

ICOMIA

# EU Quarterly Report

Q2 2024

logos

earn trust.  
make change.

# Content

1. **Industrial Emissions Directive (IED)**
2. **Carcinogens and Mutagens Directive (CMD)**
3. **MRV – Regulation on Monitoring, Reporting and Verification of CO2 emissions from Maritime Transport**
4. **Surface and Groundwater Pollutants proposal**
5. **Directive on ship-source pollution and on the introduction of penalties for infringements**
6. **Emissions Trading System Directive (ETS)**
7. **Green Claims Directive**
8. **Hydrogen Bank**
9. **Marine Strategy Framework Directive (MSFD)**
10. **Trade Issues**

# Glossary of EU terms

**Council of the European Union:** One of the two co-legislative bodies of the EU (together with the European Parliament), made of the 27 EU Member State governments (represented by Member State Ministers). It adopts laws by co-decision with the European Parliament.

**COREPER:** Preparatory body of the Council, made up of Member States' Permanent Representatives to the EU.

**EU Directive:** EU law which has to be transposed into national law for its implementation.

**EU Regulation:** EU law which applies directly upon its adoption, without the need for transposition into national law.

**European Commission:** Executive body of the EU, in charge of proposing laws.

**European Parliament:** One of the two co-legislative bodies of the EU (together with the Council of the EU), made of elected MEPs (Members of the European Parliament). It adopts laws by co-decision with the Council of the EU.

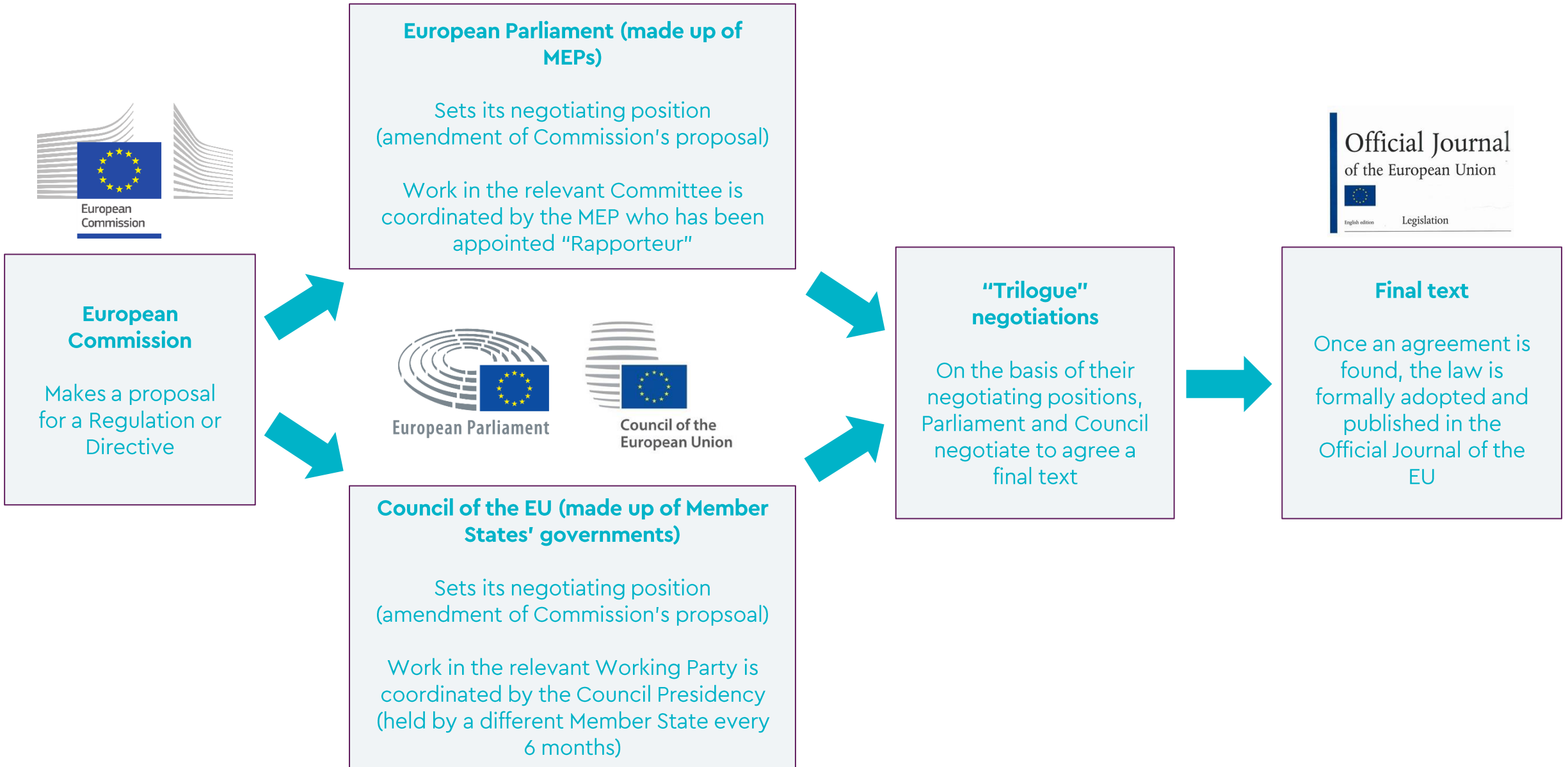
**European Parliament Committees:** Committees of MEPs, organised by policy area, which deal with specific proposals before they are adopted by the European Parliament plenary, e.g. ENVI Committee (Environment, Public Health and Food Safety), TRAN Committee (Transport and Tourism), IMCO Committee (Internal Market and Consumer Protection), ITRE Committee (Industry, Research and Energy).

**Rapporteur:** MEP in charge of coordinating the work for a specific proposal within a European Parliament Committee.

**Trilogue:** Negotiation between the European Parliament and the Council, also attended by the Commission, which aims at reaching an agreement on the final text of a proposal.

**Working Parties:** Preparatory bodies of the Council (below COREPER level) made up of Member State officials dealing with a specific policy area. There are over 100 Working Parties.

