PUBLISHED REPLACEMENT EU ACT ASSESSMENT OF IMPACT

Reference: Regulation (EU) 2026/1738
Date: 04/08/2026
Department: Department of Agriculture, Environment and Rural Affairs (DAERA)

Published Replacement EU Act

REGULATION (EU) 2026/1738 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 July 2026 on circularity requirements for vehicle design and on management of end-of-life vehicles, amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2019/1020 and (EU) 2023/1542 and repealing Directives 2000/53/EC and 2005/64/EC.

Official Journal of the European Union L, 20026/1738, 24.7.2026

An initial Assessment of Impact and an updated assessment were provided to the Committee in 2025 and 2026 respectively (Reference: DSC/08a/2025). The initial assessment concluded that application of the proposed Regulation under the Windsor Framework would not have a significant impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist.

The May 2026 assessment reflected a revised version of the Regulation, setting out the European Union's position on its applicability in Northern Ireland under the Windsor Framework.

This assessment relates to the final Regulation as published in the Official Journal of the European Union on 24th July 2026.

Summary of the Act

Directive 2000/53/EC.
The Regulation repeals and replaces Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles (this Directive is not listed in the Windsor Framework).

Directive 2005/64/EC.

The Regulation repeals and replaces Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (Annex 2 – Heading 9 – Motor vehicles, including agricultural and forestry tractors).

Regulation (EU) 168/2013
The Regulation amends Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (Annex 2 – Heading – Motor vehicles, including agricultural and forestry tractors).

Regulation (EU) 2018/858
The Regulation amends Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (Annex 2 – Heading 9 – Motor vehicles, including agricultural and forestry tractors).

Regulation (EU) 2019/1020
The Regulation amends Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulation (EC) No 765/2008 and (EU) No 305/2011 (applies insofar as it amends Regulation (EC) No 765/2008 (Annex 2 – Heading 8 – Goods – general provisions).

Regulation (EU) 2023/1542
Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (Annex 2 – Heading 23 – Chemicals and related).

Key points

The Regulation aims to accelerate the EU's automotive sector from the linear to the circular economy, at all stages of the vehicle lifecycle - from design to final treatment at end-of life. With a focus on improving circularity, it sets out requirements to ensure that new vehicles are designed in a way that facilitates recycling and re-use of spare parts when they reach their end-of-life.

The Regulation applies to most road vehicles with implementation dates varying by vehicle category. It does not apply to vehicles officially recognised by competent authorities as having special cultural interest.

Summary of main changes from existing legislation:

- ‘Design Circular’ to focus on attempting to ‘design out waste’ from concept to end-of-life status;
- revised methodology to calculate recyclability and re-usability of new vehicles at type-approval stage;
- development of an environmental vehicle (digital) passport;
- proposed tighter controls on the export of unroadworthy vehicles to 3rd countries (outside the EU) on safety and environmental grounds;
- new vehicles to have mandatory minimum targets for content of recycled material;
- introduce new traceability & control measures regarding the persistent problem of ‘missing vehicles’ across the Union;
- ensure that the vehicles made available on the market are collected and treated and that waste management operators treating such vehicles meet recycling targets.

The Regulation strengthens circularity by integrating design requirements with end-of-life treatment obligations, including mandatory recycled content requirements for certain materials and components and measures to improve recycling efficiency. It consolidates two existing directives into a single regulatory framework covering the entire vehicle lifecycle. Overall, the Regulation embeds circularity requirements from the type-approval through to end-of-life management.

For the first time binding targets for recycled material would be introduced. From 1 September 2032, all new vehicles will be required to contain at least 15% of plastic recycled from post-consumer plastic waste, with 20% of such material coming from recycled end-of-life vehicles. The target rises to 25% from 1 September 2036.

Legal Context and Applicability Under the Windsor Framework

Previous assessments raised questions regarding the Regulation’s applicability in Northern Ireland under the Windsor Framework. The UK Government has since determined that the Regulation will apply in Northern Ireland pursuant to Article 58 and in accordance with Article 13(3) of the Windsor Framework. The UK Government’s assessment on this matter is provided in the Government’s Explanatory Memorandum accompanying the published Regulation. The Regulation covers both reserved and transferred matters. DAERA is responsible for environmental protection and domestic waste management policy, including the existing end of life vehicles provisions under the assimilated version of Directive 2000/53/EC.

