

ICOMIA

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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.

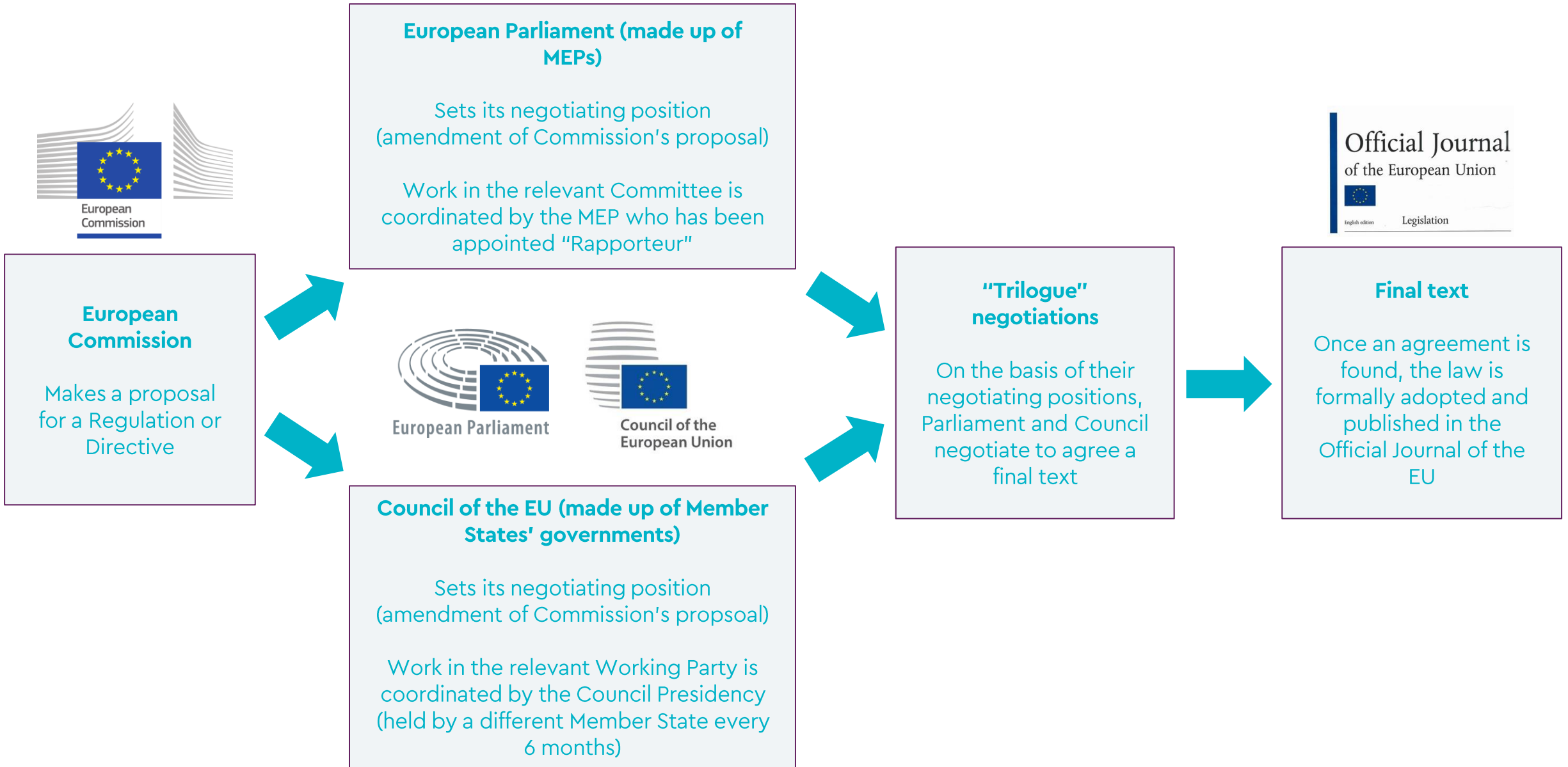
European Parliament Committees: Committees of MEPs, organised by policy area, which deal with specific proposals before they are adopted by the European Parliament plenary, e.g. ENVI Committee (Environment, Public Health and Food Safety), TRAN Committee (Transport and Tourism), IMCO Committee (Internal 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 a number of 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).
 - Promotes innovation through the establishment of an “Innovation Centre for Industrial Transformation and Emissions” (INCITE).
- The Council [adopted](#) its negotiating position in March 2023, while Parliament [adopted](#) its own in July 2023. The two institutions then entered trilogue negotiations to reach an agreement on a final text.