# Reminder on EU policy-making process



# 1. Industrial Emissions Directive

## Background:

- Industrial Emissions Directive ([2010/75/EU](#)):
  - Lays down rules to prevent and control industrial emissions into air, water and land, by requiring industrial installations from various sectors to apply the Best Available Techniques (BAT) and to be in possession of a permit in order to operate.
  - The requirements of the Directive can affect boat-producing installations, for instance if the production process involves the use of organic solvents above a certain threshold.
- In April 2022, the Commission released a [proposal](#) to revise the Directive:
  - Requires installations to comply with more stringent emission limits.
  - Extends the scope to include mining, battery manufacturing and livestock farming.
  - Obliges installations to have an Environmental Management System (EMS).
  - Establishment of an "Innovation Centre for Industrial Transformation and Emissions" (INCITE) to promote innovation.
- The Council [adopted](#) its negotiating position in March 2023 and the Parliament [adopted](#) its own in July 2023. After three trilogues, the co-legislators reached a [provisional agreement](#) on 28 November 2023. The following aspects were agreed:
  - Setting the strictest achievable emission levels.
  - Prioritising industrial plans focusing on energy, water, material efficiency and reuse.
  - Making environmental performance targets obligatory for water consumption.
  - Extending the scope of the Directive to cover mines, large installations manufacturing batteries, and some types of intensive livestock farms.
  - Easing the permitting process for industrial installations that apply for permits, by obliging Member States to establish an electronic permit (e-permit) system by 2035.

# 1. Industrial Emissions Directive

## Latest developments:

- The Parliament adopted the final law on 12 March 2024 with 393 votes in favour, 173 against and 49 abstentions. Only plenary amendment 313 which suggested minor linguistic changes to the agreement was adopted.
- The Council adopted the law's revision on 12 April unanimously without debate.

## Next steps:

- The legislative procedure is now complete. The final text will be published in the EU Official Journal and enter into force on the twentieth day following that of its publication.
- It will enter into force on the twentieth day following publication. Following that date, EU member states will have up to 22 months to incorporate the provisions of the directive into their national legislation.

## 2. Carcinogens and Mutagens Directive (CMD)

### Background (I):

- Directive [2004/37/EC](#) on the protection of workers from the risks related to exposure to carcinogens or mutagens at work:
  - Sets EU rules on the minimum requirements for protecting workers against risks to their health and safety arising from exposure to carcinogens and mutagens at work, and rules on the prevention of such risks.
  - It was amended in 2022 to also include reprotoxic substances (therefore becoming the Carcinogens, Mutagens and Reprotoxic substances Directive, CMRD).
  - It covers the substances, mixtures or processes referred to in Annex I.
  - It lays down Occupational Exposure Limits (OELs) for substances. These are listed in Annex III.
  - Employers must reduce the use of carcinogens, mutagens and reprotoxic substances at work, and must limit the number of workers exposed.
  - Employers must carry out risk assessments to determine the nature, degree and duration of workers' exposure on a regular basis (the information used for making the risk assessment, as well as other information, must be supplied to authorities if requested).
  - When unforeseeable incidents may lead to abnormal exposure, employers must inform workers accordingly.
  - Employers must take certain measures on hygiene, personal protection, and information and training of workers.
- The CMD is subject to a process of continuous revision to set new or revised Occupational Exposure Limits (OELs) for priority substances.

## 2. Carcinogens and Mutagens Directive (CMD)

### Background (II):

- The sixth amendment of the occupational exposure limits (OELs) in the CMD will include five substances: welding fumes, PAHs, isoprene, cobalt, and 1,4-Dioxane. On 22 September 2023, the Commission's Advisory Committee on Health and Safety at Work (ACSH) adopted its [Opinions](#) on the five substances, proposing potential Binding Occupational Exposure Limits (BOELs), Biological Limit Values (BLVs) and Short-Term Exposure Limits (STELs). Based on these Opinions, the Commission will decide whether and how to integrate these substances in a proposal for a Regulation amending the CMD for the sixth time.
- The seventh amendment of the OELs in the CMD could cover any of the substances listed in the Staff Working Document [SWD\(2022\) 438](#) (either adding new substances to the scope of the CMD or revising OELs for already listed substances). Several substances are being assessed by the European Chemicals Agency (ECHA) for potential inclusion in the CMD.
- On 6 March, a group of Member States submitted a [statement](#) calling on the Commission for an acceleration of the process of revising or setting new limit values, including by increasing the capacity of preparing scientific opinions for chemicals. The referred countries are Cyprus, Czechia, Denmark, Finland, France, Germany, Italy, Lithuania, Luxemburg, the Netherlands, Portugal, Slovenia, Spain and Sweden.



## 2. Carcinogens and Mutagens Directive (CMD)

### Latest developments:

- On 13 May 2024, ECHA launched a call for comments and evidence on [Ethylene dibromide \(EDB\) or 1,2-Dibromoethane](#). Stakeholders will have until 12 August 2024 to submit their comments.
- On 3 June 2024, ECHA launched a call for comments and evidence on [n-\(hydroxymethyl\)acrylamide](#). Stakeholders will have until 2 September 2024 to submit their comments.
- On 17 June 2024, ECHA launched two calls for evidence: one on [oximes \(butanone oxime acetone oxime\)](#) and one on [Anthraquinone](#). Stakeholders have until 16 September to provide feedback.
- For all the calls, the information gathered would then be included in ECHA's evaluation when preparing a scientific report.

## 2. Carcinogens and Mutagens Directive (CMD)

### Next steps:

- The sixth amendment of the CMD (covering welding fumes, PAHs, isoprene, cobalt, and 1,4-Dioxane) is expected to be proposed by the Commission by the end of 2024.
- The seventh amendment of the CMD is expected to be proposed in the coming years, once all potential substances are assessed by the ECHA and by the Commission's Advisory Committee on Health and Safety at Work (ACSH). The substances that are currently in the pipeline are: respirable crystalline silica, 1,2,3-trichloropropane, 1,2-dichloropropane, 2,3-epoxypropyl methacrylate (glycidyl methacrylate), 2-chloro-1,3-butadiene (chloroprene), nitrosamines, 4,4-isopropylidenediphenol (bisphenol A), 1,3-butadiene, 1,2-dihydroxybenzene (pyrocatechol), boron and its compounds, and silicon carbide fibres.

