# IMEC

# EU Quarterly Report

## Q3 2024

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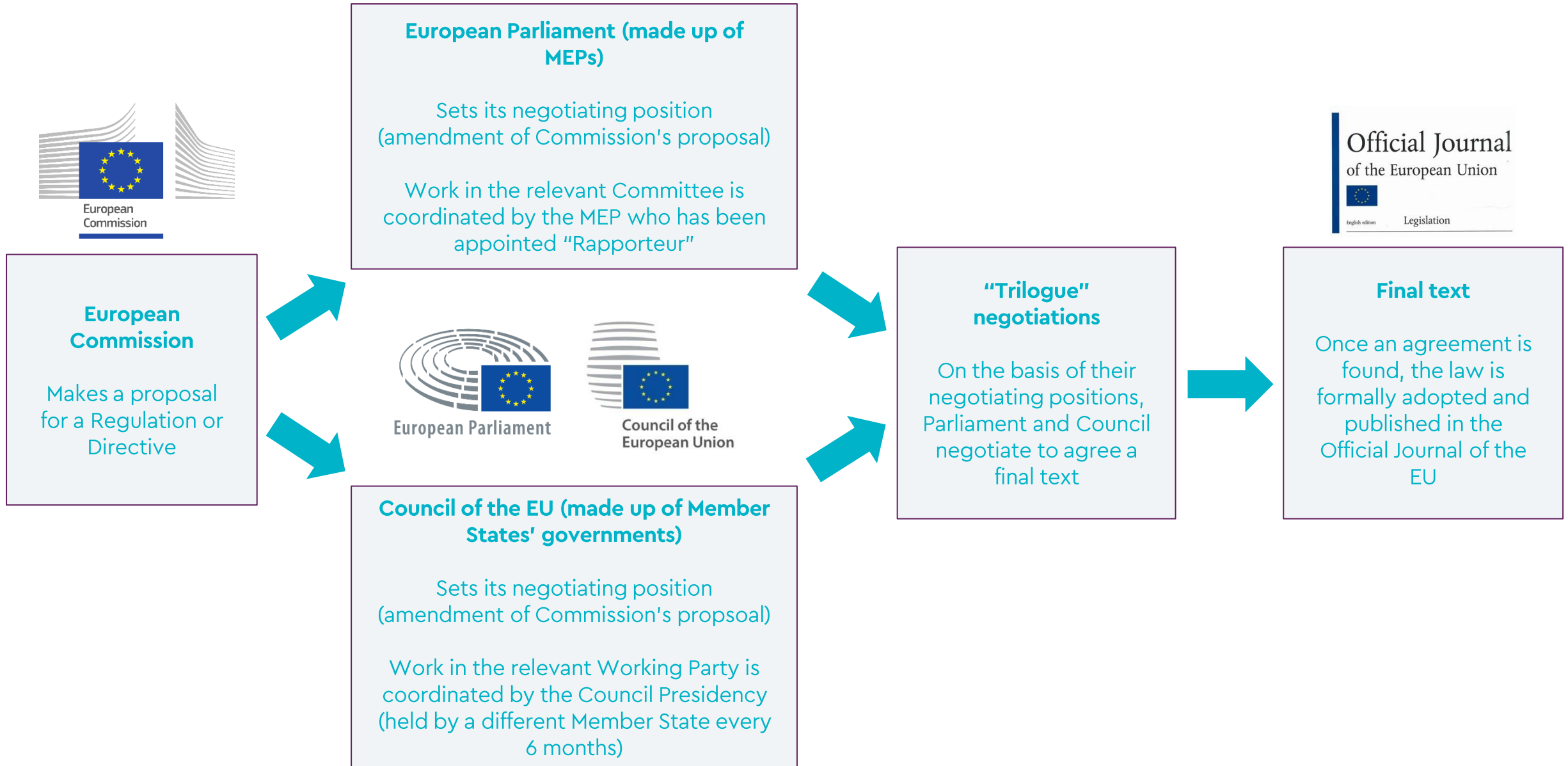
**European Parliament Committees:** Committees of MEPs, organised by policy area, which deal with specific proposals before they are adopted by the European Parliament plenary, e.g. ENVI Committee (Environment, Public Health and Food Safety), TRAN Committee (Transport and Tourism), IMCO Committee (Internal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