1. Industrial Emissions Directive

Latest developments:

- Following three trilogue meetings between September and November, the Parliament and the Council reached an agreement on a final text for the law on 28 November 2023 (not yet publicly available). 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, pig farms with over 350 livestock units, poultry farms with laying hens with over 300 livestock units, and farms rearing both pigs and poultry with over 380 units.
 - 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

Next steps:

- The final text will become available over the coming weeks.
- Parliament's ENVI Committee and Council's COREPER are expected to endorse the provisional agreement in January 2024. Then, the Parliament and the Council will formally adopt the law.
- Then, Member States will have to make the necessary adjustments in national law to implement the revision of the Directive.

2. Water legislation

Background (I):

- Water Framework Directive ([2000/60/EC](#)):
 - Establishes a framework for the protection of inland surface waters, transitional waters, coastal waters and groundwater, in order to preserve ecosystems, promote sustainable water use and ensure the reduction of pollution of groundwater.
 - Annex X lists the priority substances which must be reduced or phased out from the aquatic environment.
- Groundwater Directive ([2006/118/EC](#)):
 - Establishes measures, pursuant to Article 17 of the Water Framework Directive, to prevent and control groundwater pollution, namely criteria for the assessment of good groundwater chemical status and criteria for the identification and reversal of upward trends in groundwater pollution.
 - Complements the provisions of the Water Framework Directive on preventing and limiting inputs of pollutants into groundwater.
- Bathing Water Directive ([2006/7/EC](#)):
 - Aims at protecting and improving the quality of the environment and to protect human health by complementing the Water Framework Directive.
 - Lays down provisions for the monitoring, classification and management of bathing water quality, as well as for the provision of information to the public on bathing water quality.

2. Water legislation

Background (II):

- 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.

2. Water legislation

Latest developments (I):

Proposal for a Directive on surface water and groundwater pollutants, amending existing legislation:

- Through internal meetings of Member State representatives, the Council is still developing its position on the Commission proposal.
- As previously reported by Logos, on 12 September 2023 the European Parliament's plenary had adopted the Parliament's [position](#) on the Commission proposal. This includes provisions such as:
 - Addition of PFAS to list of groundwater and surface water pollutants.
 - Member States are requested 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.
 - Details added on procedure to notify the Commission in case of water management issues, and shorter deadline for the Commission to respond.
 - Timeline introduced 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.
 - The threshold values applicable to groundwater will be required to be 10 times lower than the corresponding Environmental Quality Standards (EQS) for surface water.

2. Water legislation

Latest developments (II):

Bathing Water Directive:

- According to the [2024 Commission Work Programme](#), which was released on 17 October 2023, the Commission will release an evaluation of the Bathing Water Directive in spring 2024. This could be accompanied by a revision proposal.

2. Water legislation

Next steps:

- Regarding the proposal for a Directive amending existing legislation on groundwater and surface water pollutants, the Council is still developing its position on the file. Once this is completed, it will enter into interinstitutional negotiations with the Parliament to reach an agreement on the text.
- Regarding the Bathing Water Directive, the Commission is expected to release an evaluation of the Directive and possibly a revision proposal in spring 2024.

3. Ship Recycling Regulation

Background:

- Ship Recycling Regulation ([1257/2013](#)):
 - Aims to prevent, reduce, minimise and, to the extent possible, eliminate accidents, injuries and other adverse effects on human health and the environment caused by ship recycling.
 - Applies to ship of 500 gross tonnes or more flying the flag of an EU Member State or calling at an EU port.
 - Ensures that hazardous waste from ship recycling is subject to environmentally sound management., laying down rules to ensure the proper management of hazardous materials on ships.
 - Every new ship must have on board an inventory of the hazardous materials it contains. Before recycling the ship, the owner must prepare a sip recycling plan.
 - To prevent the dismantling of EU under conditions that are harmful to workers and to the environment (especially in South Asia), all large-scale sea-going vessels sailing under the flag of a Member State must use an approved ship recycling facility included in the European List of ship recycling facilities. These facilities recycle the vessel in a safe manner and in an environmentally friendly way.
- Implementing Decision [2016/2323](#) sets out, in its Annex, the European List of ship recycling facilities, pursuant to Article 16 of the Ship Recycling Regulation. This Implementing Decision gets amended regularly in order to update the list of facilities.
- The Commission opened a 4-week [public consultation](#) from 2 to 30 June 2022, followed by a 12-week one from 15 March to 7 June 2023, to gather stakeholders' comments for its evaluation of the Ship Recycling Regulation. The evaluation is done pursuant to Article 30(4) of the Regulation, which states that the Commission must carry out a review by 31 December 2023 to assess whether the Regulation has achieved its objectives.

