

By E-Mail [REDACTED]

Dr. Christian Suhl
Managing Director, Head of the
EU Representation
Tel.: +32 2 548 38-92
Fax: +32 2 548 38-99
suhl@bde.de

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Trilogue on the End-of-Life Vehicles Regulation; urgent request regarding treatment processes and the use of recycled materials

BDE
Federation of the German Waste Management, Water and Circular Economy Management Industry
Business and employers association

Dear [REDACTED]

We, the BDE Federal Association of the German Waste-, Water- and Circular Economy Management Industry, urgently request that you do not agree to any provisions in the trilogue negotiations regarding the treatment of end-of-life vehicles and the use of recycled materials in the manufacture of new vehicles that would conflict with the goal of a circular economy for vehicles. Specifically, this concerns requirements for the recovery of aluminium (see I.) and the possibility of taking into account processed production waste in order to achieve the minimum recycling quotas (see II.).

BDE Berlin

Von-der-Heydt-Straße 2
10785 Berlin
Tel.: +49 30 590 03 35-0
Fax: +49 30 590 03 35-99

As BDE we represent the interests of approximately 750 members of the private recycling and waste management industry in Germany. Many of our members are active in scrap recycling and are already able to supply high-quality recycled materials in sufficient quantities and qualities. However, they are facing major challenges due to current developments involving unfair competition (cheap scrap from third countries; preferential treatment of primary industry, especially electric arc steel, etc.).

BDE Brüssel

Rue de la Science 41
1040 Brüssel, Belgien
Tel.: +32 2 548 38-90
Fax: +32 2 548 38-99

www.bde.de
info@bde.de

We therefore welcome the draft end-of-life vehicles Regulation and the corresponding approach to promote the circular economy in the automotive sector. Usage rates for post-consumer recycled materials, both for plastics and steel, are the essential lever for generating demand for high-quality recycled raw materials. This will create incentives for innovation and investment in recycling capacities, leading to a secure supply of recycled materials for the automotive industry and strengthening the resilience of European industry.

Unfortunately, there are efforts in the trilogue negotiations to tighten the requirements for aluminium recovery processes, which are not technically or economically feasible and make the processing of end-of-life vehicles less attractive. The same applies to efforts to allow recycled materials from production waste to be used to meet the minimum recycled content quotas; As production waste can usually

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be reused without any significant further processing steps, its use does not create any incentives for innovation and investment in recycling facilities.

I. Requirement to dismantle engines and gear boxes while separating aluminum fractions post-shredding (Annex VII Part C and G)

Annex VII Part C of the Draft end-of-life vehicles Regulation lists the vehicle parts that must be removed before shredding. For engines and gear boxes, parts that mainly consist of aluminium, the Council's negotiating position (for engines and gearboxes) and that of the Parliament (for gearboxes) provide for exemptions from the obligation to remove them beforehand, in case the plant operator can prove that separating the fractions after shredding does not result in any loss of quality of the output. This is actually economically sensible, since a combined shredding of the vehicles, engines and gear boxes, can increase the material fractions on the output level, and is already practiced, where a combined shredding is technically possible.

According to our information, some interest groups are strongly advocating for the deletion of this exemption for engines and gearboxes from the requirement to be removed before shredding. However, as representatives of the scrap recycling industry, we see an urgent need to maintain this exemption. For some plant operators, it may make economic sense to separate the relevant fractions only after the shredding process, which is more cost-effective and, above all, would not compromise the quality of the output. In addition, shredding the engines and transmissions can actually lead to better sorting, provided that the individual metal fractions can be separated and processed.

Above all, it would be a serious matter if plant operators were obliged to remove the corresponding gearboxes and engines, which constitute the main aluminium component, and still would have to subsequently process the individual aluminium fractions into cast aluminium and wrought aluminium, as provided for in the Council negotiating position, Part G No. 2 lit. b., respectively in Art. 28 Para. 3b of the Parliament's position. Any further obligation to process aluminium fractions should therefore be rejected. The type and quality of the output fractions are negotiated individually between recycling companies and their customers. Legal requirements regarding quality are worsening the market position of companies that recondition end-of-life vehicles. Legislators should not intervene at the expense of the recycling industry and make the recycling of end-of-life vehicles less attractive by imposing excessive requirements; this would hinder rather than promote the circular economy for vehicles, which would ultimately run counter to the interests of consumers of recycled materials in a stable supply of recycled materials.

The requirement of a copper content of 0.25%, as well as a residue of 1% metal fraction and 5% organic content for joint shredding is also very ambitious in this respect and difficult to achieve, especially for many small and medium-sized enterprises. We support the Commission's draft, which stipulates that joint shredding must not result in any quality disadvantages compared to separate treatment, which is also represented in Annex VII G Para. 1 lit. (d) of the Parliament negotiating position. It is not clear why stricter limits should apply in this respect.



BDE

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II. Minimum recycled content requirements for steel and plastics (Art. 6)

Minimum recycled content quotas, both for plastics and steel, must urgently refer to the use of post-consumer waste.

The aim of the upcoming End-of-Life Vehicles Regulation is ultimately to promote investment in high-quality recycling facilities, in line with the Clean Industrial Deal. For this reason, the recycling of post-consumer recyclates must be specifically promoted, as these require a corresponding amount of processing effort and their treatment creates incentives for innovation and investment in treatment capacities. In addition, due to the current political situation, it is particularly important in the steel sector to return materials that would otherwise be lost back to the material cycle.

The recycling of production waste, on the other hand, does not pose any particular challenges; in general, it can be reintroduced into the production process relatively easily without the need for costly further processing measures. The 'recyclates' obtained from it are particularly attractive because they are of high quality and can be obtained very cost-effectively; thus, 'recyclates' can be generated without any problems by making changes to the production process, for example by increasing the amount of waste material. It is obvious that this does not really promote the recycling of waste and does not create a genuine circular economy.

This process is also referred to when, as indicated in the Parliament's position, the interests of the automotive industry (Art. 6 para. 3 lit. (b)) and the existing contribution of pre-consumer scrap recycling (lit. (g)) are to be included in the study on the delegated act for MRC-quotas. However, this is not in line with the principles of a genuine circular economy.

We would be extremely grateful if you could take these arguments and concerns into account in the trilogue negotiations. Specifically, we ask you to oppose the removal of the exemption for engines and gearboxes from the obligation to remove them before shredding, as well as the inclusion of recyclates obtained from production waste in the achievement of the minimum recycle use quotas.

Please do not hesitate to contact us if you have any questions.

Sincerely yours,

Christian Suhl

Yannick Müller