**European Commission**

Makes a proposal for a Regulation or Directive

**European Parliament (made up of MEPs)**

Sets its negotiating position (amendment of Commission's proposal)

Work in the relevant Committee is coordinated by the MEP who has been appointed "Rapporteur"

**Council of the EU (made up of Member States' governments)**

Sets its negotiating position (amendment of Commission's propsoal)

Work in the relevant Working Party is coordinated by the Council Presidency (held by a different Member State every 6 months)

**"Trilogue" negotiations**

On the basis of their negotiating positions, Parliament and Council negotiate to agree a final text

**Final text**

Once an agreement is found, the law is formally adopted and published in the Official Journal of the EU

# 1. Cyber Resilience Act (CRA)

## Background (I):

- The Commission released its [proposal](#) for a Regulation on horizontal cybersecurity requirements for products with digital elements (Cyber Resilience Act) on 15 September 2022. The Parliament and the Council reached a [provisional agreement](#) on 30 November 2023.
- The law sets rules for the making available on the market of products with digital elements, in order to ensure their cybersecurity. It sets essential requirements for their design, development and production, as well as essential requirements for the vulnerability-handling processes put in place by the manufacturer. In particular:
    - Manufacturers must comply with requirements set out in the Annex I.
    - Manufacturers must carry out cybersecurity risk assessments, issue declarations of conformity, and cooperate with competent authorities.
    - A market surveillance framework is put in place to enforce the rules.
    - Manufacturers must report significant cybersecurity incidents to national authorities within 24 hours of becoming aware of them.
    - Manufacturers must provide clear and comprehensive documentation about the cybersecurity features of their products (required information and instructions for the user are found in Annex III).
    - Manufacturers must scrutinise the supply chain for potential cybersecurity risks.
    - Digital products must be supported for at least five years (unless they have a shorter expected lifetime).
    - There would be support measures for small and micro enterprises (e.g. awareness-raising and support for testing).

# 1. Cyber Resilience Act (CRA)

## Background (II):

- Following the agreement of a final text between Parliament and Council on 30 November 2023, the formal procedure for adoption began. The Parliament's plenary adopted the text as Parliament's first reading on 12 March 2024 (see press release).
- Due to the European elections which took place in June 2024, the Parliament voted on the first reading of the law before the last plenary session of the legislative term (which took place in April), in order to leave the law adopted before the dissolution of the chamber. This means that lawyer-linguists were not yet able to check the text.

## Latest developments:

- The legal-linguistic experts completed their review, and the Corrigendum was approved during the plenary session held from 16 to 19 September 2024, marking the conclusion of the Parliament's procedure. No substantive changes were made.

# 1. Cyber Resilience Act (CRA)

**Next steps:**

- Within the Council, the legally revised text from the European Parliament's first reading will first be adopted by the Council. However, the date for this final step has not yet been determined.
- Once the Council has also given their approval, the agreed text will be published in the EU Official Journal. According to the provisional agreement, the measure would come into effect on the twentieth day after its publication.
- The main requirements would kick in 3 years after entry into force. This would be by late 2027. The manufacturer reporting obligation would apply 1 year after entry into force.

# 2. Ecodesign Regulation

## Background (I):

- The Ecodesign Directive ([2009/125](#)) establishes a framework for minimum ecodesign requirements that goods which consume energy must meet before they can be used or sold (does not apply to transport).
- Proposal for an Ecodesign Regulation ([March 2022](#)) to replace the Directive:
  - Extension of scope: the Regulation will apply to all physical goods placed on the market. Nonetheless, ecodesign requirements will be set out through future Delegated Acts for specific products.
  - General ecodesign requirements:
    - Product durability, reliability, reusability and reparability.
    - Energy use or energy efficiency.
    - Resource use or resource efficiency.
  - Information and labelling requirements: Digital Product Passport.
- Based on the [report](#) from the Joint Research Centre (JRC), the Commission published on 31 January 2023 the proposed [draft](#) list of priority products to be regulated through future Delegated Acts:
  - 12 end-use products: textiles and footwear, furniture, ceramic products, tyres, detergents, bed mattresses, lubricants, paints and varnishes, cosmetic products, toys, fishing nets and gears and absorbent hygiene products.
  - 7 intermediary products: iron and steel, non-ferrous metals, aluminium, chemicals, plastic and polymers, paper, pulp paper and boards, glass.
  - 3 horizontal measures: durability, recyclability and post-consumer recycled content.