3. Ship Recycling Regulation

Latest developments:

- In August 2023, the Commission made available a [summary](#) of stakeholders' comments submitted during the 12-week public consultation held between 15 March and 7 June 2023.
 - 63 stakeholders participated (44% of which were business associations, 27% public authorities, 13% citizens and 11% NGOs).
 - Most stakeholders considered the Regulation has been successful in achieving its objectives. In particular, 67% of respondents considered the Regulation has been successful in ensuring that EU-flagged ships are dismantled in safe and environmentally sound recycling facilities.
 - 46% considered the Regulation decreased the differences in health, safety and environmental standards between recycling facilities, while 35% argued that it had no effect in this regard.
 - 78% agreed that the Regulation's requirements to maintain an Inventory of Hazardous Materials was effective.
 - Two thirds agreed that the safety and environmental standards requirements for recycling facilities on the EU list were effective.
 - Less than half considered the Regulation was coherent with the EU's transition to a circular economy and the EU's sustainable and smart mobility strategy.
 - Around half of respondents did not consider the Regulation's scope to be appropriate. It was suggested to go beyond the flag of the vessel, and to study the possibility of including vessels below 500 gross tonnes.
- In December 2023, the Commission [updated](#) the list of ship recycling facilities.

3. Ship Recycling Regulation

Next steps:

- The evaluation of the Ships Recycling Regulation, foreseen in Article 30(4), will review the implementation and success of the Regulation.
- It is scheduled to be released in Q1 2024. It will then be sent to the European Parliament and the Council for examination.
- It will likely be followed by a legislative proposal to revise the Regulation.

4. MSFD (Marine Strategy Framework Directive)

Background:

- 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.

4. MSFD (Marine Strategy Framework Directive)

Latest developments:

- 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.

4. MSFD (Marine Strategy Framework Directive)

Next steps:

- Over the coming months, the Commission will continue to work on the evaluation of the Directive, supported by external contractors. The evaluation will be released before the end of the current Commission's mandate (which runs until 31 October 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.

5. 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.

5. 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, laying out potential Binding Occupational Exposure Limits (BOELs), Biological Limit Values (BLVs) and Short-Term Exposure Limits (STELs). Based on these Opinions, the Commission will decide on whether and how to integrate the five 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 on the table in Staff Working Document [SWD\(2022\) 438](#) (either adding new substances to the scope of the CMD or revising OELs for already listed substances). Which substances will finally be included is still unclear. At the moment, several substances are being assessed by the European Chemicals Agency (ECHA) for potential inclusion in the CMD.

5. Carcinogens and Mutagens Directive (CMD)

Latest developments (I):

- As for the seventh amendment of the OELs in the CMD:
 - In October 2023, ECHA's [Opinion](#) on 2,3-epoxypropyl methacrylate (glycidyl methacrylate) (GMA) was made available. GMA is considered to be a non-thresholded carcinogen. Consequently, no health-based OEL nor a Short-Term Exposure Limit (STEL) can be identified. Instead, ECHA's Committee for Risk Assessment (RAC) derived an exposure-risk-relationship (ERR) expressing the excess cancer risk as a function of the air concentration of GMA.
 - On 23 October 2023, the ECHA published its [Scientific Report](#) for evaluation of limit values for Boron and its compounds at the workplace, and launched a [public consultation](#) on the Report in parallel. Stakeholders have until 12 January 2024 to submit their comments. Based on the Report and feedback received from the consultation, ECHA's Risk Assessment Committee (RAC) is expected to draft an Opinion on the substance. The Report makes the following recommendations:
 - An OEL (8h TWA) of 1.3 mg B/m³ is identified for workers.
 - As a respiratory irritation is observed in humans, a STEL is recommended. A 15-minute value of 0.75 mg B/m³ is identified based on effects reported with sodium tetraborate pentahydrate.
 - No BLV is proposed as biomonitoring has not been commonly used at workplaces.
 - No BGV is proposed as there is a great variability in the background concentration of the non-occupationally exposed population.
 - No skin or respiratory sensitisation notations are proposed.

