better quality and quantity waste streams available for reuse in the future. A feasible and sufficient transition period should be considered.
- To circulate the post-consumer recycled plastic in the automotive sector in a sustainable way, **the economic feasibility of actors in the value chain is a crucial element**. It is expected that the cost of recycled plastics will be more expensive than that of the virgin product at early stage.- We urge the European Commission to prepare an instrument and/or financial support to ensure the fair distribution of the cost burden in the recycled plastic value chain.
- **The methodology and standard to validate the source of recycled plastic and its content should be harmonized among the non-EU countries**. To ensure a sufficient supply of recycled plastics to the automotive industry in the EU, the imported recycled plastics take an important role. The level playing field should be secured avoiding the technical and administrative burden only on non-EU economic operators. To do so, we urge the European Commission to harmonize the rules and accreditation among non-EU countries.
- The new approach of the regulation to merge circularity and end-of-life aspects reflects the principles of the circular economy. However, **it may overlap with other EU initiatives on product sustainability and circularity** (for example: Critical Raw Materials Act, Battery Regulation, REACH Regulation, etc.). Some of the vehicle components, e.g. tyres, are at the same time proposed to be reviewed under the Eco-design for Sustainable Products Regulation (ESPR). The scope of the regulation towards vehicle components should be better defined.
- It should be considered to guarantee compliance with the latest REACH and POPs Regulations and four ELV substances due to legacy substances included in the recycled materials.
- **Regarding the restriction of substances of concern, we support a risk-based approach rather than a simple approach based solely on the hazard classification of substances**. Easy substitution of substances can lead to decreased performance and regrettable consequences. Due to their unique combination of properties, some CMR

substances are indeed used in safe conditions for life-saving applications, like airbags crash sensors or anti-lock brake systems. The proposed timeframe by the European Commission (12 months) is not feasible because all the risk assessments should be dealt with case by case and could take longer than 12 months.

2. PROPOSAL OF ARTICLES

- **Article 3: Definitions**

Article 3.1 (9) refers to the REACH definition of plastics. However, **while all plastics are polymers, not all polymers are plastics from a physico-chemical standpoint.** Significant portion of vehicle parts are made of rubber compounds which are subjected to different technological challenges than plastics regarding recyclability and recycled content. **The definition should be more specific** regarding the polymer types it covers under the minimum recycled content target and be limited to recyclable plastic considering available recycling technologies.

- **Article 6: Minimum recycled content in vehicles**

The biggest challenge that we see is the lack of availability of recycled feedstock in the European market. As we can see from the PPWR already, it is also a concern that the source of recycled plastics for automotives is chronically insufficient. Especially since the fact that the large number of used cars are exported to non-EU countries, the supply of recycle to vehicle to vehicle is even more concerned. In fact, only around 10% are now recycled in Germany since many products on the market are offered in low quantities. For this reason, to ensure that the recycled plastics use target is achieved, the following aspects should be considered and adopted in the scope of the target calculation.

(1) We understand that the EU circular economy aims to address the circularity of post-consumer plastics. Nevertheless, until supply of post-consumer plastic waste is sufficient, stable and economically feasible, it is proposed that the post industrial recycled plastics are included in the target calculation within a certain time frame as a transitional measure.

(2) The ELV Regulation should propose a definition for **“sustainable content” taking into account both recycled and other types of sustainable materials.** The scope shall include not only post-consumer waste but also pre-consumer waste and waste from dealerships & workshops and the type of recycling (mechanical or chemical) should also remain open otherwise the targets should be reduced.

(3) We understand thermoset plastic is not included in plastics according to the ELV definition of plastic. Since recycling thermoset plastic is difficult, we support that the target of the recycled plastic content is subject to thermoplastics and polyurethane form as recommended by the JRC report.