# 3. MRV Regulation (monitoring, reporting and verification)

## Background (I):

- Directive [2015/757](#) on the monitoring, reporting and verification of greenhouse gas emissions from maritime transport (the MRV Regulation):
  - Lays down rules for the accurate monitoring, reporting and verification of GHG emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State.
  - It applies to ships of 500 gross tonnage and above, in respect of the GHG emissions released during their voyages for transporting cargo or passengers for commercial purposes. From 2025, it applies also to general cargo ships between 400 and 5000 gross tonnage transporting cargo for commercial purposes, as well as to offshore ships of 5000 gross tonnage and above.
  - Companies must monitor GHG emissions from vessels, documenting their methodology in a monitoring plan, as per Annexes I and II. They must submit an externally verified emissions report to the Commission and to the authorities of the flag states concerned.
- The MRV Regulation was amended by Regulation [2023/957](#), which adapted the MRV Regulation's provisions to bring them in line with the revised ETS Directive, which has introduced the trading of emissions from maritime transport. The changes made to the MRV Regulation relate to the expansion of the MRV Regulation's scope, the reporting of aggregated emissions data at company level, and the role of administering authorities. Consequently, the MRV Regulation no longer covers only CO<sub>2</sub>, but also methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), both of which will apply from 2024. ETS obligations for maritime transport will kick in progressively between 2024 and 2026.

# 3. MRV Regulation (monitoring, reporting and verification)

## Background (II):

- The Commission made progress on the secondary legislation associated with the MRV Regulation. Some secondary laws have been adopted and published in the EU Official Journal. These are the following:
  - On 7 November 2023, Implementing Regulation ([2023/2449](#)) was published in the EU Official Journal. As the previous draft, it updates the templates for (a) monitoring plans, (b) emissions reports, (c) compliance documents, and (d) aggregated emissions data at company level. It will replace Implementing Regulation 2016/1927.
  - On 14 December 2023, Delegated Regulation ([2023/2776](#)) was published in the EU Official Journal. As the previous draft, it revises Annexes I and II of the MRV Regulation, which include the methods and rules on the monitoring and reporting of GHG emissions from shipping, to take account of the Regulation's extended scope, which now covers methane and nitrous oxide emissions as well as GHG emissions from offshore ships.
  - On 15 December 2023, Delegated Regulation ([2023/2849](#)) was published in the EU Official Journal. As the previous draft, it sets out rules for the reporting of aggregated emissions data at company level, and their submission to the administering authority responsible for the shipping company.
  - On 29 December 2023, Delegated Regulation ([2023/2917](#)) was published in the EU Official Journal. As the previous draft, it sets out on rules he verification activities, accreditation of verifiers, and approval of monitoring plans by administering authorities. It will establish the rules on these aspects and will replace Delegated Regulation 2016/2072.

# 3. MRV Regulation (monitoring, reporting and verification)

## Latest developments:

- On 10 April 2024, the European Commission published a [report](#) on CO2 emissions from Maritime Transport between 2018 and 2022. This is the fifth annual report on carbon dioxide (CO2) emissions from ships entering and leaving ports in the European Economic Area (EEA), collected under the EU Maritime MRV Regulation. It allows a comparison of data, as well as an examination of trends in emissions and energy efficiency over the years. This report also analyses the characteristics and energy efficiency of ships, helping to better understand trends in maritime transport CO2 emissions. Key findings include:
  - There has been a gradual increase in CO2 emissions from maritime transport within the EEA over the years studied.
  - Energy efficiency improvements have been noted, though they vary across different types of vessels and routes.
  - Analysis of various ship types, sizes, and their energy consumption patterns provides insights into where efficiency gains can be made.
  - Larger ships tend to be more energy-efficient per unit of cargo transported, but they also contribute significantly to total emissions due to their size and volume of operations.
  - The implementation of the EU ETS and FuelEU Maritime Regulation is expected to drive further improvements in energy efficiency and reductions in CO2 emissions.

# 3. MRV Regulation (monitoring, reporting and verification)

## Next steps:

- The Commission will assess every 2 years the overall impact of shipping activities on the global climate, including through emissions or effects of greenhouse gases other than CO<sub>2</sub> and particulate matter with a global warming potential not covered by the regulation.
- The Commission will also review the Regulation by 31 December 2024.

# 4. Surface and Groundwater Pollutants Proposal

## Background (I):

- On 26 October 2022, the Commission released a [proposal](#) for a Directive amending the lists of water pollutants. The Directive will amend:
  - The Water Framework Directive (2000/60/EC)
  - The Groundwater Directive (2006/118/EC)
  - The Environmental Quality Standards Directive (2008/105/EC)
- The new Directive will revise the list of pollutants affecting surface water and groundwater, identifying new priority substances (including new priority hazardous substances), and would set corresponding Environmental Quality Standards.
  - Annex X of the Water Framework Directive, which lists 45 substances that must be progressively reduced or phased out from the aquatic environment, would become the revised Annex I of the Environmental Quality Standards Directive, which would deal only with surface water pollutants. Amending the list would be possible through Delegated Acts instead of Ordinary Legislative Procedure (therefore not needing co-decision between Council and Parliament, which is a lengthy process).
  - Annexes I and II of the Groundwater Directive would be revised. Annex I establishes groundwater quality standards for the purpose of assessing chemical status. Annex II sets the threshold values for groundwater pollutants as indicators of pollution. New substances would be added to both Annexes.