5. Carcinogens and Mutagens Directive (CMD)

Latest developments (II):

- On 29 November 2023, the Commission's Advisory Committee on Health and Safety at Work (ACSH) adopted an [Opinion](#) indicating the need to update the BOEL for Chromium VI compounds under the CMRD. The ACSH recommends the Commission to carry out a study to evaluate the feasibility and socio-economic impacts. After that, the ACSH would prepare its Opinion.
- The ECHA RAC adopted its [Opinion](#) on chloroprene on 14 September 2023. The adopted Opinion was made publicly available in December 2023. The key findings of the RAC Opinion are outlined below:
 - Firstly, as chloroprene is considered a non-threshold carcinogen, no health based occupational exposure limit (OEL) or a STEL could be identified. Instead, RAC derived an exposure-risk relationship (ERR) expressing the excess cancer risk in function of the air concentration of chloroprene.
 - It is noted that according to the derived cancer ERR, the lowest 8h TWA (0.16 ppm) would correspond to a residual cancer risk of about 4:10 000. As a consequence, a BOEL based on cancer risk will also protect from non-cancer effects, provided that the value will not exceed 0.6 mg/m³ (0.16 ppm).
 - Finally, RAC proposed a skin notation, based on the chemical properties and modelling data for dermal uptake.
- In a separate development, the RAC adopted its Opinion on the scientific evaluation of OELs for some nitrosamines. The text of the adopted Opinion is expected to be made available in the following weeks.

5. 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.

6. Green Claims Directive

Background:

- [Proposal](#) for Directive on substantiation and communication of explicit environmental claims (Green Claims Directive) (3 March 2023).
- The new Directive would set common criteria against greenwashing and misleading environmental claims. It targets explicit claims and the proliferation of new public and private environmental labels. Claims already covered by EU laws are excluded from the scope of the Directive.
- 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 "effective, proportionate and dissuasive" 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.
 - Empower independent verifiers to prove the scientific evidence of companies' green claims. 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.
- Since March 2023, the European Parliament and the Council have been examining the proposal.

6. Green Claims Directive

Latest developments (I):

- On the European Parliament side, the Committees on Internal Market and Consumer Protection (IMCO) and on the Environment, Public Health and Food Safety (ENVI) have been designated to work jointly on the file. The draft Report containing the Rapporteurs' amendments, presented in October 2023 in those Committees, received comments and propositions of amendments from Members of Parliament, which should be discussed in January 2024:
 - MEPs demanded a prohibition on explicit claims in text form relating to products containing hazardous substances in the text.
 - The IMCO Co-Rapporteur proposed that verifiers should be obliged to provide an estimation of verification processes.
 - Regarding penalties of up to 4% of businesses' annual turnover if they do not respect the rules, he considers they are out of proportion, suggesting that EU countries should set their own penalties.
 - MEP Emma Wiesner (Renew, Sweden) pointed that requirement of green claims undergoing a pre-approval process before being allowed to be used by a company will result in costly procedures and goes against the principles of the internal market and the freedom of speech.
 - The S&D amendments will aim to guarantee maximum transparency through a consultation body on green claims, to ensure the inclusion of SMEs, to provide a strong verification methodology, and to exclude CO2 offsetting.
 - The Greens' amendments will concentrate on consumer protection and enlarging the scope to all environmental claims. The party highlighted the need for a more transparent database for authorised labels, rejected the exception for micro-enterprises, and stressed the need to further clarify the methodologies used in the studies assessing the environmental performance of packages.
- The draft Report, as well as the amendments tabled to it will be voted in Committee on 14 February 2024. Once approved, the Report should be voted again during the Parliament's plenary session scheduled for 11 March 2024. The adopted text would constitute the European Parliament's mandate for the negotiations with the Council.