# 2. Ecodesign Regulation

## Background (II):

- On 4 December 2023, the co-legislators (the Parliament and the Council) reached a [provisional agreement](#) during the third trilogue. The agreed text includes the following provisions:
  - The scope includes all physical goods that are placed on the market or put into service except motor vehicles.
  - Extension of ecodesign requirements to include the presence of chemical substances that inhibit reuse and recycling of materials.
  - Agreement with the possibility for the Commission to adopt Delegated Acts establishing ecodesign requirements for specific products. The date of application of the delegated act cannot be shorter than 18 months from its entry into (except special circumstances).
  - Establishment of a public web portal accompanying the Digital Product Passport. It would allow consumers to search and compare information included in the passports.
  - Regarding the first working plan to set out priority criteria for products to be regulated by Delegated Acts:
    - It must be adopted within 9 months of the entry into force of the Regulation.
    - Inclusion of a list of priority products: textiles (notably garments and footwear), furniture, tyres, detergents, paints, lubricants, chemicals, iron, steel and aluminium, as well as energy-related products, ICT products and other electronics - plastics are not mentioned.
  - Harmonisation criteria for penalties. However, Member States will be responsible for determining which penalties should be imposed.

# 2. Ecodesign Regulation

## Background (III):

- On 24 April 2024, the European Parliament adopted the law with 455 votes in favour, 99 against, and 54 abstentions. As no plenary amendments were tabled, the adopted text reflects the content of the provisional agreement.
- On 27 May 2024, the Council adopted the law too, with only Italy abstaining.

## Latest developments:

- The text was published as Regulation (EU) 2024/1781 in the Official Journal of the European Union on 13 June 2024 and entered into force on 18 July 2024.

## Next steps:

- Around March 2025, the first working plan that will set out the prioritised products and their Ecodesign requirements will be adopted. 18 Delegated Acts are expected to be published between 2024 and 2027, and 12 Delegated Acts between 2028 and 2030 to indicate specific product requirements. Textiles and steel should be the subjects of the first delegated acts by the end of 2025, entering into force mid-2027.
- By 2026, Member States will have to implement the law.

# 3. REACH Regulation

## Background (I):

- The REACH Regulation ([1907/2006](1907/2006)) establishes provisions on the registration, evaluation, authorisation and restriction of chemicals produced, imported, sold and used in the EU, and sets up the European Chemicals Agency (ECHA).
- The Commission's 2020 Chemicals Strategy for Sustainability announced the revision of the Regulation. The Commission is currently working on the revision proposal. Key aspects of the revision include:
    - Increased information/registration requirements (e.g. info on hazardous substances, registration of polymers of concern, possible info on environmental footprint).
    - Better information along the supply chain (e.g. better eSDS).
    - Reform of authorisation and restriction processes (e.g. generic risk management approach for most harmful substances (ED, PBT, vPvB), "essential use" derogations).
    - Essential use concept for derogations from restriction:
        - Industries themselves would have to prove that the use of a substance is essential (i.e. necessary for health, safety or functioning of society, and no viable alternative). A Committee of Member States could evaluate the proof submitted by a company that a substance is essential – but final decision with the Commission. The concept will be developed in a specific non-legislative document.
    - Mixture assessment factor (MAF) to account for so-called "cocktail" effect of mixing substances.
- According to the 2023 Commission Work Programme, the REACH revision proposal was scheduled for release in Q4 2023. However, the release has been postponed and the date of its publication remains unclear.

