



Ministry of the Environment  
Japan

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# Circular Economy Policy and ELV management in Japan

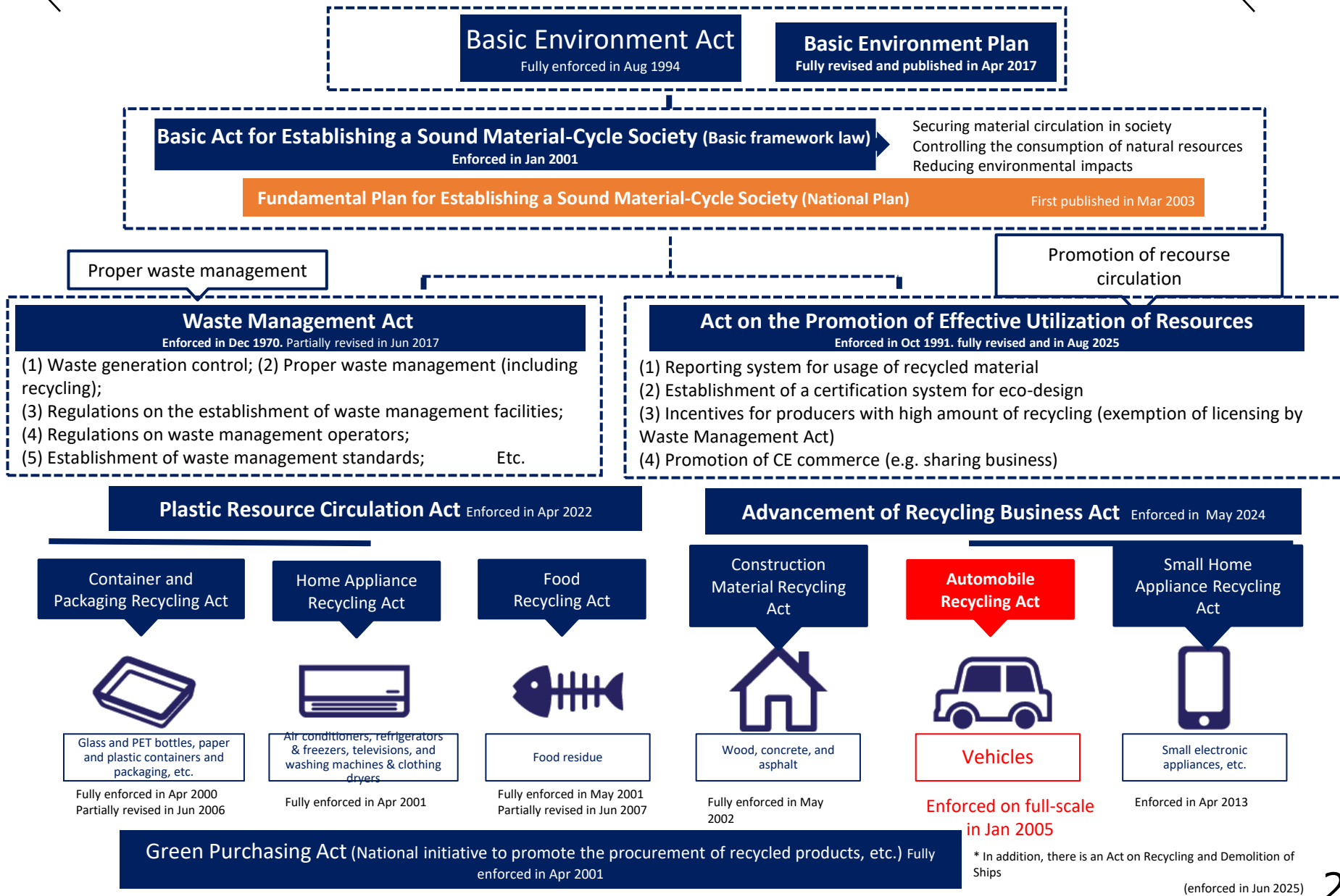
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October 15, 2025

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# Waste and CE Legislative and Regulatory Frameworks in Japan