6. Green Claims Directive

Latest developments (II):

- On the Council side:
 - The Council Working Party on the Environment met on 4 December 2023 to discuss the proposal.
 - The Council's experts made a partial compromise text available on 20 December 2023 for certain sections of a proposal, specifically Articles 1 to 6, 9, and 10, along with related recitals. The suggested changes aim to broaden the proposal's scope to include claims related to environmental labelling schemes. Notably, there are proposed amendments to specify climate-related claims. A new provision, Article 3a, is recommended to allow certain claims without the need for a full life-cycle analysis. Additionally, a proposed Article 5b would mandate traders to present specific environmental label information, such as certification, in a digital format.
 - The Working Party plans to convene in the coming months to further discuss and finalize the remaining articles of the proposal as part of the Council's negotiating mandate.
 - After technical finalization, Member State Ambassadors (COREPER) and Ministers may provide input at the political level. The General Approach, once endorsed by COREPER and by the Council, will be the foundation for negotiations with the Parliament.

6. Green Claims Directive

Next steps:

- The Parliament draft Report will be voted in Committee on 14 February 2024 and voted in plenary on 11 March 2024.
- The Council will continue to work on its position.
- Once the two positions are finalised, negotiations will begin. The legislative procedure will be finalised at the end of those negotiations. This will likely happen after the European elections of June 2024.

7. Critical Raw Materials proposal

Background:

- Proposal for a Critical Raw Materials Act (CRMA) ([2023](#)): new regulatory framework for ensuring a secure and sustainable supply of critical raw materials.
- The proposal establishes targets for increased EU capacity by 2030:
 - Extraction of at least 10% of the EU's annual consumption of strategic raw materials
 - Processing of at least 40% of the EU's annual consumption of strategic raw materials
 - Recycling of at least 15% of the EU's annual consumption of strategic raw materials
 - A maximum of 65% of the EU's annual consumption of each strategic raw materials to be processed from a single third country, in order to avoid dependencies
- List of critical and strategic raw materials in the scope: boron, cobalt, copper, gallium, lithium, magnesium, manganese, natural graphite, nickel, platinum group metals, silicon metal, titanium metal and tungsten
- Projects are defined as "Strategic Projects" if they contribute to the security of the EU's supply of strategic raw materials (together with some other conditions). These projects will enjoy streamlined permitting processes and will be considered urgent in any resolution procedures, litigations, appeals, and judicial remedies related to the permit granting process.
- The Council adopted its [position](#) on 30 June 2023. It sets out a target of processing within the EU of at least 50% of strategic raw materials consumed in the EU and recycling of at least 20%. Moreover, it adds aluminium to the proposed list of strategic raw materials.
- The Parliament's plenary adopted its [position](#) on 14 September 2023. It establishes a target of processing within the EU of at least 50% of the strategic raw materials consumed in the EU and recycling of at least 45% of the waste stream of strategic raw materials. Furthermore, it sets out provisions to strengthen environmental and social requirements of mining, refining, and recycling projects. Lastly, it adds aluminium to the proposed list of strategic raw material.

7. Critical Raw Materials proposal

Latest developments:

- On 13 November, the co-legislators reached a provisional agreement. Key provisions:
 - 4 additional critical raw materials: aluminium, tungsten, titanium, and vanadium.
 - 2030 Benchmarks related to the EU's total annual consumption of critical raw materials:
 - Extraction of at least 10% of the EU's annual consumption of strategic raw materials
 - Processing of at least 40% of the EU's annual consumption of strategic raw materials
 - Recycling of at least 25% of the EU's annual consumption of strategic raw materials
 - A maximum of 65% of the EU's annual consumption of each strategic raw materials to be processed from a single third country, in order to avoid dependencies
 - Within 12 months of entry into force, Member States must identify large companies operative on their territory that use strategic raw materials for: battery manufacturing, hydrogen production and utilisation, or traction motor, etc. Companies must perform a risk assessment every 3 years by including: mapping of strategic raw materials extraction, processing and recycling, analysis of supply chain risks and vulnerability to supply disruptions.
- On 12 December 2023, the Parliament [adopted](#) the provisional agreement.

7. Critical Raw Materials Act proposal

Next steps:

- The text has been sent to the Council for final adoption.
- Once approved by the Council, the agreed text would then be published in the EU Official Journal. Under the agreed text, the measure would enter into force on the twentieth day following that of its publication.

