DSC inquiry regarding Regulation (EU) 2026/1738 – Additional Evidence from DAERA

Following the Committee hearing on 6 August 2026, DAERA approached 50 businesses potentially affected by Regulation (EU) 2026/1738 and asked how they may be impacted by the relevant provisions of the Regulation.

DAERA received four responses from Northern Ireland businesses: one car dealership and three vehicle dismantlers. The responses received therefore represent the views of a small percentage of vehicle dismantlers. As such, we would advise that this feedback may not be representative of the sector as a whole.

A summary of the responses is set out below.

Car Dealership

The car dealership responded:

1. Approximately 10% of its vehicle sales involve cars without a valid MOT certificate.
2. These vehicles are not assessed, as they are sold exclusively to other traders rather than to members of the public.
3. Requiring an MOT or independent assessment prior to sale would have a significant impact on the business, potentially leading to more vehicles being scrapped and reducing the willingness of dealers to accept non-MOT vehicles as trade-ins.
4. Such a requirement would necessitate changes to the current business model and could adversely affect the viability of trading in non-MOT vehicles.

However, the car dealership's response suggests that it provided its assessment on the basis that their sales of non-MOT vehicles to other traders would be subject to the obligations of the Regulation. Therefore, it is relevant to note that the UK Government's Explanatory Memorandum (UKG EM) states that the requirement for an independent assessment would not apply to business-to-business transactions.

Vehicle Dismantler (Treatment facilities)

As of May 2026, the NI Environment Agency public register of licensed authorised treatment facilities (ATF) confirms 109 active site licenses. The top five ATFs operate multi-site commercial premises, representing 16 of the total sites (15% of the sites in NI), with the rest of the ATF market (93 sites) consisting of standalone, single-site independent SMEs. Three responses were received through our engagement --

Vehicle Dismantler A

This vehicle dismantler commented only that the proposal would represent: “another nail in the coffin of small operators”.

However, there was no further qualification of this point provided.

Vehicle Dismantler B

The second vehicle dismantler provided the following views:

1. Visual inspections are currently undertaken on removed body panels, wheels and other non-mechanical parts. Engines are assessed on arrival to confirm whether they start.
2. No formal records of inspections are maintained, and parts are sold as "genuine used parts". However, the business provides registration-based compatibility checks through its website and eBay store.
3. Approximately 99% of sales are made directly to customers, and parts are appropriately labelled.
4. The business does not currently possess the specialist expertise, facilities or equipment required to assess parts and components removed from ELVs for reuse, remanufacturing, refurbishment or recycling.

As regards point 4 above, it should be noted in relation to the UKG EM that the Regulation is not fully prescriptive about the manner in which assessments must take place. It is our understanding that expensive equipment and processes are not always necessary for all assessments and in many cases, visual or other proportionate assessment may be suitable.

5. Given the relatively low value of many used parts, undertaking technical assessments would be labour-intensive and, in many cases, the cost of assessment would exceed the value of the item.

As regards point 5 above, it should be noted in relation to the UKG EM that this does not reflect the discretion available to businesses to determine the most appropriate means of assessment for each part, meaning that for many parts complex or time-consuming technical assessments will not be needed and simple visual assessment may be more appropriate.

6. All parts and components are supplied with a 30-day guarantee, which the business considers to provide greater value to customers.
7. The business is concerned that implementation of the Regulation would increase the cost of used parts and components, resulting in higher prices for customers.

With regard to point 7 above, the UKG EM provides caveats about the level of discretion afforded to businesses in assessing parts, as noted previously.

Regarding the input from Vehicle Dismantler B as a whole there are caveats, from the UKG EM of relevance. Firstly, this response did not account for the specific application of Article 31 to the Windsor Framework, as domestic consumer protection rules will continue to apply in Northern Ireland. Secondly, the views may not have considered the transition period available to operators to adapt to new requirements, over two to six years. It is the UK Government's assessment that this will enable the right capability to exist to provide the necessary consumer protection.

Vehicle Dismantler C

The third vehicle dismantler raised the following concerns:

1. The provisions relating to the assessment of removed parts were considered overly burdensome and, in some instances, impractical to implement. Examples provided included:
    - Parts removed from non-operational vehicles cannot always be adequately assessed unless installed in a functioning vehicle (e.g. engines or fuel injectors).
    - Dismantling a vehicle can result in the removal of more than 50 parts. Requiring a technical assessment of each part would place a disproportionate administrative and operational burden on the business.
    - The associated costs and resource requirements could discourage the removal of parts for reuse, remanufacture, refurbishment, recycling or other recovery activities, where the costs would outweigh the potential returns.

With regard to the above points, it should be noted that while the Regulation sets out technical evaluation criteria to remove parts and components with regard to their reuse or remanufacturing, businesses will have some discretion as to the most reasonable means of carrying out any assessment, including simple visual assessments where appropriate.

2. The requirement to assess all removed parts would increase operating costs, which would likely be passed on to customers through higher prices.
3. In relation to labelling, the business currently marks removed parts with details of the source vehicle and considers this sufficient. Customers are also provided with a receipt and a guarantee allowing parts to be exchanged or refunded if found to be defective. The business noted that some parts are too small to be labelled effectively.

4. Compliance with the additional requirements may necessitate the recruitment of an additional staff member, resulting in a significant financial burden.
5. Licensed vehicle dismantlers must compete with unlicensed operators working unlawfully from domestic premises. The respondent considered that increased regulatory requirements could place compliant businesses at a competitive disadvantage, potentially encouraging some operators to leave the regulated sector and operate unlawfully.

All operators would be expected to comply with relevant requirements. Any approach to enforcement would be expected to include risk-based inspection strategies, as well as a proportionate penalty system.

With regard to the input from Vehicle Dismantler B as a whole, it should be noted in relation to the UKG EM that:

- *The used part assessment and labelling requirement applies where an authorised treatment facility chooses to remove used parts from a vehicle for onward sale or transfer.*
- *The Regulation is not prescriptive about the manner in which assessments must take place.*

It is our understanding that expensive equipment and processes are not always necessary for all assessments and in many cases, visual or other proportionate assessment may be suitable.

This view did not account for any enhanced protection from consumers when purchasing used car parts.

In summary, the concerns expressed may be largely addressed by the flexibility in the Regulation for businesses to adapt proportionate, risk-based and appropriate means for assessing parts - including through basic visual inspection where appropriate. However, it remains uncertain as to the extent that these will address stakeholder concerns, ahead of further engagement.

From: DSC <WindsorFramework.Committee@niassembly.gov.uk>
Sent: 13 August 2026 15:02
To: TEO Democratic Scrutiny Committee
Subject: Regulation (EU) 2026/1738 on vehicle standards

Good afternoon,

Regulation (EU) 2026/1738 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

At its meeting on 13 August 2026, the Windsor Framework Democratic Scrutiny Committee heard oral evidence from Department of Agriculture, Environment and Rural Affairs (DAERA) officials as part of its ongoing inquiry into the above-named replacement EU act.

During the evidence session, officials shared further information it had received from some stakeholders, and agreed to submit the details of this to the Committee.

Officials also stated that the UK Government is seeking more comprehensive trade information regarding used vehicles and spare parts, and that DAERA has requested information from the Driver and Vehicle Licensing Agency on the number of used vehicles with transferred ownership from Northern Ireland to the European Union. Officials agreed to share additional data with the Committee as soon as it becomes available.

As the Committee will consider its draft inquiry report on Thursday 20 August 2026, please provide any further information **by 11.00 am on Monday 17 August 2026**.

Kind regards,