Department(s) Responsible

Department for Infrastructure, is the lead department for Regulation (EU) 2018/858, (EU) 168/2013 and Directive 2005/64/EC in respect of type approval; however, type approval of vehicles is reserved to the UK Government.

Regulation (EU) 2019/1020 on market surveillance is reserved to the UK Government. DfE may also have an interest from the perspective of the Circular Economy Strategy, specifically in regard to ‘designing circular’.

Department of Agriculture, Environment and Rural Affairs, is the lead department for Directive 2000/53/EC, in respect of end-of-life waste and extended producer responsibility, and Regulation (EU) 2023/1542 concerning batteries and waste batteries.

Assessment of Impact

To ensure the views of affected stakeholders in Northern Ireland and across the UK were fully understood, DAERA in partnership with DfI and the UK Government undertook targeted engagement with key stakeholders, including representatives from the insurance, automotive salvage and recycling industries, as well as vehicle dealerships. It is important to note that engagement to date has been limited to large businesses that operate on a UK wide basis as well as Northern Ireland-based car dealerships. Engagement with the smaller end of the market has proved challenging.

Discussions focused on the potential impacts of the Regulation, particularly:

- requirements to assess components removed from ELVs
- the obligation to prioritise reuse over remanufacturing, refurbishment and recycling where technically feasible;
- mandatory labelling of parts removed from ELVs
- requirements on the functional performance of reused, remanufactured or refurbished parts;
- reporting requirements to the Commission, including:
    i. the number and weight of ELVs exported or shipped for further treatment; and

    ii. the quantity of parts, components and materials removed for purpose of reuse and remanufacturing or refurbishment.

- the requirement for economic operators to obtain an assessment from an independent automotive expert before transferring ownership of a vehicle that does not have a current MOT or has been declared a total economic loss following an accident
- the requirement for private sellers (non-economic operators), who sell a vehicle without an MOT, or which has been classified as a total economic loss, via an online platform and without a physical handover, to obtain an assessment from an independent automotive expert.

Stakeholder engagement identified several potential concerns which have been addressed in turn in the sections below.

Impact of applying the Regulation

The application of this Regulation will impact the operations of GB and NI businesses, requiring adjustments and adaptations in certain cases. However, it remains to be seen whether this would have a significant impact specific to the everyday lives of communities in Northern Ireland in a way that is liable to persist. As set out in the UK Government's Explanatory Memorandum, the application of this Regulation is limited to specific provisions under the Windsor Framework. Therefore, Northern Ireland will not adopt the full EU Regulation, instead it will continue to follow the UK's domestic producer responsibility system as well as the UK's domestic rules on waste treatment.

Evidence gathering to date indicates that where regulatory adjustments are required by industry over a phased two-to-six year timeframe, this could lead to impacts for consumers and businesses. The measures set out in the UK Government's Explanatory Memorandum are designed to mitigate impacts on legitimate trade in used vehicles and car parts. These measures will be subject to further engagement with the sector during the transition window. It is therefore unclear whether the Regulation would have a significant impact. The UK Government notes that it will continue to engage with affected stakeholders and will explore the relative merits of taking equivalent measures in Great Britain.

Used and end-of-life vehicle requirements - vehicle traceability

Article 36 establishes a new mechanism to differentiate legitimate second-hand vehicles from waste streams. It requires economic operators transferring ownership of a used vehicle to provide evidence that the vehicle is not an end-of-life vehicle, either through a valid roadworthiness certificate, equivalent in UK/NI terms to an MOT where applicable or an assessment by an independent automotive expert.

Representatives of the motor insurance industry expressed concerns in relation to the potential need for a third-party independent assessment for vehicles classified as total economic losses, which are commonly sold through vehicle auctions. The UK Government has set out in its Explanatory Memorandum that technical assessments or declarations compiled by 'in-house' insurance adjusters, automotive engineers or dealership mechanics are recognised as independent and compliant for the purpose of the Regulation. This is expected to address the concerns raised. More generally, and not specific to this Regulation, the insurance sector remarked that regulatory changes can lead to changes in insurance premiums.