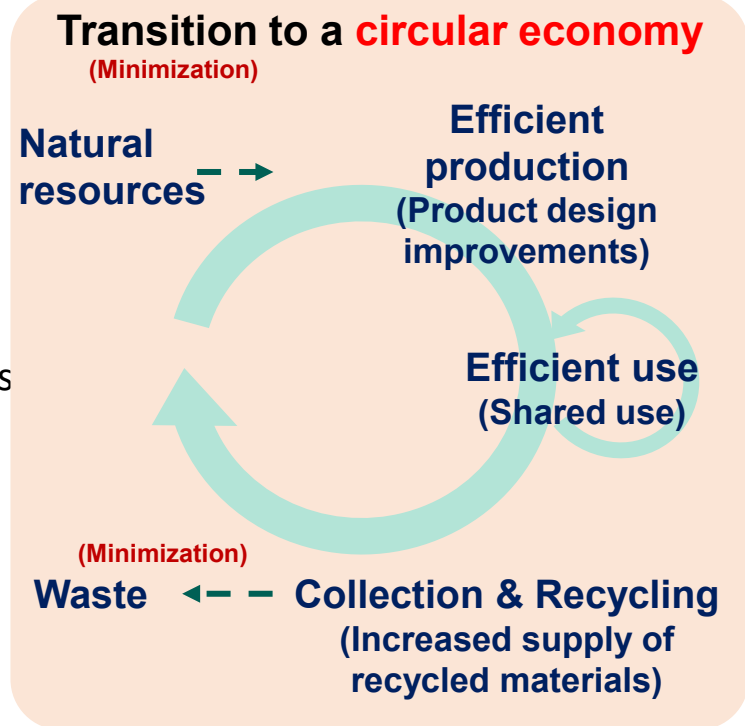
# The 5th Fundamental Plan for Establishing a Sound Material-Cycle Society



- **National strategic plan for Circular Economy** (The 5<sup>th</sup> Fundamental Plan for Establishing a Sound Material-Cycle Society) was **approved by the cabinet on August 2, 2024**. This plan sets the direction of resource circulation and waste management over the next five years for Japan.
- The 5<sup>th</sup> plan will drive **the transition to a circular economy**, which contributes to achieving a net-zero and nature positive economy, strengthening industrial competitiveness, promoting circular business, local revitalization, and economic security.

## Five Pillars (key fields)

1. **Transition to a circular economy** with a view to realizing a **net zero** and **nature positive economy**
2. **Resource circulation throughout the life cycle** with enhanced collaboration among stakeholders, including manufactures and recyclers
3. Realizing diverse **local/regional** resource circulation systems
4. **Strengthening infrastructure** for resource circulation and environmentally-sound waste management
5. **International resource circulation** and promotion of development of recycling and waste management infrastructure



The plan indicates the basis of policies to enhance circularity both domestically and internationally.

# Story behind Automobile Recycling in Japan

- Used vehicles used to be handled on a commercial basis by dismantling and crushing service companies.
- However, in 1990s, automobile discarding became a serious social issue.

In 1990s,

- **Decline in the price of scrap metals**
- **Soaring costs of final disposal due to scarce capacity in Japan**



As a consequence,

- **Abandoned vehicles**
- **Illegal dumping**
- **Improper storage**

## Lessons Learned

- (Business) Only market mechanism could not respond to price volatility.
- (Policy) Only enforcement had a limited effectiveness.
- Complementary approach between business and policy is needed.