# 4. Surface and Groundwater Pollutants Proposal

## Background (II):

- As previously reported by Logos, on 12 September 2023 the Parliament's plenary adopted the Parliament's [position](#) on the Commission proposal. An extended list of measures can be found below:
  - Adding PFAS to list of groundwater and surface water pollutants.
  - Requesting Member States to notify other Member States that could be adversely affected by a pollution incident, and they should put in place arrangements for emergency communication and response.
  - Adding details on procedure to notify the Commission in case of water management issues, and shorter deadline for the Commission to respond.
  - Timeline for Member States to reduce pollution, discharges and emissions of priority substances and river basin-specific pollutants.
  - Members of the public must have access to a review procedure before a court of law.
  - Regarding the Water Framework Directive (WFD), the Commission will publish a comprehensive assessment on the possible application of continuous, precise, and real-time pollution monitoring systems of water quality measurements.
  - Regarding the Groundwater Directive (GWD), the threshold values applicable to groundwater will be required to be 10 times lower than the corresponding Environmental Quality Standards (EQS) for surface water. In addition, the protection of groundwater ecosystems, vulnerability or pollution, the extended producer responsibility and the EU monitoring facility will be improved.
  - Regarding the Environmental Quality Standards Directive (EQSD), a new provision prioritising restrictions and other control-at-source measures is included and a Watch List should be created containing at least five substances or groups of substances that could pose significant risks at the EU level.



# 4. Surface and Groundwater Pollutants Proposal

## Latest developments:

- On 24 April 2024, the European Parliament adopted its first-reading position on the Commission's proposal. No changes have been made compared to the European Parliament's negotiating position prepared in September 2023.
- On 19 June 2024, the Council adopted his [negotiating mandate](#) on the file. Main provisions are:
  - Member states (MSs) agreed to maintain the Commission's proposal to set environmental quality standards for 24 PFAS in surface water.
  - The mandate provides for continuous reporting, new monitoring techniques, including remote sensing, and the possibility of setting up an EU-wide monitoring to ensure progress in ecological and chemical indicators compliance with quality standards set out in EU legislation.
  - MSs have also clarified the concept of deterioration of the status of a water body: the effects of short-term activities without lasting consequences or the displacement of pre-existing pollution within or between water bodies will not be considered as a deterioration unless they cause an overall increase in pollution.
  - For substances in groundwater identified as substances of concern at national level, the scope is narrowed and sets EU-wide values only for synthetic substances. In addition, MSs will have until 2039 to achieve good groundwater chemical status.
  - The mandate aligns the PFAS limits for groundwater with the Drinking Water Directive, which sets quality standards for 20 PFAS. The mandate also includes quality standards focusing on the four most problematic PFAS.

*[Continues on next slide]*

# 4. Surface and Groundwater Pollutants Proposal

*[Continuation]*

- A mandatory 'watch list' for groundwater is introduced. Microplastics and antimicrobial resistance genes will only be included in the watch list once harmonised monitoring and evaluation standards are in place.
- The list of relevant pollutants for surface and groundwater should be revised through legislative acts in accordance with the ordinary legislative procedure, instead of Commission delegated acts.
- The negotiating mandate allows MSs to transpose the directive within two years, instead of 18 months as originally proposed by the Commission.

## Next steps:

- Trilogues will begin once the new Parliament assumes office (most likely by Q4 2024) after the EU elections in June 2024.
- Regarding the Bathing Water Directive, the Commission is expected to release an evaluation of the Directive and possibly a revision proposal in spring 2024.

# 5. Ship-source pollution and penalties for infringements

## Background (I):

- The Directive on ship-source pollution and on the introduction of penalties for infringements ([2005/35](#)) incorporates international standards for ship-source pollution from any ship to ensure that persons responsible for discharges are subject to adequate penalties.
- The Sustainable and Smart Mobility Strategy ([2020](#)) announced a revision of the Directive, with the [proposal](#) presented by the Commission on 1 June 2023.
- The proposal aims at:
  - (i) incorporating international standards into EU law by aligning the Directive with Marpol Annexes on discharges into the sea.
  - (ii) supporting Member States by building their capacity to detect pollution incidents, verify, collect evidence and effectively penalise identified offenders in a timely and harmonised manner.
  - (iii) ensuring that persons responsible for illegal discharges from ships are subject to effective, proportionate and dissuasive penalties.
  - (iv) ensuring simplified and effective reporting on ship-source pollution incidents and follow-up activities.
- The proposal contains a robust framework for penalties for infringements, and their application. In addition, it sets out measures to strengthen enforcement.
- The proposal extends the range of substances classified as polluting: those subject to regulation by Marpol 73/78 Annexes I (oil), II (noxious liquid substances in bulk), III (harmful substances carried by sea in packaged form), IV (sewage from ships), V (garbage from ships) and Exhaust Gas Cleaning System residue.

# 5. Ship-source pollution and penalties for infringements

## Background (II):

- On 28 February 2024, the [provisional agreement](#) reached by the Parliament and the Council was published. The key provisions of the final law are the following:
  - Scope: Ensures that not only persons, but also companies responsible for illegal discharges from ships are subject to effective, proportionate and dissuasive penalties.
  - Infringements and exceptions: Member States must treat discharges of polluting substances into specified areas as infringements, except under certain conditions specified in Marpol 73/78.
  - Maintains the list of polluting substances proposed by the Commission.
  - Administrative penalties: Member States must establish penalties for breaches of the directive, including fines imposed on liable companies.
  - Inspections and enforcement: Procedures for inspections and enforcement actions when irregularities or suspicions arise regarding pollution offenses.
  - Exchange of information and experience: Cooperation among Member States and the Commission for exchanging information, developing control systems, and organising training to ensure effective implementation and enforcement of the directive.
  - Reporting: Establishment of an electronic reporting tool for Member States to report on enforcement actions, inspections, and penalties imposed.
  - Evaluation and Review: Mandate for the Commission to evaluate the directive within a specified timeframe based on implementation experiences, reported information, and scientific findings, with a possibility of modifying the scope if needed.

# 5. Ship-source pollution and penalties for infringements

## Latest developments:

- On 10 April 2024, Parliament adopted the provisional agreement in the plenary (583 votes in favour, 27 against, 12 abstentions). Because of the tight timeline before the end of European elections which took place in June, the Parliament has adopted its position without a complete legal-linguistic verification, triggering a corrigendum procedure. This procedure implies a revision of the adopted text by the Committee responsible for the proposal (ENVI) after the appointments of its new members. When approved, the revised text will be submitted to a plenary vote. Assuming the new Parliament plenary approves the revised text, the Council would then be able to approve the text.

