When industry asks to govern its own oversight

LONDON, FOREIGN, UNITED KINGDOM, December 10, 2025 /EINPresswire.com/ -- Mark Venables explains how Europe's ELV regulation reform must reckon with the memory of the cartel

Europe's End-of-Life Vehicles Regulation (ELV) is nearing approval, designed to determine how millions of cars are dismantled, recovered and returned into circulation as raw material. Its timing is striking. The sector is only months removed from a cartel case built around evading the same recycling obligations the ELV regulation will now formalise, fund and enforce. It is difficult to ignore the symmetry. History has delivered a warning at precisely the moment policy is being rewritten.

The cartel was not a footnote. In April, the European Commission concluded its investigation into a collective of major global manufacturers, including BMW, Ford, Honda, Hyundai-Kia, Jaguar Land Rover, Mazda, Mercedes, Mitsubishi, Opel, Renault-Nissan, Stellantis, Suzuki, Toyota, Volkswagen and Volvo. The findings were clear: for more than a decade these companies coordinated to minimise exposure to end-of-life vehicle costs. The objective was simple, avoid financing recovery once cars reached the end of their life. Fines were issued, Mercedes avoided penalty as the whistle-blower, and no manufacturer disputed the core facts.

Brussels has tried to move on. The paperwork is published, the penalties assigned, and the narrative, for many, has closed. Yet the motivations behind the cartel have not dissolved with the official announcement. Businesses act logically in relation to incentives. The industry behaved rationally when recovery costs were something to be evaded. Now comes the risk that Europe designs a new regulatory structure without acknowledging the conditions that created the problem in the first place. The danger is not historical repetition by accident, but repetition engineered into law.

The current ELV regulation reform asks a fundamental question that sits quietly beneath the political debate. If manufacturers finance recycling, should they also govern the system that enforces it? On a surface level, it sounds neat. Those who pay should manage. Those who bear the burden should influence the mechanism. Yet environmental governance rarely works cleanly through symmetry. The entities obligated to fund compliance are often not the most suitable guardians of ambition. Responsibility does not always mean control, more often, it means accountability under independent oversight.

To understand why, it is necessary to examine the structure into which the ELV regulation fits. Extended Producer Responsibility (EPR) requires manufacturers to fund the recovery and recycling of products once they reach the end of life. In practice, this responsibility is executed through Producer Responsibility Organisations (PROs), entities designed to manage collection, dismantling and material recovery. Traditionally these organisations operate at arm's length from manufacturers, keeping responsibility clear but influence constrained.

The European Parliament's proposed changes to the ELV regulation text shifts that balance. It opens governance of PROs to automotive producer groups and requires these organisations to operate without profit. At first reading, a non-profit PRO appears environmentally principled, ensuring money flows into recycling rather than corporate return. The complication is behavioural. If manufacturers govern non-profit PROs, the system is shaped by cost optimisation rather than infrastructure expansion. When those financing recovery also control how it is delivered, ambition often becomes the first casualty.

A circular economy grows through capital. It needs investment in shredding capacity, polymer separation, rare-earth recovery, battery dismantling, composite reprocessing and next-generation metallurgy. These are not incremental upgrades, they are industrial capabilities that require consistent funding, predictable revenue streams and incentives to reinvest. A system optimised for minimal outlay does not create new infrastructure. It simply meets compliance at the lowest possible price.

The risk is that Europe achieves recycling on paper rather than in practice. Targets can rise while recycling quality stalls. Recovery rates can improve nominally while material value is lost. A circular system without investment is not circular, it is merely compliant.

Supporters of producer-led governance argue that carmakers understand vehicle architecture better than anyone and therefore should guide end-of-life strategy. Knowledge is not the same as independence. Airlines know aircraft. They do not regulate flight safety. Banks understand finance. They do not govern systemic oversight. Polluters understand waste streams. They do not run environmental authorities. In every mature regulatory system, responsibility is separated from governance to prevent the natural pull toward self-interest from reshaping public outcome. The ELV regulation reform risks reversing that logic.

None of this requires malice. It only requires incentives. A producer-run PRO, operating under a non-profit mandate, will inevitably prioritise cost containment. The cheapest treatment pathway becomes the default pathway. Secondary materials may be recovered but not upgraded. Innovation becomes discretionary rather than structural. The system remains stable, predictable and financially conservative, and the continent loses the industrial momentum a true circular economy could deliver.

Europe is not merely regulating waste; it is shaping whether old vehicles become economic feedstock for the industries that follow. The potential is enormous. If capital flows into recycling infrastructure, ELV regulations could underpin European supply chains for batteries, polymers, composites and rare-earth metals. Europe could reduce dependence on imported raw materials, grow domestic industrial capability and lead globally in circular automotive design. The regulation already contains the ambition. The question is whether governance will allow the ambition to function.

The connection back to the cartel is therefore not rhetorical. It is instructive. The cartel proved that, when left to self-organise, manufacturers aligned around cost avoidance rather than environmental progression. That is not condemnation. It is economic logic. Profit-driven actors reduce exposure when possible. Memory must now shape legislation. A system that recalls history is less likely to recreate it.

The most consequential design choice sits quietly within the ELV regulation text: whether producers will hold structural influence over PROs. If the answer is yes, recycling will be steady, incrementally improved and financially neat. If the answer is no, Europe could build a framework where producers finance obligations, PROs operate with independent mandate, and circularity is enforced through performance expectation rather than cost preference.
Legislators face a philosophical decision disguised as a procedural detail. Should responsibility mean control, or should responsibility mean obligation under oversight? One path prioritises risk management. The other prioritises transformation. When the vote arrives, Brussels must decide whether to write policy that remembers or policy that repeats.
Europe can build a circular automotive economy worthy of its ambition. It only needs to choose governance built for progress, not precedent.

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