Car dealerships highlighted concerns about new requirements for vehicles accepted as trade-ins without a valid MOT certificate, which could require a third-party independent assessment before onward transfer. The UK Government has set out in its Explanatory Memorandum measures to ensure the legitimate trading of used vehicles without an MOT is not subject to regulatory disruption. For the automotive retail and dealership sector, the commercial trade of used vehicles without an MOT will be able to defer evidence of its roadworthiness until the point of its onward transfer to an end-consumer, as long as a declaration (in the form of an internal electronic log or standardised template) is passed along the commercial supply chain. The aforementioned reassurance that assessments carried out by dealerships' in-house mechanics will be compliant with the Regulation is also expected to mitigate the concerns raised, subject to further clarity on implementation and compliance requirements. Any additional costs associated with determining a vehicle's end-of-life status could be borne either by businesses or consumers.

End of life vehicle requirements - parts assessment and labelling

There is no requirement for authorised treatment facilities (ATFs) to remove parts or components before dismantling or shredding a vehicle. However, where ATFs remove used parts for sale or transfer, those parts must be assessed and labelled in accordance with Articles 30 and 31.

Under Article 30, removed parts must be assessed to determine their suitability for reuse, remanufacturing, refurbishment, recycling, or other treatment options. The assessment must be documented, and any part deemed suitable for reuse, remanufacturing, or refurbishment must be labelled with the part name and details of the ATF, including the name and address, including a single contact point and e-mail address, and, if applicable, a website.

Certain removed parts must not be reused unless a technical assessment confirms compliance with applicable vehicle requirements. A specific sub-set of safety-critical parts (airbags, steering assemblies or braking systems) may only be sold for reuse on condition that its installation will be performed by a qualified repair and maintenance operator. This ensures that these specific components comply with vehicle type-approval safety requirements before they can be used in vehicles on public roads.

Article 31 requires that all used vehicle parts and components removed from ELVs and placed on the market in Northern Ireland by economic operators, including those sold through online platforms, have been assessed and labelled in accordance with Article 30. The economic operator must also ensure that any parts placed on the market are capable of maintaining their intended function and performance under normal conditions of use for up to one year.

Currently, economic operators are not required to report specific data on removed parts that have been assessed as suitable for reuse, remanufacturing or refurbishment. However, Article 50 applies in Northern Ireland only to the extent that it is not excluded by Article 58(7). Subject to that limitation, it requires certain information to be provided, including:

- the total weight and, where relevant, the amount of parts, components and materials removed from end-of-life vehicles for the purpose of reuse, remanufacturing or refurbishment; and
- the quantities of parts and components containing relevant amounts of critical raw materials removed from end-of-life vehicles and the quantities of critical raw materials recovered from these parts and components.

The information will be published in a machine-readable format and will be sortable and searchable.

Compliance with Articles 30, 31 and 50 will require ATFs to develop the technical capability to assess parts and adapt existing sales processes to meet the new labelling requirements. There have been challenges in obtaining feedback from small and medium-sized ATFs; however, industry engagement suggests that larger ATFs are unlikely to face significant challenges in implementing these changes, whereas small and medium-sized operators may experience greater impacts.

The UK Government's Explanatory Memorandum notes that the UK Government intends to work with stakeholders, particularly smaller businesses, to design a proportionate reporting framework over the 3-5 year transition window (with data gathering due to start from September 2029).

The application of the Regulation in Northern Ireland may also indirectly impact sectors and systems beyond DAERA's remit, on which DAERA is not in a position to comment. The UK Government, as set out in the Explanatory Memorandum, has collaborated with DAERA and the Department of Infrastructure, in the preparation of the Explanatory Memorandum.

<u>Impact of not applying the Regulation</u>

Non-application would introduce divergence for NI businesses trading vehicle parts and used vehicles into the EU, but this is unlikely to affect NI businesses that are only trading within NI. It is not yet clear whether not applying the Regulation would have a significant impact on the everyday lives of communities in Northern Ireland in a way that is liable to persist.

Non-application of the Regulation's provisions would create regulatory divergence for Northern Ireland businesses trading automotive parts and used vehicles into the EU market, with such products only being able to be sold in the EU, if they satisfy the relevant EU regulatory requirements. While we have not been able to gather trade statistics in the time available, it is likely that this would impact NI-based online businesses selling products into Ireland or the broader EU.

As set out in the UK Government's Explanatory Memorandum the manner in which the requirements on the sale of used car parts and transfer of used vehicles will apply in Northern Ireland are designed to support everyday commercial trade in such products.

Measures to tackle the illicit grey-market and dumping of waste vehicles is likely to be beneficial from an environmental perspective.