# 3. REACH Regulation

## Background (II):

- On 13 March 2024, the ECHA released a [press release](#) outlining how its two scientific committees will progress in evaluating the [proposal](#) to restrict PFAS in Europe. The proposed restriction will be evaluated together with the comments from the consultation in batches, focusing on the different sectors that may be affected. In tandem, the five national authorities who prepared the proposal, are updating their initial report to address the consultation comments. This updated report will be assessed by the committees and will serve as the foundation for their opinions. Limiting PFAS will drive the need for alternative materials, potentially increasing research and development costs and possibly altering the performance of boating products. Companies will have to ensure compliance with new regulations, which may involve additional testing and certification processes.

- On 18 April 2024, the European Environment Agency (EEA) and the European Chemicals Agency (ECHA) published a joint [Report](#) calling for more regulatory measures for safer chemicals. The report outlines the strategy to achieve a toxic-free environment by monitoring chemical use, environmental and health impacts, and legislative effectiveness. It includes indicators for tracking safe and sustainable chemical production, minimising risks, and eliminating pollution. The framework supports innovation, identifies harmful substances, and emphasises the importance of data and ongoing research to close knowledge gaps. According to the agencies, despite progress, challenges remain in waste management, recycling, and reducing pollution levels to safe thresholds.

# 3. REACH Regulation

## Latest developments (I):

- On 18 July 2024, President of the Commission Ursula von der Leyen released her political [guidelines](#) for her new mandate, including the revision of REACH as part of a new chemicals industry package, aiming to simplify REACH and provide clarity on "forever chemicals", or PFAS. Jessika Roswall (EPP, Sweden), the Commissioner for Environment, Water Resilience and a Competitive Circular Economy (Direct responsibility for DG ENV) was put in charge of developing the new chemicals Industry package, simplifying REACH and provide clarity on PFAS.
- On 27 August, the European Commission defended delays in restricting hazardous chemicals, citing increasingly complex and political dossiers. In response to an Ombudsman inquiry (inter-institutional body of the EU that holds the institutions, bodies, and agencies of the EU to account, and promotes good administration), the Commission argued that the three-month deadline set by the 2006 REACH Regulation for draft decisions is now "unrealistic." According to the Ombudsman's report (not publicly available), the Commission officials acknowledged that deadlines feasible when REACH was adopted are no longer viable due to the growing complexity of cases and their political implications. There is ongoing internal discussion about establishing a more realistic timeframe for chemical restrictions.

# 3. REACH Regulation

## Latest developments (II):

- On 19 September 2024, the European Commission adopted a [restriction](restriction) on perfluorohexanoic acid (PFHxA), a type of "forever chemical" commonly found in food packaging. The new regulation bans the sale and use of PFHxA in food packaging items, including pizza boxes. Food packaging containing PFHxA can still be sold for the next two years.
    - The ban was published in the Official Journal on 20 September and will come into effect in early October. However, the actual implementation will be phased in, with certain uses allowed until 2026 and specific products, like firefighting foams, permitted until 2029. Environmental NGO Heal criticized these transition periods as excessively long, noting the ongoing accumulation of PFAS in the environment and human bodies. In contrast, MEP Peter Liese from the PPE group praised the EU's approach as "reasonable". Additionally, work on a broader restriction for all PFAS chemicals is ongoing with the European Chemicals Agency.

# 3. REACH Regulation

## Next steps:

- As for the proposal to restrict PFAS (see Background II slide), the ECHA is expected to make further information available about the Committees' plans to evaluate the remaining sectors and about the next procedural steps in the future. Before finalising its opinion, SEAC would submit a draft version of the opinion to a 2-month consultation. Due to the complexity of the file, RAC and SEAC will take longer than 12 months to adopt their opinion, pushing the adoption to April 2025 minimum. Based on the ECHA opinion (the compilation of the opinions of RAC and SEAC), the Commission may decide to draft an amendment to restrict non-essential uses of PFASs under the REACH Regulation.
- Regarding the REACH Regulation revision, the Commission is expected to make a proposal for revision most likely from 2025.