(4) **The recycling technologies should widely be accepted including the chemical recycling.** The chemical recycling process provides solutions to the supply shortage and the quality issues of recycled plastics. Among others, the monomer depolymerization recycling process has advantages in terms of the energy consumption and GHG emission compared to the oil pyrolysis process. Therefore, the monomer depolymerization recycling process should also be recognized and recommended.

(5) **We do support a flexible target having included a share of biobased content for plastics by weight.** Bio-based plastics are also proposed to be counted as part of the recycled plastics' content. The bio-based plastics have been commercially used within the automotive industry as a substitution of the fossil fuel-based plastics, contributing to the GHG emission reduction. Even if virgin bio-based plastics are used for the automotives, it is proposed to include in the target calculation so as to mitigate the recycle shortage and thus to avoid its price hike.

(6) Material recyclability is not the only way to reduce the use of virgin material content and enhance circularity. A variety of solutions are under development, including sustainable renewable (bio-based, bio-sourced) materials. The principles which will guide the establishment of methodology for the calculation and verification of the share of recycled & sustainable materials (for example, "**mass balance**"), and how the recycled content will be verified or certified should be clarified.

There is currently a lack of harmonized quality standards for the recyclates coming from outside Europe. Also, it may be a barrier to entry for sellers of recyclates outside Europe. Such material may not be considered waste according to the European and national end-of-waste definition but sold as recyclates to the European market. We do see a high risk of greenwashing and hence recommend **independent 3rd party audits** to prove the source of PCR.

Regarding the comparison between Article 6 and Article 10: In Article 10, for steel, magnesium and aluminum, only a declaration of recycled content is required for the first 3 years after implementation. Metals can only indicate whether the material is recycled from pre-consumer waste or post-consumer waste. In Article 6, such provision is not given for non-metals such as composites and carbon fiber. A similar approach should be for all materials for the first 3 years.

- **Article 7: Design to enable removal and replacement of certain parts and components in vehicles.**

We noticed some unclarities (what is the numerical assessment on "easy to remove"?) and inconsistencies (why is a Dashboard required for dismantling whereas a Bumper can remain in the vehicle under certain conditions?) that would need to be addressed to provide legal certainty to businesses. There is no provision for specific criteria in the ELVR proposal nor any provision for the development of detailed rules. **We believe the 'design to enable removal and replacement' should not be made a type-approval requirement** because the structure of vehicles varies significantly between different manufacturers, and it would be challenging to establish universal standards that apply to all vehicles. In addition, vehicles' components are already replaceable in a non-destructive manner as far as possible to decrease insurance rates and keep their residual value, therefore no additional detailed requirement under ELVR is needed.

Annex VII Part C should be reviewed because there are components (such as catalytic converters) that are designed to be non-removable to ensure the vehicle performance and safety, and therefore should not be subject to the provisions of Annex VII Part C.

On the other hand, at the current stage, the majority of tail lights are ending up in the incineration plants in Member States. It is estimated that about 16kt of PMMA waste

feedstock per year could be recycled. Technologies for the recycling of PMMA waste feedstock such as depolymerization already exists and are currently being developed by the industry. Current estimates suggest that circular acrylic will reduce the CO2 footprint by around 70% compared to virgin acrylic. This is a significant step forward in making acrylic fully circular. This is particularly important given that only 6-10% of acrylic is currently recycled. For this reason, we propose to add tail lights to Part C “mandatory removal of parts and components from end-of-life vehicles”.

- **Article 8: General Obligations**

For type-approval of vehicles, in particular, for the 3R calculations, a reference vehicle is used. There is a clear uncertainty on whether manufacturers will need to use the same reference vehicle or different vehicles to calculate the recycled content. Therefore, it is essential to clarify which reference vehicle will be considered in which conditions for both calculations.

- **Article 9: Circularity strategy**

A circularity strategy is required for each newly approved types of vehicles. It should be noted that most of the elements to be covered by this strategy (Annex IV, Part A, par. 5, 6 and 7) are not the responsibility of the vehicle producers. It also raises concerns about the leakage of design information and other know-how, and it should be clarified how and what is covered by confidentiality information to avoid this situation.