## Next steps:

- Over the coming months, the Council will adopt the act.
- The law will then be published in the EU Official Journal and enter into force 20 days after its publication.
- Then, Member States will have to make the necessary adjustments in national law to implement the revision of the Directive within 30 months after the entry into force.

# 6. Emissions Trading System Directive (ETS)

## Background:

- The Emissions Trading System (ETS) Directive ([2003/87/EC](#)) sets up a greenhouse gas emissions trading system for several sectors (energy sector, energy-intensive installations, and aviation).
- In July 2021, the Commission issued a [proposal](#) to revise the Directive, including new sectors (such as maritime transport and road transport).
- The [Parliament](#) and the [Council](#) adopted their respective positions in June 2022, and reached an [agreement](#) on 18 December 2022. The final text was published in the EU Official Journal on 16 May 2023 as [Directive 2023/959](#) amending ETS Directive 2003/87/EC, and entered into force on 5 June. It includes:
  - Application to maritime transport activities covered by MRV Regulation Art. 2(1) (ships of 5000 GT and above on voyages for transporting cargo or passengers for commercial purposes) – applies to CO<sub>2</sub> and, from 1 January 2026, methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) – applies to 100% of emissions from voyages between EU ports and 50% of emissions from voyages between EU and non-EU ports – accompanied by [Regulation](#) amending MRV Regulation (scope extended to cover not only CO<sub>2</sub> but also CH<sub>4</sub> and N<sub>2</sub>O + monitoring obligations covering the GHG emissions covered by ETS).
  - Application to road transport and buildings (Chapter IVa – so-called ETS II) – affects the “regulated entities” referred to in Annex III, which must hold greenhouse gas emissions permits issued by competent authorities – this means fuel suppliers supplying fuel to be used in road transport would have to monitor and report the quantity of fuel they place on the market and surrender emission allowances each calendar year depending on the carbon intensity of their fuels.
- Other relevant measures: decrease in total quantity of allowances; extension of ETS to buildings; stricter ETS requirements for aviation.

# 6. Emissions Trading System Directive (ETS)

## Latest developments (I):

- On 15 May 2024, the Commission issued a [report](#) on the operation of EU climate legislation (the European Climate Law, the Effort Sharing Regulation and the Emissions Trading System Directive) in the context of the global stocktake. With regard to ETS, the report provides an overview of the Directive's recent revision, stressing the critical role that the ETS will play as a key policy tool in achieving the EU's climate objectives:
  - The ETS has been revised to align with the EU's updated climate ambition of reducing net GHG emissions by 55% by 2030 compared to 1990 levels.
  - The ETS now includes maritime transport (ships above 5000 gross tonnes) from January 2024, covering first CO<sub>2</sub> emissions and, from 2026, also CH<sub>4</sub> and N<sub>2</sub>O emissions. A parallel ETS scheme (ETS 2) will be put in place from 2027 covering road transport and buildings, which will regulate fuel suppliers.
  - The overall emission cap has been tightened, through an adjustment of the linear reduction factor and of the Market Stability Reserve.
  - The Innovation and Modernisation Funds have been increased to support the deployment of breakthrough technologies and the green transition.
  - Part of the revenues from the auctioning of emission allowances in ETS 2 will supply the new Social Climate Fund to address social impacts on vulnerable groups arising from the new system.
  - Accurate implementation and the stability of the legal framework are crucial for investment.
  - Since 5 June 2023, Member States are required to spend all revenues from the existing ETS and ETS 2 to further climate action, energy transformation and a just transition.

# 6. Emissions Trading System Directive (ETS)

## Latest developments (II):

- During the Transport Council meeting of 18 June 2024, EU Transport Ministers discussed the newly expanded scope of the ETS to maritime transport. The Netherlands called for the inclusion of smaller ships within the scope of the ETS, above 400 gross tonnage instead of the current 5000, in order to prevent traffic transfer to these smaller vessels. Several Member States raised their concerns about the fact that the inclusion of maritime transport in the scope of the ETS could lead to traffic diversion and loss of competitiveness. The Commission said it was too early to tell, and that it would closely monitor the situation.



# 6. Emissions Trading System Directive (ETS)

## Next steps:

- The Commission will keep on working on the development of ETS secondary legislation over the coming months.
- Once the 2040 EU climate target has been set, the need for additional EU policies related to ETS will be assessed.
- CH<sub>4</sub> and N<sub>2</sub>O emissions from maritime transport will be included in ETS from 2026.
- The ETS 2 scheme, covering road transport and buildings, will apply from 2027.

# 7. Green Claims Directive

## Background (I):

- [Proposal](#) for a Directive on substantiation and communication of explicit environmental claims (March 2023): It would set common criteria against greenwashing and misleading environmental claims, addressing explicit claims and the proliferation of new public and private environmental labels. Claims already covered by other EU laws are excluded from the scope.
- The proposal would:
  - Oblige companies to respect minimum requirements when communicating and substantiating green claims. Companies would have 30 working days after being notified to fix non-compliant claims, and countries would have to implement penalties in case of non-compliance. That includes fines to issue money gained through misleading claims or temporary exclusion for up to 12 months from public procurement processes and access to public funding.
  - Companies would have to back their claims with scientific evidence which considers environmental standards.
  - No longer permit labels which use aggregate scoring of the product's overall environmental impact.
  - Regulate further environmental labels to avoid their proliferation.
  - Forbid new public labelling schemes while and new private schemes will need to be assessed before being approved.
  - If the future results of the monitoring and evaluation of this Directive indicates the necessity of it, ban the environmental claims for products containing hazardous substances except where their use is considered essential for the society.
- On 20 December 2023, the Council made available a [Compromise text](#) covering certain sections of a proposal. Some of the suggested changes are the following:
  - Extended scope to include claims related to environmental labelling schemes.
  - Amendments to specify climate-related claims.
  - New provision to allow certain claims without the need for a full life-cycle analysis.
  - New provision to mandate traders to present specific environmental label information, such as certification, in a digital format.