# 4. CLP Regulation

## Background (I):

- The Regulation on the Classification, Labelling and Packaging (CLP) of chemical substances ([1272/2008](#)):
    - Harmonises the criteria for classification of substances and mixtures, and the rules on labelling and packaging for hazardous substances and mixtures.
    - Sets out obligations for manufacturers, importers and downstream users to classify substances and mixtures placed on the market, and obligations for suppliers to label and package substances and mixtures placed on the market (among others).
- The Commission's 2020 Chemicals Strategy for Sustainability announced the revision of the Regulation. On 19 December 2022, the Commission released a revision [proposal](#). The Parliament and Council reached a [provisional agreement](#) on 5 December 2023, including the following measures:
    - Clear labelling of hazardous chemicals (e.g. minimum font size, labels that are clear for people with impaired eyesight).
    - The possibility for businesses to use fold-out labels and voluntary digital labelling. Important safety information must remain visible on the package. For some products, the supplier can provide digital-only data but the consumer can request a physical copy of the product information.
    - For online sales of hazardous chemicals, websites will have to display the hazardous properties of products.
    - Regarding advertising, statements inconsistent with a product's classification would be banned (e.g. non-toxic, non-harmful, non-polluting, ecological, or other green claims).
    - The Commission will also have the right to develop classification proposals on potentially hazardous substances, not only Member States and industry. This will speed up the identification of hazardous substances.
    - Rules on refillable chemical products bought at refill stations, to prevent risks like overfilling, contamination, etc. This will also help to reduce packaging waste.
    - Updated rules for classifying multi-constituent substances.

# 4. CLP Regulation

## Background (II):

- On 23 April 2024, the Parliament officially adopted the law (for measures included in final law, see previous slide) with 533 votes in favour, 11 against, and 65 abstentions.

## Latest developments:

- The legal-linguistic experts completed their review, and the Corrigendum was approved during the plenary session held from 16 to 19 September 2024, marking the conclusion of the Parliament's procedure. No substantive changes were made.

## Next steps:

- Within the Council, the legally revised text of the European Parliament's first reading position will be confirmed by the Permanent Representatives Committee (COREPER) and then sent to a subsequent Configuration meeting for final adoption.
- Once approved by both co-legislators, the agreed text will then be published in the EU Official Journal.
- Under the provisional agreement, the measure will enter into force on the twentieth day following that of its publication.

# 5. Net-Zero Industry Act (NZIA)

## Background (I):

- On 16 March 2023, the Commission released its [proposal](#) for a Net-Zero Industry Act. The proposal aimed 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.
  - Ensure the free movement of net-zero technologies placed on the EU Single Market.
- A [provisional agreement](#) was reached on the proposal between the Council and the Parliament on 6 February 2024. The key aspects of the agreement are:
  - As the Commission proposed, the inclusion of the target to reach a minimum domestic production capacity of 40% of the EU's annual deployment needs for all net-zero technologies and their supply chains.
  - An extended list of 19 net-zero technologies, adding nuclear fission energy technologies, including nuclear fuel cycle technologies; sustainable alternative fuels technologies; hydropower technologies; renewable energy technologies, not covered under the previous categories; energy system-related energy efficiency technologies, including heat grid technologies; renewable fuels of non-biological origin technologies; biotech climate and energy solutions; transformative industrial technologies for decarbonisation not covered under the previous categories; $CO_2$ transport and utilisation technologies; wind propulsion and electric propulsion technologies for transportation; and nuclear technologies not covered under previous categories.
  - The manufacturing of these net-zero technologies will benefit from the "strategic project" status, which will allow for faster permitting procedures based on the project size and GW capacity.
  - The permit-granting process should take at most 18 months for regular projects and 12 months for strategic projects *(continues on the next slides)*

# 5. Net-Zero Industry Act (NZIA)

## Background (II):

- Those projects will benefit from faster financing through the Strategic Technologies Europe Platform ([STEP](#)).
  - The initial proposal included references to several Union funding programmes, such as the Recovery and Resilience Facility, to fund strategic projects but the provisional agreement focuses on STEP, which will leverage and steer resources across 11 EU funding programmes to 3 target investments (digital technologies and deep-tech innovation, clean and resource efficient technologies and biotechnologies). The first call for funding under the STEP platform is now open but concerns defence projects, while other relevant calls are expected to be published from Q3 2024.