ASR



Illegal dumping



Inappropriate storage

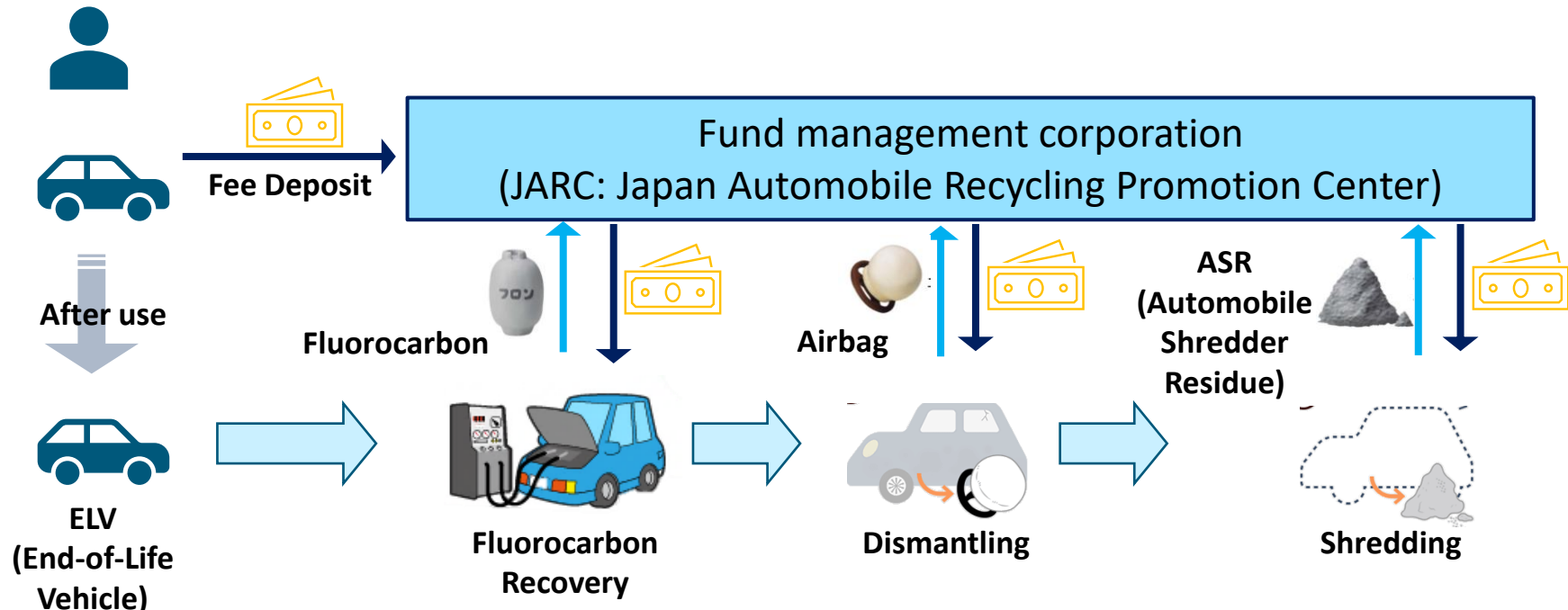
# Automobile Recycling Act (End-of-life Vehicles Recycling Law )

- End-of-life Vehicles Recycling Law was enacted in 2002 and came into force in 2005.
- When people buy a car, they pay recycling fee to the JARC.
- JARC manages the fee as deposit until the car is discarded, paying commensurate costs to treatment of fluorocarbon, airbag, and ASR.

## Key points

- ✓ Recycling fees are managed as deposit instead of pension scheme.
- ✓ ELV Act is effective for cars purchased only after implementation. Recycling fees for existing cars on the road were collected by the regular-basis car inspections.

## Recycling Flow of the ELV Act



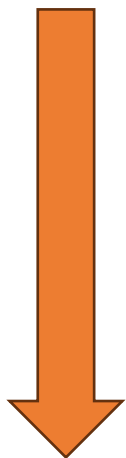
## Key points of Japan's EPR for ELV



- ELV recycling law helps recycling companies financially sustainable by compensating costs for treatment of fluorocarbon, airbag, and ASR, with the rest of dismantled items transacted on commercial basis.
- In parallel, stricter enforcement measure prevented improper treatment of ELVs.

### Issues addressed

- (Business) Only market mechanism could not respond to price volatility.
- (Policy) Only enforcement had a limited effectiveness.



