

A stack of pancakes

The Dutch recipe for scrapping scheme...

Of the 27 EU member countries, 13 have set up scrapping schemes for old cars this year, all designed to take old polluting cars off the road and replace them with younger models. The benefits are twofold: the environment benefits and the economy is stimulated.

Most scrapping schemes were launched at the start of 2009 in the fight against the economic crisis. They are generally of a temporary nature, with virtually all countries planning to discontinue them next year.

No two European scrapping schemes are the same. Differences can be found in, for instance, the conditions to be met by the old vehicle being dismantled and the vehicle replacing it. The size of the scrapping subsidy also varies strongly between countries, from less than a thousand to several thousands of euros per vehicle.

The Dutch scrapping scheme is different

Proponents argue that a scrapping scheme is good for the environment, while also giving the economy a welcome boost. For obvious reasons, the economic motives dominate in countries with large car manufacturing industries such as Germany, France, Spain and Italy. In these countries, the subsidy must be used to buy a new or almost new replacement car, while the environmental requirements imposed on the replacement vehicle often concern the CO₂ emissions. No such 'climate requirement' can be found in the scrapping scheme in the Netherlands, a country that has no car manufacturing industry of any significance. Here, the overriding considerations are the extreme traffic density and



An introduction campaign was launched to inform Dutch car owners

Cars are a major source of pollution (PM10 18% and NO_x 27%), and the Dutch government is constantly seeking measures to reduce the PM10 and NO_x emissions of the national car fleet. The scrapping scheme can help to achieve these objectives.

In countries where the car manufacturing industry plays a less prominent role, such as the Netherlands, the aim is simply to get the owner of an old car to switch over to a younger less polluting one. Therefore, the financial incentive can be less strong than in countries where car owners must be persuaded to buy a brand-new car.

the associated issue of urban air quality in densely populated areas.

In the congested Dutch city centres, all-out efforts are being made to further reduce the concentration of harmful substances in order to improve the air quality and thus promote urban health. This must be done now, because the Netherlands has committed to meet the strict European standards for fine dust (PM10) and nitrogen oxide (NO_x).

In 2004, the Netherlands linked these European standards to its spatial planning legislation. Accordingly, there is the risk that construction activities must be stopped temporarily or permanently, at locations with high fine dust concentrations. This affects the construction of new roads, residential areas and other major building projects – and each day that these economic activities are halted costs the community a lot of money.

How the Dutch scrapping scheme came about

Faced with mounting environmental pressure on the Dutch government, the automotive sector in the Netherlands commissioned a study into the opportunities and effects of a scrapping scheme in the Netherlands. This task was entrusted to Auto Recycling Nederland (ARN) on account of its expertise in mobility recycling.

The study comprised two parts. The first was aimed at developing a fraud-proof system; the second consisted of a survey among owners of the oldest category of cars to find out the incentives necessary to induce them to switch over to a newer model. The outcome of the study was surprising: a modest financial incentive would be sufficient to persuade owners to switch over to a younger car.

In addition, some cities and provinces would probably be prepared to top up



the incentive. Many car makers also indicated that they planned to chip in. This resulted in a scheme resembling a stack of separate pancakes, jointly forming an attractive financial proposition for many car owners.

The study provided the basis for a proposal by the automotive industry to Environment and Spatial Planning Minister Jacqueline Cramer, culminating on 29th May 2009 in the official launch of 'The National Scrapping Scheme'.

ARN's role

ARN has established a reputation as an expert centre in recycling and recycling chains. Research and knowledge exchange are key activities in this connection. ARN advises the public and private sector throughout Europe and is able to implement its advice. One of the first tasks given to ARN was to design a collection and processing system for the recycling of end-of-life vehicles. Since 1995, ARN has overseen the implementation of that system on behalf of the automotive sector, thus ensuring that the Netherlands meets the European ELV Directive. In 14 years, 3.5 million cars have been collected and processed this way.

After the preparatory study, ARN was commissioned – on the strength of its unique combination of specialised knowledge, extensive experience and independent position – to carry out the scrapping scheme; that is, up

until the actual payment of the subsidy, which is the responsibility of the Ministry.

In practice, a central role is played by the car firm, who supplies the new(er) car, takes in the old one and applies for the subsidy.

The car to be dismantled is collected by a certified car dismantling firm. The dismantling firms under contract to ARN take care of the environmentally-friendly processing. ARN checks that the vehicle is genuinely destroyed and that the wreck is correctly processed. The subsidy is only paid out to the car dealer if ARN issues a guarantee that the vehicle has been dismantled.

To help the participating car firms manage the process, ARN commissioned the development of a scrapping scheme web application called WASA. With this application a registration number check can be carried out to see whether a certain car is eligible for the scrapping subsidy. In addition, WASA allows car firms to keep a record of the transaction details as well as receive up-to-date information.

On the basis of the database comprising all transactions, ARN provides the national sales companies with regular figures on cars and dealers. Communication with all other interested parties takes place via the central website

www.nationalesloopregeling.nl. The website and the application are also available to local scrapping schemes.

The first results

In the Netherlands about one million cars are eligible for the scrapping scheme. The available funding is €85m. That is sufficient for the scrapping of about 80,000 cars, leading to an estimated absolute emissions reduction of 1.3 kilotons of NO_x and 0.1 kilotons of PM10. Local authorities will supplement this with additional incentives worth about €10m. And the car importers are also vigorously supporting the scheme.

Meanwhile, eight weeks after the start, over 20,000 cars have been handed in. One-quarter of these were replaced with a brand-new car and three-quarters with a second-hand model with an average age of six years.

10% of the cars handed in have a diesel engine, while only 4% of the replacement vehicles are diesel-powered. This in itself yields demonstrable environmental gains.

The scheme is a great success and has been well received both among national politicians and the general public. So much so that the Dutch environmental agency is already discussing the possibility of increasing the budget. And that, of course, would further benefit the air quality in the Netherlands.



Janet Kes
Communication Manager

ARN – Auto Recycling Nederland BV
De Entree 258
1101 EE
Amsterdam Zuidoost
The Netherlands

Tel: +31 20 661 3181
Fax: +31 20 661 3191

janet.kes@arn.nl