8. Net Zero Industry Act

Background (I):

- On 16 March 2023, the Commission released its proposal for a Net Zero Industry Act, formally known as the Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem.
- The proposal is aimed at fostering the manufacturing capacity of net-zero technologies, to support the EU's emission targets and the EU's access to a secure and sustainable supply of net-zero technologies. In particular, the aims are (1) to ensure that by 2030, manufacturing capacity in the EU of certain strategic net-zero technologies approaches or reaches at least 40% of the EU's annual deployment needs for those technologies; and (2) to ensure the free movement of net zero technologies placed on the EU Single Market.
- The so-called strategic net-zero technologies include: solar energy, wind energy, batteries, heat pumps and geothermal energy, electrolyzers and fuel cells, sustainable biogas and biomethane, carbon capture and storage, and grid technologies.
- The proposal includes the following measures:
 - Setting up a streamlined permit-granting process for net-zero technology manufacturing projects. Each Member State would have a single competent authority in charge of permitting processes.
 - Increasing CO₂ injection capacity, by establishing an EU single market for CO₂ storage services.
 - Incentivising demand for net-zero technologies, for instance through public procurement and auctions to deploy renewable energy sources.
 - Ensuring a skilled labour force for net-zero technologies, by having the Commission support the setting up of specialised European skills academies, each focusing on a net-zero technology and working with Member States, industry and education and training providers to design courses to reskill and upskill workers.
 - Fostering innovation by setting up net-zero regulatory sandboxes to test innovative net-zero technologies in a controlled environment.

[Continues below]

8. Net Zero Industry Act

Background (II):

- Creating a governance structure, through the Net-Zero Europe Platform, a coordination body for the Commission and Member States to coordinate on the above actions.
- Monitoring the progress of these measures.
- Since the proposal was released in March 2023, the Parliament and the Council have been developing their amendments to the Commission proposal, with a view to entering trilogue negotiations.

8. Net Zero Industry Act

Latest developments:

- On 21 November 2023, the Parliament adopted its negotiating [position](#) on the file. The key aspects of the Parliament's position, compared to the Commission's proposal, are the following:
 - The list of strategic net-zero technologies is replaced by a list of net-zero technologies, which adds other technologies including sustainable alternative maritime and aviation fuels, electric charging technologies, as well as nuclear power. Investments in these technologies can be designated as strategic net-zero projects if they meet certain criteria (e.g. contributing to EU competitiveness and reskilling of the workforce), making them eligible for fast-tracked permitting and easier funding.
 - The permit-granting process should take at most 12 months for regular projects and 9 months for strategic projects.
 - A Strategic Technologies for Europe Platform (STEP) would provide funding for these projects.
 - Pre-qualification criteria in public procurement would be introduced to shield EU-based industries from unfair competition.
- Then, on 7 December 2023, the Council reached its negotiating [position](#) (General Approach) on the file.
 - The text adds some technologies to the Commission proposal, such as RFNBO technologies, sustainable alternative fuels technologies, hydrogen technologies, and nuclear technologies.
 - The text deletes the links to EU funding from the original proposal.
 - The rules on public procurement are also watered down, by deleting the original provision that stated that Member States should give more weight to non-price factors (e.g. climate impact and supply security) when assessing bids. Instead, the Council text proposes that the Commission draft specific criteria that can then be applied by Member States if they so wish.
- A first trilogue was held on 13 December 2023, although little progress was made. Negotiations will continue in 2024.

8. Net Zero Industry Act

Next steps:

- Further trilogue meetings are scheduled for 22 January and 6 February 2024.
- The Council and the Parliament are likely to reach a deal in Q1 2024 so that the Parliament's plenary can adopt the law by May 2024, before it breaks off for the European elections scheduled for June 2024.

9. Hydrogen Bank

Background:

- 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](#)). It would to unlock private investment in the development of renewable hydrogen market – aims 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 20 June 2023, ITRE Committee MEP Robert Hajšel (S&D, Slovakia) published his [draft motion for a resolution](#) for a future Parliament's resolution on the Hydrogen Bank. The main provisions of the draft text were as follows: importance of a 'geographical balance' to enable the production and use of renewable hydrogen across the EU; more targeted future calls to specific sectors with rewards for those achieving higher sustainability levels or creating positive externalities in the labour market; an increasement of the EUR 3 billion budget.