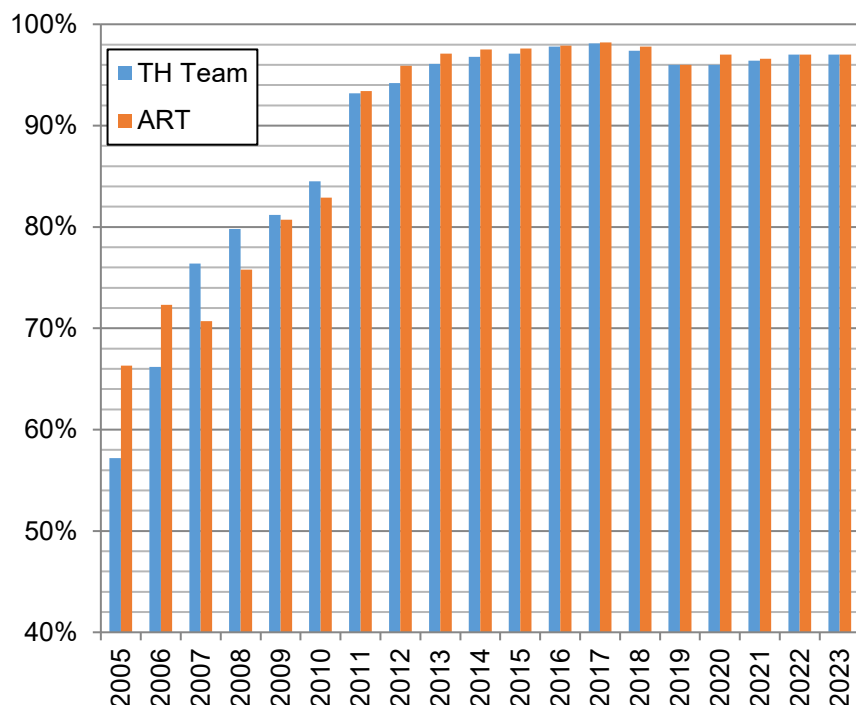
- EPR for ELV
  - ✓ Ensure the recycling regardless of costs through deposit system
  - ✓ Clarify responsibility of each stakeholder
  - ✓ Promote eco-friendly design
- Reinforcement of regulation
  - ✓ Registration of collection operators
  - ✓ Permit for recycling operators

- ✓ **Reduce improper treatment**
- ✓ **Increase business stability and prosper formal recycling business**
- ✓ **Increase recycling rate**

# Result of Enacting the End-of-life Vehicles Recycling Law (ASR Recycling Rate, illegal dumping, etc.)

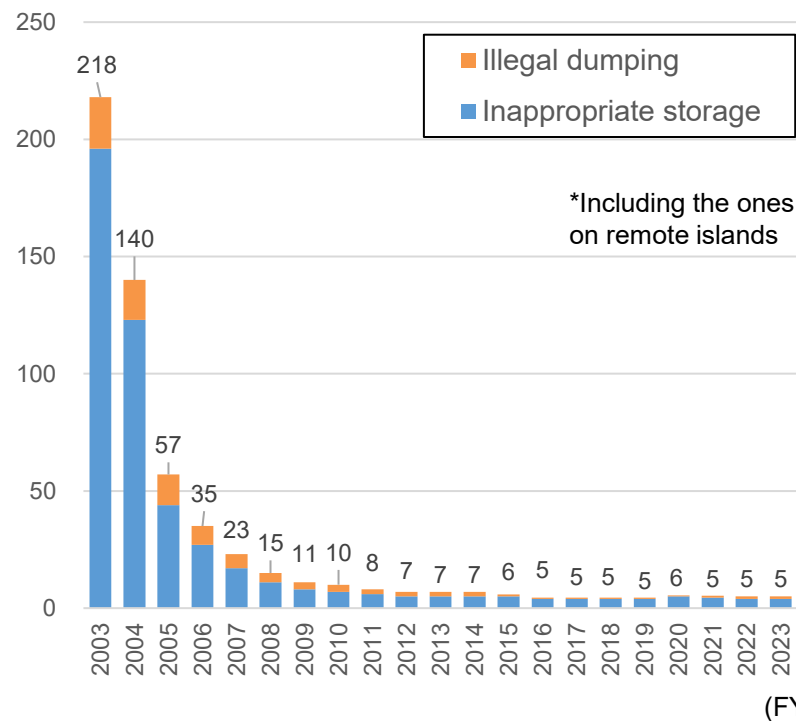
- The recycling rate of automobile shredder residue (ASR) has been over 95%, well above the target (70%).
- The number of illegal dumping and inappropriate storage dropped by about 98% drop from 2003, leaving 4,613 with improper treatment.

