

## **ERA contribution for the EU Circular Economy Act**

The **European Rental Association (ERA)** represents the equipment rental industry in Europe and promotes rental as a cornerstone of the circular economy and sustainability in the industry. Rental is, by definition, a circular business model<sup>1</sup>. It is one of the proven examples of circularity in practice, especially in the B2B relations.

Sustainability of equipment rental simultaneously delivers **environmental, social, and economic** benefits, making it a model for sustainable business transformation. The EU Circular Economy Act is an opportunity to boost circular business models in the EU economy.

### **How does Equipment Rental contribute to sustainability and circularity**

- **Environmental sustainability: preventing waste and extending product life**

By replacing ownership with access, rental enables efficient resource use, reduces waste, and extends product lifetimes. The rental model keeps products in use longer, while ensuring maintenance, refurbishment, and reuse across multiple users and projects. Typically, utilisation rates of rental equipment are almost always higher than owned equipment, making the environmental impact of manufacturing of that equipment better distributed over its lifetime. At the same time, the share usage by several clients reduces the need for new production, and, consequently, limits dependence on critical raw materials contained in equipment.

The [environmental benefits of rental](#) are tangible and multi-layered:

- **Extending product lifespans and repairability** – Rental companies keep fleets in optimal condition through systematic maintenance and refurbishment. They work with manufacturers to improve product design for durability, repairability, and spare parts availability.
- **Optimising resource use** – Shared fleets ensure high utilisation rates. Rental companies use telematics and data analytics to monitor performance and reduce idling, while optimising delivery lowers transport emissions.
- **Reducing resource consumption** – Shared access means fewer new machines are manufactured. Many rental companies are investing in electric, hybrid, or low-carbon equipment, accelerating the decarbonisation of the construction and industrial sectors. However, many types of machinery, especially the battery-powered ones, require large amounts of critical raw materials and other scarce resources. Equipment rental helps to preserve these resources.

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<sup>1</sup> Rental model ranks at the top of the ISO 59004 hierarchy of recommendations, shared use ranks second on a scale of 13.

- **Responsible end-of-life management** – Rental companies repair, repurpose, and recycle machinery and their components. Through their purchasing power, they influence suppliers to design equipment for disassembly and material recovery, helping close product loops.

ERA's [Carbon Footprint of Construction Equipment Report](#) shows that the rental business model stimulates the efficient use of equipment. When compared to owned equipment, renting can lead to significantly lower carbon emissions (reductions in the range of 30% and sometimes up to 50%, depending on specific user practice).

The [ERA Equipment CO<sub>2</sub> Calculator](#) helps businesses assess and reduce emissions produced by the use of equipment.

- **Social sustainability: inclusion, safety, and equitable access to circularity**
  - **Access to circularity and sustainable technology** – Rental makes it possible for customers who cannot afford to buy new equipment — particularly SMEs, micro-enterprises, and local contractors — to access the latest, most efficient, and lowest-emission machinery. This enables a wider group of market participants to join the transition to circular and low-carbon operations in two ways: by renting equipment or purchasing used equipment.
  - **Safety and professional training** – Rental companies ensure all equipment is properly maintained. They also provide training to operators, customers, and their own staff, improving on-site safety and reducing the risk of accidents and misuse.
- **Economic sustainability: efficiency, resilience, and innovation**

Rental is a driver of economic resilience and efficiency across Europe:

- **Improving capital efficiency** – Renting allows companies to pay for equipment only when needed, aligning costs with project duration and reducing financial risk.
- **Supporting SMEs and local employment** – The equipment rental sector creates thousands of local jobs in logistics, maintenance, and fleet management. It provides SMEs with affordable access to advanced technologies that enhance competitiveness.
- **Boosting productivity and innovation** – High utilisation rates and data-driven maintenance reduce downtime and improve productivity. Rental drives innovation and supports the transition to new equipment, as the cost of it is spread across several customers. The equipment rental sector is also leading the digitalisation of asset management, integrating IoT, telematics, and predictive maintenance tools.
- **Building economic resilience** – Shared access models make businesses more adaptable to fluctuating demand and changing technologies, reducing waste and idle assets.



## ERA's expectations for the EU Circular Economy Act

The European Rental Association strongly welcomes the European Commission's initiative to adopt the Circular Economy Act (CEA), which can provide the framework for mainstreaming circular business models such as rental across Europe's economy.

ERA calls on the European Commission to:

1. **Recognise rental as a flagship circular economy business model.**

The CEA should explicitly identify equipment rental as a key model of circularity in practice. Recognising equipment rental in the legislation, alongside the EU taxonomy for sustainable activities, would help investors and all economic operators to have confidence in working with rental as a sustainable, circular economy solution.

2. **Ensure favourable tax treatment for circular economy business models.**

The Circular Economy Act should pave the way for tax policies in the EU and its member states that incentivise circular business models, and in particular rental. This legislation should provide for a legal framework that requires Member States to set favourable levels of incentives and taxation on the sale and that of rental. (tax incentives, , etc.)

This could include reduced VAT rates on renting compared to sales, tax deductions for maintenance and refurbishment activities, changes in depreciation rules of useful lifetime, easier access to public tenders for companies using rental services, and other incentives for companies that use circular business models.

3. **Include equipment rental in Green Public Procurement (GPP).**

Integrating rental as one of the GPP criteria for construction and infrastructure projects would allow public authorities to directly support circularity through procurement. Furthermore, public procurement is an area in which public authorities can efficiently incentivise circular economy business models such as equipment rental and product-as-a-service.

4. **Extend the Digital Product Passport (DPP) to all equipment categories, including NRMM.**

ERA urges the Commission to ensure the Digital Product Passport covers non-road mobile machinery (NRMM) and related components, as well as other types of equipment. This would enable data on product use, maintenance, repair history, and recyclability to be shared across the value chain, improving traceability and supporting more effective reuse and refurbishment. For rental companies, access to DPP data would strengthen asset management and accelerate the transition to fully circular operations.

5. **Introduce circular economy indicators.** The Circular Economy Act should define a framework of circularity indicators that would help quantify the contribution of any economic activity to achieving a full circular economy. It would demonstrate the efficiency of the equipment rental model for the long-term and economic, environmental and social transformation towards sustainability.



## **About ERA**

The key mission of ERA – European Rental Association is to promote the rental concept in order to facilitate a continued growth of a sustainable and professional rental industry in Europe. The works of ERA focus on 7 main areas: promotion of the rental concept, technical issues and equipment, statistics on the European rental market, sustainability, harmonisation of national regulations, awareness of the challenges of the future and support for rental associations.

The equipment rental sector in Europe generates around EUR 31bn turnover annually. There are more than 18 thousand rental companies across Europe employing more than 160 thousand people.

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ERA is registered in the EU Transparency Register under ID number 163373217053-39.