9. Hydrogen Bank

Latest developments:

- 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.
 - Cumulation with other types of aid from participating Member States will not be possible. The objective is to ensure a level playing field for all projects regardless of location.
- 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 European 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.

9. Hydrogen Bank

Next steps:

- Bidders have until 8 February 2024 to apply via the [EU Funding and Tenders Portal](#).
- Applicants will be informed about evaluation results as early as April 2024 and sign the Grant Agreements within nine months after the call closure.
- The Commission intends to launch a second round of auctions in 2024.

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 15th 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.
- Latest developments:
 - According to media reports, the EU and Australian trade representatives discussed the EU-Australia FTA on the sidelines at the G7 meeting in Osaka on 29 October. However, disagreements remain among the two parties over agricultural market access.

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:
 - Open New Zealand's services market in key sectors such as financial services, telecommunications, maritime transport, and delivery services.
 - Ensure non-discriminatory treatment to EU investors in New Zealand and vice versa.
 - Improve access for EU companies to New Zealand government procurement contracts for goods, services, and works concessions.
 - Facilitate data flows, predictable and transparent rules for digital trade and a secure online environment.
 - Prevent unjustified data localisation requirements and maintaining the high standards of personal data protection.
 - Reduce compliance requirement and procedures to allow for quicker flow of goods.
 - On 9 July 2023, the Commission signed the [EU-New Zealand Free Trade Agreement](#).
- Latest developments:
 - On 24 October 2023, the INTA Committee adopted the [Recommendation](#) and [Report](#) inviting the European 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](#)). Once New Zealand ratifies the Agreement, and both parties notify the depositories about the completion of their internal procedures, the Agreement will enter into force, likely in the first half of 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.
- Latest developments: There have been no relevant updates.

10. Trade issues

Singapore (negotiations concluded):

- Background:
 - The [EU-Singapore Free Trade Agreement and Investment Protection Agreement](#) were signed in October 2018 and entered into force in November 2019. The agreement aims to remove all customs duties and get rid of overlapping bureaucracy, improve trade for goods like electronics and food, stimulate green growth, and encourage investment from EU and Singaporean companies.
 - On 1 February 2023, the EU and Singapore launched a [Digital Partnership](#), which establishes an advanced cooperation between the two countries on digital issues with a view to fostering economic growth and a human-centric digital transformation based on common values. It sets out a list of joint actions to be taken by the partners, which includes enhancing research cooperation in cutting edge technologies such as artificial intelligence (AI) and semiconductors, promoting cooperation in regulatory approaches such as in the field of electronic identification (eID), fostering investments in resilient and sustainable digital infrastructures, ensuring trusted cross-border data flows in compliance with data protection rules, promoting information exchange and cooperation in the field of cybersecurity, facilitating digital trade, and enhancing digital education and skills, among others.
 - On 14 April 2023, the Commission released a [recommendation](#) for a Council Decision authorising the opening of negotiations for EU-Singapore Digital Trade Disciplines. The negotiations would build on the cooperation on digital trade created by the EU-Singapore Digital Partnership and would cover (among others): (a) facilitation of electronic transactions; (b) customs duties on electronic transmissions and the transmitted content; (c) consumer trust; (d) cross-border data flows with trust, data localisation requirements and personal data protection.
 - On 20 July, a [Joint Statement](#) on the launch of negotiations for a EU-Singapore digital trade agreement was published.
- Latest developments: There have been no relevant updates.

10. Trade issues

Vietnam (negotiations concluded):

- Background:
 - Negotiators signed the [EU-Vietnam Trade Agreement and Investment Protection Agreement](#) in June 2019. The Trade Agreement entered into force in August 2020.
 - The agreements eliminated 99% of all tariffs, reduced regulatory barriers and overlapping red tape, ensured the protection of geographical indications, and opened up services and public procurement markets.
- Latest developments: There have been no relevant updates.