- On 25 April 2024, the law was voted and adopted in the Parliament with 361 votes in favour, 121 against and 45 abstentions.
- On 27 May 2024, the law was voted and adopted in the Council.

## Latest developments:

- On 28 June 2024, the [Regulation](#) (EU) 2024/1735 was published in the EU Official Journal.
- On 29 June 2024, the measure entered into force and started to apply, except for measures concerning auctions for the deployment of energy from renewable sources and specific forms of public interventions, which will not apply until December 2024.

# 5. Net-Zero Industry Act (NZIA)

## Next steps:

- The Commission is expected to come forward with several Implementing Acts from Q1 2025.
- The Commission is expected to present an evaluation Report by 30 June 2028. The Report would assess the Regulation on the following aspects:
  - whether the objectives of the Regulation as laid down in Article 1 have been achieved;
  - whether the Regulation is fit to deliver beyond 2030 and towards the longer term 2050 climate neutrality target referred to in Article 1; and
  - whether benchmarks for specific technologies are needed in order to achieve the security of supply of those technologies for the European Union.
- The future evaluation Report is also expected to take into account the result of the monitoring process referred to in Article 42 of the Regulation and the technology needs arising from the updates of the national energy and climate plans (NECPs).

# 6. Packaging and Packaging Waste Regulation (PPWR)

## Background (I):

- On 30 November 2022, the Commission published a proposal for a Regulation on packaging and packaging waste, repealing the Directive on packaging and packaging waste (94/62/EC), the Regulation on market surveillance and compliance of products (2019/1020) and the Directive on the impact of plastic products (2019/904)
  - This Regulation applies to all packaging, regardless of the material used, and to all packaging waste, whether such waste is used in or originates from industry, other manufacturing, retail or distribution, offices, services or households.
- The provisional agreement was reached on 4 March 2024. The main measures can be summarised as follows:
  - Recycled content targets: The agreement maintains 5% by 2030, 10% by 2035 and 15% by 2040 headline targets for minimum recycled content in plastic packaging. However, it exempts compostable plastic packaging and packaging where the plastic component represents less than 5% of the total weight from these targets. The Commission will review the implementation of these targets *(continues on the next slide)*.

# 6. Packaging and Packaging Waste Regulation (PPWR)

## Background (II):

- Sustainability requirements for producers:
  - All packaging must be recyclable, with specific criteria outlined in the Regulation and further defined through secondary legislation.
  - The presence of harmful substances must be minimised, with strict limits on lead, cadmium, mercury, and hexavalent chromium concentrations not exceeding 100 mg/kg. Future regulations may further reduce these limits. By 2026, the Commission will issue a report on the presence of harmful substances in packaging and consider additional measures.
  - Packaging must contain minimum levels of recycled content, varying by type and format, ranging from 10% to 35% sourced from post-consumer plastic waste.
  - To reduce packaging waste, binding reuse targets are established, certain single-use packaging types are restricted, and economic operators are required to minimise packaging usage.
- Labelling, marking and information requirements for producers: Packaging shall be marked with a label containing information on its material composition. QR code detailing the reusability of the packaging must be made available. The agreement introduces harmonisation requirements for packaging labels.
- On 24 April 2024, the Parliament adopted the law with 476 votes in favour, 129 against and 24 abstentions, without legal-linguistic finalisation before the end of the legislative term, triggering a corrigendum procedure. As no plenary amendments were tabled, the Legislative Resolution reflects the content of the provisional agreement.