Other relevant matters

The objectives of the proposed Regulation are broadly consistent with those set out for road vehicles in Defra's 2023 policy paper, *The Waste Prevention*

Programme for England: Maximising Resources, Minimising Waste, and could support progress towards achieving Net Zero by 2050.

The UK Government has committed to working with stakeholders to evaluate the merits of extending the same, or a comparable, approach to used vehicles, waste status, and waste exports in Great Britain. Further details are provided in the UK Government's Explanatory Memorandum.

UK Government Explanatory Memorandum

The UK Government has advised that they will supply an updated explanatory memorandum (EM) prior to the Committee's meeting on 6th August 2026. This will replace the previous EM, dated 11 April 2024. The previous EM remains available at the following link:

[EM_on_EU_regulations_in_scope_of_Windsor_Framework_regarding_vehicle_end_of_life_and_recyclability.pdf]

The updated EM provides a detailed assessment of the implications for Northern Ireland under the Regulation. It highlights three main aspects of the Regulation: the recyclability of vehicles, the management of end-of-life vehicles and the export of used vehicles.

The updated EM confirms that, under Article 13(3) of the Windsor Framework, only specific provisions of this Regulation shall apply in respect of Northern Ireland, as set out in Article 58 of the Regulation. The updated EM concludes that:

- *The application of this Regulation in Northern Ireland is not expected to have an impact on vehicle manufacturing in Northern Ireland, given there are no mass-production facilities and existing facilities are expected to benefit from exemptions in the Regulation. New requirements will apply in respect of used vehicle parts assessment and labelling, used vehicle traceability and export controls, which may have some potential impacts. The Government's engagement to date with the sector indicates that the sale of used vehicles without an MOT is largely focussed on commercial transactions rather than direct-to-consumer sales. Under existing industry practices, such vehicles are typically subject to assessments by qualified professionals and, in some cases, only verified buyers can purchase these vehicles. A declaration mechanism under the Regulation is designed to preserve existing legitimate trade practices, while addressing potential illicit transfers. Where new requirements apply to used car parts, this market is highly varied between* *larger multi-site operators and independent SMEs, with the latter more likely to need to adjust to new assessment and labelling practices.*

- *The Regulation will be phased in over the next two-six years and so further analysis will be undertaken to assess impacts as well as to support readiness and the transition within the sector.*
- *In addition, the Government is committed to safeguarding the integrity of the UK internal market, and so will explore with industry and stakeholders the relative merits of taking similar measures across Great Britain. The Government will take any necessary steps to protect the UK's internal market, including considering equivalent measures in Great Britain where necessary.*

Analysis by the European Commission on its Impact Assessment

The need to revise the 'ELV' and '3 R's' Directives (2000/53/EC & 2005/64/EC) was stressed in the European Green Deal and the Circular Economy Action Plan (CEAP)4. Review and evaluation of these Directives has shown that considerable improvements were needed to boost the transition of the automotive sector towards a circular economy, thereby reducing the environmental footprint linked to the production and end-of-life treatment of vehicles and strengthening the sustainability of the automotive and recycling industry in Europe. The automotive manufacturing industry, which is a key pillar of the EU economy, largely relies on the supply of primary raw materials (steel, aluminium, copper, plastics) and uses a limited amount of recycled materials, while the treatment of ELVs results in important but low-quality metal scrap and very limited plastic recycling.

The EU heads of state have made the transition to a circular economy a priority, to reduce the vulnerability of the EU industry supply chains, especially for critical raw materials essential for the EU's strategic autonomy and for the transition to a carbon neutral economy.

There was no evidence within the EU Impact Assessment of Northern Ireland stakeholders having any input.

EU impact Assessment (ELVs)

[The EU Impact Assessment is accessible from the link above however, due to its size, it is saved in 4 parts (at source)]

Departmental Engagement

DAERA, in partnership with DfI and the UK Government, undertook targeted engagement with key stakeholders, including representatives from the insurance, automotive salvage and recycling sectors, and vehicle dealerships. While obtaining feedback from small and medium-sized affected businesses has proved challenging, further engagement with these sectors will be necessary as implementation of the Regulation progresses. DAERA officials continue to engage with counterparts in the UK Government and the Department for Infrastructure. The UK Government recognises the objectives of the proposed Regulation and has already identified similar policy priorities. DAERA will continue to work closely with GB and Northern Ireland counterparts as consideration is given to the development of comparable measures across the UK.