# 7. Green Claims Directive

## Background (II):

- The Parliament adopted its [position](#) on the file on 12 March 2024:
  - The evidence supporting environmental claims would need to be assessed within 30 days; however, simpler claims and products could benefit from quicker or easier verification.
  - While micro enterprises would be exempted by the Directive, SMEs would be granted an extra year to be in compliance with the rules.
  - Penalties would be implied to companies, including the temporary exclusion from public procurement tenders or the imposition of fines decided by the Member States.
  - Additionally, claims being based solely on carbon offsetting schemes would remain banned.
  - Even if the possibility of a prohibition will be reviewed by the Commission, the Parliament suggested allowing claims on products containing hazardous substances.
  - Verifiers would be obliged to provide an estimation of the period of verification procedure.

# 7. Green Claims Directive

## Latest developments:

- The Council adopted its [General Approach](#) on the proposal on 17 June 2024:
  - Contrary to the Commission's proposal, the Council suggested distinguishing explicit environmental claims from environmental labels to better specify the obligations applicable to each and introducing support measures for SMES and microenterprises to reduce administrative burdens.
  - The Council introduced a new definition for environmental characteristics, defined as an environmental aspect, impact or performance to substantiate environmental claims and labels with references to such characteristics.
  - The Council proposes expanding the simplified procedure for the substantiation of explicit environmental claims to include environmental labels, requiring claims to be based on assessments that meet specific minimum criteria. Claims based on carbon credits must be accompanied by an assessment report detailing the nature and aspects of the claim.
  - Minimum requirements for comparative claims are provided, implying that a product or trader has a lower environmental impact than another.
  - The Council extended communication requirement for explicit environmental claims to environmental labels, including an obligation to cover environmental characteristics and include information on how consumers should use the products to achieve the expected environmental performance.
  - Claims, labels, and labelling schemes must undergo verification by officially accredited verifiers, who will issue a certificate of conformity recognised across the EU.
  - Member States must define penalties for infringements based on various factors, including the nature and gravity of the infringement and the financial strength of the responsible party. Boating companies need to comply to avoid penalties.

# 7. Green Claims Directive

## Next steps:

- The Council is now expected to initiate interinstitutional negotiations (trilogues) with the European Parliament.

# 8. Hydrogen Bank

## Background (I):

- The EU strategy on hydrogen ([COM/2020/301](#)) aims to increase the production of renewable hydrogen in the EU.
- On 16 March 2023, the Commission released the Communication on a European Hydrogen Bank ([COM/2023/156](#)) as part of this strategy. It aims to unlock private investment in the development of renewable hydrogen market and to cover cost gap between fossil fuels and renewables:
  - 1 – Creating an EU hydrogen domestic market through new financing mechanisms:
    - Fixed premium auctions under the Innovation Fund, starting in autumn 2023.
    - EU Auction Platform to also allow participation of Member States.
  - 2 – Supporting international hydrogen production and imports to the EU. The Commission would assess possible sources of funding to cover cost gap for third country producers, and possible auction scheme.
  - 3 – Coordination and transparency on hydrogen flows, transactions and prices, coordinated by the Commission.
  - 4 – Coordination with existing project financing instruments (InvestEU, cohesion policy, Horizon Europe, etc.).
- On 23 November 2023 the Commission launched the first auction under the European Hydrogen Bank:
  - Producers of renewable hydrogen can bid for support in the form of a fixed premium per kilogram of hydrogen produced. The bids should be based on a proposed price premium per kilogram of renewable hydrogen produced, up to a ceiling of 4.5€/kg.
  - The premium is intended to bridge the gap between the price of production and the price consumers are currently willing to pay, in a market where non-renewable hydrogen is still cheaper to produce.
  - The selected projects will receive the awarded subsidy on top of the market revenues that they generate from hydrogen sales, for up to 10 years. Once projects have signed their grant agreements, they will have to start producing renewable hydrogen within five years.

# 8. Hydrogen Bank

## Background (II):

- The Commission is also offering a new "[Auctions-as-a-service](#)" mechanism under the Hydrogen Bank. This will enable Member States to finance projects which have bid in the auction, but not been selected for Innovation Fund support due to budget limitations. This allows them to award national funding to additional projects on their territory, without the need to run a separate auction at national level.
- On 14 December 2023, the Parliament adopted in plenary its [Resolution](#). It stresses that the European Hydrogen Bank should prioritise the domestic production of renewable hydrogen and its use by hard-to-abate industries and heavy transport, while recognising the transitional role of low-carbon hydrogen and emphasising the need for regional auctions to ensure a geographical balance in renewable hydrogen production across the EU.
- The first round of auctions closed on 8 February 2024 and received 132 bids from 17 European countries. The total support requested far exceeds the currently available budget of €800 million, provided by the Innovation Fund.
- The Commission organised an Innovation Fund Battery manufacturing stakeholder [workshop](#) on 25 April 2024 to gather information about ways to boost component manufacturing along the European battery value chain.

# 8. Hydrogen Bank

## Latest developments:

- Applicants for the first round of auctions were informed about the evaluation results in April/May 2024 and successful applicants were invited to prepare and sign the Grant Agreements.
- The Commission revealed that the second round of auctions from the Hydrogen Bank will offer €1.2 billion.

## Next steps:

- The Grant Agreements from the first round of auctions will be signed by November 2024 at the latest. The selected projects will have to start producing renewable hydrogen within five years of signing the grant agreement. They will receive the awarded fixed premium subsidy for up to 10 years and only upon certified and verified renewable hydrogen production.
- In parallel to finalising the evaluation, the Commission will draw the lessons learned from this pilot and consult industry stakeholders on the draft Terms & Conditions for the second round of the hydrogen auction, which it aims to launch before the end of the year.
- The second round of auctions from the Hydrogen Bank is expected to be open this autumn.