# 6. Packaging and Packaging Waste Regulation (PPWR)

## Latest developments:

- On 4 July 2024, twenty organisations, including the German Employers' Lobby and IK Industrievereinigung Kunststoffverpackungen e. V., wrote a [letter](#) to the President of the Commission, Ursula von der Leyen, calling for a modification of the PPWR on the extension of the re-use quotas, set in the negotiated text at 100% by 2030. Although the Commission has announced that it is examining exemptions to the 100% reusable quotas for pallet packaging and strapping tape, this is deemed insufficient by the industry, which is calling for the paragraphs containing the expansion (1 to 3 of article 29 of the PPWR) to be deleted in their entirety.
  - The industry is calling for the corrigendum procedure to be used to abolish the concerned re-use obligations, which are seen as a threat to all value chains in Europe, but also as a last-minute "mistake" that happened unintentionally in the trialogue. The authors of the letter want a new proposal based on a scientific analysis by the Commission, which is not allowed under the corrigendum procedure.

# 6. Packaging and Packaging Waste Regulation (PPWR)

**Next steps:**

- The legal-linguistic experts are expected to meet on 2 October 2024. Once they complete their review, the text will be voted by the European Parliament plenary.
- Once the revised text is adopted in the Parliament, it will be voted by the Council. However, the date for this final step has not yet been determined.
- Once both co-legislators have given their approval, the agreed text will be published in the EU Official Journal. This is expected to happen in January 2025.
- The Regulation will enter into force twenty days after its publication. It will then apply from 18 months after its entry into force, meaning around August 2026.

# 7. Carbon Border Adjustment Mechanism (CBAM)

## Background (I):

- On 14 July 2021, the Commission published a [proposal](#) for a Regulation establishing a carbon border adjustment mechanism (CBAM) as part of its Fit for 55 package.
- This regulation intends to charge for the carbon emissions of certain goods imported into the EU, aiming to prevent carbon leakage. It complements the EU Emissions Trading System (ETS) by imposing a similar regime.
- The scope covers several goods including cement, electricity, iron and steel, and aluminium. Other goods like hydrogen, carbon black, ethylene, phenol, ethanol, PVC and other polymers are considered to be "possibly" covered by the Regulation when sufficient data will be provided.
- Goods coming from Iceland, Liechtenstein, Norway, Switzerland, Büsingen, Heligoland, Livigno, Ceuta and Melilla are excluded from the Regulation.
- The main provisions include:
  - Authorised importers are subject to authorisation, annual reporting of imported goods and their emissions, methods for calculating and verifying these emissions, and conditions for using verified emissions data from foreign operators.
  - The proposal details rules for selling, pricing, surrendering, re-purchasing, and cancelling CBAM certificates. Importers can buy certificates from national authorities, must keep enough to cover their emissions, can sell back excess certificates. Finally, old unused certificates are cancelled annually.
  - It establishes penalties for failing to surrender the required CBAM certificates. Authorised and unauthorised importers will face significant financial penalties if they do not comply. Payment of penalties does not absolve the obligation to surrender certificates, and Member States may impose additional sanctions to ensure compliance.
  - The proposal ensures that the requirement for importers to surrender CBAM certificates is fair by considering the free allowances given to EU producers of the same goods. The European Commission will establish the calculation method for this adjustment through a formal procedure.

# 7. Carbon Border Adjustment Mechanism (CBAM)

## Background (II):

- An agreement between Parliament and Council for the final text was reached on 13 December 2022. The main provisions were:
  - The aim of the CBAM is to equalise the carbon price paid for goods imported into the EU with that paid for products subject to the EU ETS. Importers will need to purchase CBAM certificates to cover the difference between the carbon price in the production country and the EU ETS carbon allowances price.
  - The CBAM would target products in carbon-intensive sectors such as iron and steel, cement, aluminium, fertilisers, electricity, and hydrogen. It would also cover certain precursors and a limited range of downstream products like screws, bolts, and similar iron and steel articles. Additionally, the CBAM would apply to indirect emissions under specific conditions.
  - The Commission would evaluate extending the CBAM to other products at risk of carbon leakage, such as organic chemicals and polymers, before the end of the transitional period in 2026. By 2030, the CBAM aims to include all goods covered under the EU ETS. The Commission would also assess the methodology for calculating indirect emissions in imported goods and consider adding more downstream products.
  - Imported goods would be exempt from the carbon border tax if produced in countries that apply the EU ETS or have agreements to fully link their emissions trading systems with the EU ETS, effectively charging a carbon price equivalent to that in the EU ETS.
  - The CBAM would be implemented gradually starting on 1 October 2023. The initial phase would require importers to fulfil reporting obligations only. This would be followed by a progressive implementation linked to the phase-out of free allowances under the EU ETS in relevant sectors to ensure compliance with international trade rules.
  - The Commission would conduct a general review of the CBAM before the end of 2027, assessing progress in international climate negotiations and examining the mechanism's impact on imports from developing countries.