- **Article 10: Declaration on recycled content present in vehicles**

Since there are no calculation methodologies in the proposed regulation and no provisions for adopting implementing acts for calculation methodologies for those recycle content, different companies may use different calculation methods. We strongly encourage the publication of clear guidelines to avoid confusion between supply chains.

- **Article 13: Circularity vehicle passport**

The Circularity vehicle passport should avoid duplication with similar measures under other EU legislations, for example the Digital Product Passport under ESPR. It should be consistent with product passports already applicable, e.g. digital battery passport in the context of the Batteries Regulation. It should also ensure interoperability with the existing tools used by the industry, for example IMDS, IDIS.

- **Article 16: Extended Producer Responsibility**

It should be noted that the producer does not have a contract with all existing individual waste management operators, so it cannot be responsible for ensuring the compliance of each existing waste management operator in Europe. The producer also does not have the legal tools to enforce compliance by authorized treatment facilities. It should not be included in the Extended Producer Responsibility.

- **Article 20: Financial responsibility of producers**

The requirement that the producers' financial contributions shall cover waste management operators' costs is unrealistic. Producers cannot receive detailed income and expenditure

reports from waste management operators without contracts, and there is no independent verification system for the waste management operators' claims which could lead to financial inconsistencies.

- **Article 21: Fee modulation**

Regarding extended producer responsibility (ERP) as to (e) the share of materials and substances preventing a high-quality recycling process of such as adhesives, composite plastics or carbon-reinforced material, we would like to highlight **a high-quality recycling process**. For this reason, mentioning examples of hard-to-recycle materials should not be given, since there are many developments in recycling of these materials, and this might not be true anymore at any moment in future.

We would like to point out that a high-quality recycling process for the recycling of CFRP already exists commercially, e.g. CarboNXT². CFRP materials contribute to the weight reduction for transportation systems and hence are a crucial contributor to the reduction of GHG emissions during the lifetime. By offering recycling facilities for CFRP materials, even more GHG emissions can be saved during the end of life, as no new virgin fibers have to be produced and hence energy can be saved.

On the other hand, recycled contents cannot be applied indistinctively to all commodities and/or products. In the case of beryllium where very small amounts of the material are present in end-applications, mostly as alloying element in copper integrated in connectors, recovering and recycling actions targeted on the substance are not technically nor economically feasible.

- **Others**

- ANNEX VI on labeling requirements:
All materials >100 grams should be labeled, this threshold is too low and leads to high administrative costs. Our proposal would be to heighten this threshold to 500 grams or 1 kg.
- Labelling and identifying the parts based on the coding standards is difficult since percentage of additives in the recycled plastics may have variations. Regarding recycled plastic materials, measures taken such as excluding them from this labeling or labeling only the main material and not labeling additives need to be taken.
- The European Commission may request ECHA to assess the technical and economic feasibility of reviewing the exemption list (Annex III in the current Annex II, ELV proposed rule). The European Commission's proposal requires ECHA to report on the technical feasibility (+ economic feasibility) of alternatives pertaining to existing exemptions listed in Annex III. However, because there is no clear definition of the technical feasibility, it should be prescribed that the technical feasibility includes characteristics, performance and durances which the vehicle components are required too.
- Limiting plastic materials for use in automotive plastics, e.g., through bans or negative lists, has the potential to result in materials substitutions with heavier, and less durable alternatives that negatively impact fuel efficiency and GHG emissions. We therefore see

² <https://www.carbonxt.de/en/>

a clear need for securing a framework for innovation that ensures we deliver on our circular economy goals. This includes measures to support new processes, systems, and products such as innovations in the recycling of automotive high-performance components and product, design for recycling and strongly oppose the unjustified limitation of materials used in automotive parts.

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