# 9. Marine Strategy Framework Directive (MSFD)

## Background (I):

- Directive [2008/56/EC](#) on establishing a framework for community action in the field of marine environmental policy:
  - Establishes a framework within which Member States shall take the necessary measures to achieve or maintain good environmental status in the marine environment by 2020.
  - Provides for the development and implementation of marine strategies with the aim of protecting and preserving the marine environment and preventing and reducing inputs in the marine environment. Such marine strategies must apply an ecosystem-based approach to the management of human activities.
- In June 2020, the Commission adopted a [report](#) on the first implementation cycle of the Directive (as required by Article 20). The report shows that, while the framework for marine environmental protection is one of the most comprehensive and ambitious worldwide, it needs to be improved to be able to tackle pressures such as overfishing and unsustainable fishing practices, plastic litter, excess nutrients, underwater noise and other types of pollution.
- In November 2022, the Commission announced that a proposal for a revision of the Directive, together with the accompanying Impact Assessment, would be released in 2025. Until the release of the proposal, the Commission started to work on the evaluation of the Directive alongside a contractor in charge of carrying out a support study from May 2023.
  - The main problem with the current Directive is that the overall goal of achieving Good Environmental Status by 2020 has not been met: seas are not clean, healthy, productive and resilient. The Directive has not resulted in an overall improvement of the state of seas and oceans, and pressures from human activities have not been sufficiently reduced.
  - The objectives of the revision would be to improve the regulatory framework, implementation and enforcement, regional cooperation and coordination, policy coherence, and data management.

# 9. Marine Strategy Framework Directive (MSFD)

## Background (II):

- On 17 October 2023, the Commission's upcoming agenda for 2024 was published, including the evaluation of the Marine Strategy Framework Directive in the "Evaluations and fitness checks for 2024" section. According to the information released on the [agenda](#), the evaluation of the Directive will cover:
  - The achievements and shortcomings of the framework.
  - The effectiveness of the marine strategies, including monitoring, assessment and reporting obligations.
  - The scope for simplification and reduction of the administrative burden, by reducing and facilitating Member State reporting.
  - The future streamlining and the harmonisation of monitoring requirements and data collected for subsequent use in Member State assessments.
  - The contribution of the Directive to the European Green Deal.

# 9. Marine Strategy Framework Directive (MSFD)

## Latest developments:

- On 22 May 2024, the Commission published its [presentation](#) for the Marine Strategy Coordination Group (MSCG) meeting regarding the Evaluation of the Marine Strategy Framework Directive. The presentation assesses the implementation and impact of the directive. According to this presentation, the MSFD provides a strong framework for protecting EU marine waters but achieving Good Environmental Status (standards and criteria developed by the Commission [Decision](#) on good environmental status of marine waters adopted on 17 May 2017) is slow. Despite broad data collection, persistent issues with data quality hamper progress. Regional cooperation varies across different areas. Although implementation costs are high, they are expected to be outweighed by future benefits once GES is achieved. Alignment with EU policies is generally good but requires improvement, especially with the Water Framework Directive (WFD) and Habitats Directive (HD). Application of the Ecosystem-Based Approach needs enhancement. The MSFD is valuable for the EU but needs better integration of climate change impacts into its framework.

## Next steps:

- The Evaluation of the Marine Strategy Framework Directive is expected to be published by the end of June 2024/beginning of July 2024.
- The revision proposal is foreseen for 2025. When the proposal is released, it will then be sent to the European Parliament and the Council for examination.

# 10. Trade issues

## **Australia** (*negotiations ongoing*):

- Background:
  - In July 2018, the Commission and Australia launched negotiations for a comprehensive trade agreement, which would cover the following issues: trade in goods, rules of origin, customs and trade facilitation, sanitary and phytosanitary products, technical barriers to trade, non-tariff barriers, trade defence instruments, trade in services and investment, movement of business persons, digital economy, capital movements and payments, IP rights, public procurement, trade and competition, state owned enterprises, consumer protection, SMEs, energy and raw materials, trade and sustainable development, regulatory cooperation, and transparency.
  - The 15<sup>th</sup> round of negotiations took place from 24 to 28 April 2023 ([Report](#)). The Chapters, Sub-Chapters and Annexes on Technical Barriers to Trade, Intellectual Property Rights, Rules of Origin, Digital Trade, Sanitary and Phytosanitary Measures, Sustainable Food Systems, Financial Services, Cross Border Trade in Services, Trade Remedies, Anti-Fraud, Rules of Procedures of the Trade Committee, as well as the Preamble, were concluded.
  - On 25 May, the Foreign Affairs Council held a meeting. Commission Executive Vice President Dombrovskis indicated that the EU aims to conclude the negotiations with Australia by mid-July 2023. However, negotiators failed to reach an agreement in July due to some obstacles related to the EU's beef market.
  - According to media reports, the EU and Australian trade representatives discussed the EU-Australia FTA on the sidelines at the G7 meeting on 29 October. However, disagreements remain over agricultural market access.
  - On 4 January 2023, Commissioner for Agriculture Wojciechowski provided information on the state of negotiations for an EU-Australia FTA. Despite the unsuccessful attempt to conclude the negotiations in October 2023, negotiations are ongoing, and the EU is working to find effective solutions to its agriculture's interests.

# 10. Trade issues

## **Australia** (*negotiations ongoing*):

- Latest developments:
  - On 8 April 2024, Commissioner for Energy Kadri Simson delivered a speech at the National Press Club of Australia in Canberra.
  - In particular, she underlined that the failure of the EU and Australia to conclude negotiations is damaging both parties. In this regard, she indicated that the EU is willing to resume negotiations.