[ASR recycling rate (including thermal recovery)]



[Remaining number of illegally dumped or inappropriately stored ELVs nationwide]

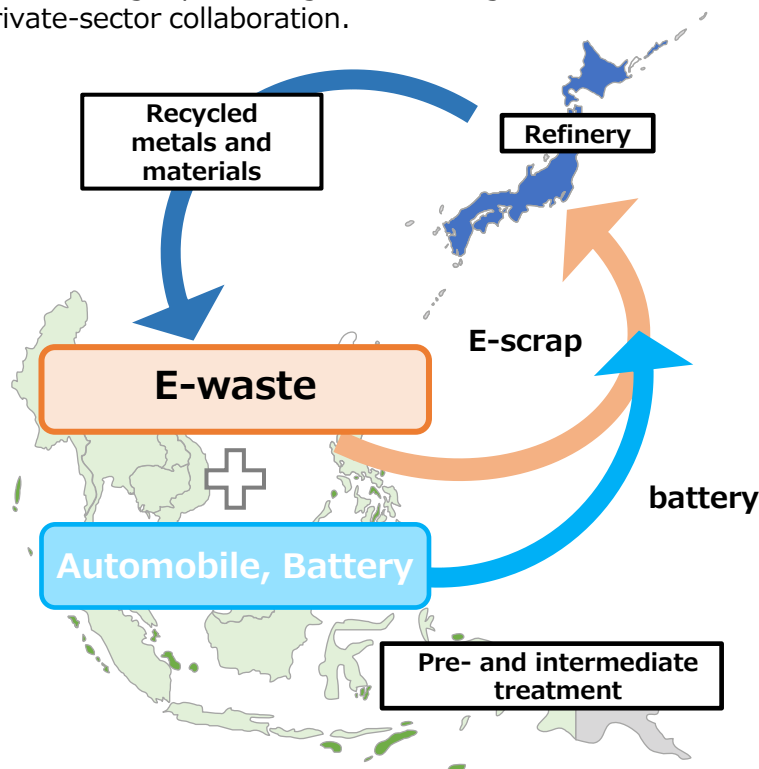
(In 1,000 cars)





- ARCPEEC was agreed at the ASEAN-Japan Ministerial Dialogue for Environment and Climate Change (AJMDEC) in September 2025.
- The partnership will promote environmentally sound recycling and recovery of critical minerals from e-waste and End-of-Life Vehicles (ELVs) including batteries to contribute to decarbonization across the relevant supply chains. Support for developing the regulatory frameworks, enhancing enforcement of regulations through technical assistance, and fostering collaboration among the private sectors are expected to promote environmentally sound resource circulation.

The partnership will promote decarbonization by foster recycling of critical minerals including from e-wastes and ELVs through promoting an enabling environment and private-sector collaboration.



## Expected Contents of Cooperation

### 1 Promotion of an enabling environment

Support to develop necessary laws and regulations including standards and guidelines for collection, dismantling and disposal. It also includes registration and permission system of recycling business, reduction of environmental contamination and improvement of human health.

### 2 Capacity building

Promote capacity enhancement of governments and businesses. For governments: enforcement of laws and regulations and monitoring of the entire operation from collection and recycling to final disposal. For businesses: improvement of technical and operational capacities of recycling operators.

### 3 Promotion of private partnerships

Foster collaboration between local companies and Japanese ones e.g. Technical cooperation, Joint ventures, Investments in local facilities



Recycling factory (Vietnam)



Collected ELV (Thailand)





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