Mercosur (negotiations ongoing):

- Background:
 - After two decades of on-off negotiations, the EU and Mercosur (Argentina, Brazil, Paraguay and Uruguay) reached a political agreement in June 2019 for a comprehensive [EU-Mercosur Trade Agreement](#) in order to increase bilateral trade and investment and reduce tariff and non-tariff trade barriers.
 - In January 2020, the Austrian government rejected the trade agreement in its current form. Since then, other Member States such as France have also been reluctant to follow through with the agreement. The agreement therefore remains blocked in the Council. It has not yet been finalised, signed or ratified.
 - In June 2023, Commission Executive Vice-President Dombrovskis indicated that starting in 2024, the EU will only allow products free from deforestation on its market due to the Deforestation Regulation. Brazil's Foreign Minister stated that Mercosur called for more flexibility on potential sanctions in case of failure to fully comply with EU deforestation rules.
 - Commission President Von der Leyen aimed to conclude the agreement by the end of 2023. Media reported that Paraguay's President indicated that if the deal was not finalised by then, the Mercosur bloc will abandon the negotiations.

10. Trade issues

- Latest developments:
 - In November 2023, media reported that Brazilian Foreign Minister insisted that if the EU goes ahead with deforestation requirements, Brazil will not sign the EU-Mercosur Free Trade Agreement (FTA).
 - The agreement was expected to be reached on 7 December 2023, when Mercosur met for their annual summit. However, Commission President Ursula von der Leyen and Executive Vice-President Valdis Dombrovskis did not take part in this Mercosur summit due to uncertainties with Argentina's new government. Previously, Argentina's former President Alberto Fernández publicly stated that he would not sign the Agreement as he considered the deal to excessively favour EU industrial exports and restrict South American agricultural exports.

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.
 - On 15 March 2023, the Commission presented its annual [Report](#) on the implementation of the agreement. According to the Report, the agreement functioned well over 2022, with most of the remaining challenges being linked to the UK's refusal to fulfil its legal obligations under the Withdrawal Agreement. The Parliament's INTA and AFET Committees prepared their [draft Report](#) on 29 June 2023. In general, the text agrees with the Commission's Report.
 - 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.
- Latest developments:
 - On 23 November 2023, the European Parliament adopted the INTA and AFET Committees draft Report ([Resolution](#)) on the implementation of the EU-UK Trade and Cooperation Agreement (TCA).

10. Trade issues

US:

- Background:
 - On 18 April 2023, the [US Inflation Reduction Act](#) took effect. These rules link US home production to subsidies and tax breaks.
 - In June 2023, the EU and US announced they would start negotiations for a [Critical Minerals Agreement \(CMA\)](#). The agreement would foster EU-US supply chains in critical raw materials needed for electric vehicle batteries and would cover: trade facilitation; cooperation to enhance the sustainability of the critical raw material sector; promotion of labour rights in the critical raw materials sector; common standards to strengthen sustainable and fair supply chains.
 - In October 2021, the EU and US agreed to start discussions on a [Global Arrangement on Sustainable Steel and Aluminium](#) through the creation of a "green steel club". The Global Arrangement will seek to ensure the long-term viability of both industries, encourage low-carbon intensity steel and aluminium production and trade, and restore market-oriented conditions.
 - Previously, the US had removed Section 232 tariffs on EU steel and aluminium exports and the EU had started to take steps to suspend its rebalancing measures against the US. The countries also agreed to pause the bilateral World Trade Organization disputes. In June 2023, the EU rejected a proposal by the US to end tariffs on steel and aluminium, which would allow club members to set emissions standards, and levy tariffs on those who do not meet them. It would require the members of the green steel club to commit to avoid overproduction of steel and aluminium and to limit the role of state-owned enterprises. The EU believes that the US proposal violates WTO rules because it favours domestic producers.
 - The deadline to reach an agreement was 31 October 2023. If an agreement was not reached by then, the US tariffs would automatically be reinstated, and the EU would also reinstate retaliatory measures as from 1 January 2024.

10. Trade issues

- Latest developments:
 - As for the EU-US dispute on steel and aluminium tariffs:
 - The EU and the U.S. did not find an agreement to solve their dispute during a Summit on 20 October 2023 ([joint statement](#)).
 - On 19 December 2023, the European Commission announced its decision to extend until 31 March 2025 the suspension of its rebalancing tariffs on US products ([press release](#)). The recently announced extension of the tariff suspension is scheduled to remain in effect until shortly after the commencement of the next US government. The US must complete its own procedures to extend its Tariff-Rate Quota (TRQ) system for EU exports of steel and aluminium as of 1 January 2024.

contact.

logos

secretariat@logos-pa.com

www.logos-pa.com

logos public affairs

Avenue des Arts, 47

1000 Brussels

+32 02 588 24 31

logos

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