# 10. Trade issues

## **New Zealand** (negotiations concluded):

- Background:
  - On 17 February 2023, the Commission presented a proposal for a Council Decision on the [signing](#) and [conclusion](#) of the EU-New Zealand Free Trade Agreement (FTA).
  - On 27 June 2023, the Council adopted its Decision on the signing of the FTA and the request for the Parliament's consent on its conclusion ([press release](#)). Among other aspects, the agreement, once in place, will:
  - On 9 July 2023, the Commission signed the [EU-New Zealand Free Trade Agreement](#).
  - On 24 October 2023, the INTA Committee adopted the [Recommendation](#) and [Report](#) inviting the Parliament to give its consent to the conclusion of the EU-New Zealand FTA. On 22 November, the Plenary adopted them. On 22 November 2023, the Council adopted its Decision on the conclusion of the FTA. The Decision approves the Agreement on behalf of the EU ([press release](#)).
- On 28 February 2024, the EU-New Zealand FTA [agreement](#) and the Council Decision ([2024/244](#)) on the conclusion of the agreement were published in the EU Official Journal. Some of the provisions included in the agreement are the following:
  - Trade in Goods: New Zealand removes import tariffs on various goods, and the EU eliminates duties on New Zealand food and drink exports.
  - Rules of Origin: Ensures products significantly processed in either party benefit from tariff preferences.
  - Customs, Trade Facilitation, and Remedies: Includes transparency provisions, trade defense instruments against unfair practices, and a safeguard mechanism for sudden import increases.
  - Sanitary and Phytosanitary Measures: Upholds EU standards on antimicrobial resistance and follows the WTO SPS Agreement.

# 10. Trade issues

**New Zealand** (*negotiations concluded*):

[...]

- Investment, Digital Trade, and Services: Guarantees fair competition, facilitates movement of professionals, and protects digital trade.
  - Public Procurement: Opens procurement markets beyond WTO requirements.
  - Intellectual Property: Comprehensive protection for IP rights and enforcement, including Geographical Indications (GIs).
  - Trade and Sustainable Development: Includes provisions for labour rights, environmental protection, and civil society involvement in monitoring and enforcement.
  - Energy and Raw Materials: Addresses export restrictions, promotes trade in sustainable energy goods, and eliminates dual pricing.
- 
- Latest developments:
    - The EU-New Zealand Free Trade Agreement (FTA) entered into force on 1<sup>st</sup> May 2024.

# 10. Trade issues

## **Japan** (negotiations concluded):

- Background:
  - Following 18 rounds of negotiation, the [EU-Japan Economic Partnership Agreement](#) was concluded in December 2017 and entered into force in February 2019. It removed the vast majority of duties paid by EU companies and opened the Japanese market in a range of sectors. It sets high standards of labour, safety, environmental protection, consumer protection and data protection, fully safeguards public services, and has a dedicated chapter on sustainable development. This agreement is the first to include a specific commitment to the Paris Agreement.
  - On 12 May 2023, the EU and Japan launched a [Digital Partnership](#), which establishes an advanced cooperation between the two countries on digital issues.
  - On 30 January 2024, the EU and Japan held the first Working Group to discuss economic security and supply chains. The newly established Working Group is especially relevant in light of the recent publication of the European Economic Security Strategy package ([2024](#)), seeking further synergies with partners on tools such as anti-coercion instruments, export controls and investment screening. The topics of discussion will be the following:
    - Strengthening multilateral efforts to regulate state support for industrial sectors.
    - Trade strategies focus on diversifying supplies in vulnerable areas and building sustainable, resilient supply chains.



# 10. Trade issues

## **Japan** (negotiations concluded):

- Latest developments:
  - On 22 March 2024, the EU announced a [study](#) in support of an ex-post evaluation of the Agreement between EU and Japan for an economic partnership. The notice of the study announces the intention of the contracting authority to publish a future call for tenders but no other information or documents are available at this stage. Interested economic operators are invited to subscribe [here](#).
  - On 2 May 2024, the fifth EU-Japan High Level Economic Dialogue (HLED) announced an [initiative](#) towards stronger collaboration to develop transparent, resilient and sustainable supply chains. This initiative, supported by the EU-Japan Industrial Policy Dialogue and a new task force aims to promote transparency, diversification, security, sustainability, and reliability to tackle climate change, energy security and supply stability. The initiative includes coordinated efforts in procurement, encouraging business transparency and sustainability, and collaborating with like-minded countries.

# 10. Trade issues

## UK:

- Background:
  - On 1 February 2020, the [Withdrawal Agreement](#), which established the terms of the UK's orderly withdrawal from the EU entered into force.
  - In May 2021, the [EU-UK Trade and Cooperation Agreement](#) (TCA) entered into force. It sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, road transport, energy, fisheries, law enforcement, thematic cooperation, and participation in EU programmes.
  - In June 2022, the UK government introduced draft legislation to unilaterally revise the Northern Ireland protocol, in response to which the Commission launched legal actions against the UK. On 29 June 2023, [Regulation \(EU\) 2023/1231](#) was published in the EU Official Journal. It sets out specific rules relating to the entry into Northern Ireland from other parts of the United Kingdom of certain consignments of retail goods, plants for planting, machinery and certain vehicles operated for agricultural or forestry purposes. The measure entered into force on 2 July 2023.
  - On 27 June 2023, the UK and EU signed the [Memorandum of Understanding](#) (MoU) on Financial Services Cooperation. It includes: bilateral exchanges of views on various issues including market developments and financial stability issues.
  - On 31 January 2024, the [proposal](#) for a Council Decision aiming to improve the operation of the schemes set out in Decision ([1/2023](#)) of the Joint Committee in relation to the application of UK tariff rate quotas as regards the importation of the goods specified in the proposed Annex V into Northern Ireland was published in the EU Official Journal.

# 10. Trade issues

## **UK:**

- Latest developments:
  - On 21 March 2024, the Commission presented its annual [Report](#) on the implementation and application of the Trade and Cooperation Agreement (TCA) between the EU and the UK. The report highlights notable progress in several areas, such as trade, transport, energy, and law enforcement. According to the document, the introduction of the Windsor Framework in 2023 has been crucial in promoting cooperation and enhancing the TCA's implementation and effectiveness. Key developments include active involvement from governance bodies, with thirty meetings held to oversee the TCA's implementation, and advancements in sectors like electricity trading. The report also outlines the enforcement and dispute resolution mechanisms in place, emphasising the need for ongoing dialogue to fully benefit from the TCA, while keeping an eye on legislative changes in the UK.

# contact.

---

**logos**

[secretariat@logos-pa.com](mailto:secretariat@logos-pa.com)

[www.logos-pa.com](http://www.logos-pa.com)

---

logos public affairs

Avenue des Arts, 47

1000 Brussels

+32 02 588 24 31

---

logos

earn trust.  
make change.