# 7. Carbon Border Adjustment Mechanism (CBAM)

## Background (III):

- The Parliament endorsed the provisional agreement on the 18 April 2023 while the Council adopted the law on 25 April 2023.
- The Regulation (EU) 2023/956 was published in the EU official Journal on 16 May 2023 with no changes to the measures previously developed.
- CBAM entered into application in its transitional phase on 1 October 2023, with the first reporting period for importers ending on 31 January 2024. Some provisions only apply from 1 January 2026:
  - Importation of goods into the customs territory of the Union by an authorised CBAM declarant.
  - CBAM declaration and review.
  - Calculation and verification of embedded emissions.
  - Carbon price paid in a third country.
  - Use of central platform for sale of CBAM certificates.
  - Price, repurchase, cancellation of CBAM certificates.
  - Rules applicable to the importation of goods.
  - Penalties.

- On 22 May 2024, Climate commissioner Hoekstra reflected on enlarging the scope to include more essential products for Europe. This proposal has garnered support from various European politicians, including France. During the European elections campaign, the following candidates mentioned this extension: Valérie Hayer (Renew list head for France) wants to extend its scope to processed products, while Marie Toussaint (The Greens, France) advocates applying it to chemical and toxic products. The Republicans, behind François-Xavier Bellamy (EPP, France), want to target all products imported into the EU. The goal is to create a level playing field for carbon-intensive imports and domestic production, contributing to the EU's climate objectives.

# 7. Carbon Border Adjustment Mechanism (CBAM)

## Latest developments:

- No relevant development.

## Next steps:

- As the CBAM would be implemented gradually with a phase-out of free allowances under the EU ETS in relevant sectors, the definitive Regime will start from 2026.
- The Commission is expected to publish a Report on CBAM Application and extension by 31 December 2025.
- The scope extension to indirect emissions is expected for Q4 2024.
- A Delegated Act on sale and re-purchase of CBAM certificates is expected for Q4 2024.
- The scope extension upstream and for new goods and transport services is expected for Q2 2025.
- The scope extension to downstream products is expected for Q2 2025.
- An Implementing Act on CBAM Declaration is expect for Q2 2025.
- An Implementing Act on Carbon price paid in third countries is expected for Q2 2025.
- An Implementing Act on calculation of embedded emissions is expected for Q2 2025.

# 8. Ocean governance

## Background (I):

- In January 2018, the Parliament adopted a [Resolution](#) titled "International ocean governance: an agenda for the future of our oceans in the context of the 2030 Sustainable Development Goals". Through the [Oceans Roadmap 2.0](#), released in June 2018, the UN and the Commission agreed to deepen their cooperation and to continue to support the conservation of marine biodiversity and ecosystems.
- In June 2020, the Commission published the [EU Blue Economy Report 2020](#), on the performance of economic sectors linked to oceans and coastal environments.
- In July 2020, the Commission released the [Atlantic Action Plan 2.0](#), formally called "An updated action plan for a sustainable, resilient and competitive blue economy in the EU Atlantic area". In response, in September 2021, the Parliament adopted a [Resolution](#) titled "A new approach to the Atlantic maritime strategy".
- In June 2022, the Commission published a [Joint Communication](#) titled "Setting the course for a sustainable blue planet – Joint Communication on the EU's International Ocean Governance agenda". The Communication specifies several integrated actions for a safe, secure, clean healthy and sustainably managed ocean under four policy pillars: (1) the international ocean governance framework, (2) ocean sustainability by 2030, (3) security and safety at sea, and (4) ocean knowledge.
- On 6 October 2022, the Parliament adopted a [Resolution](#) titled "Momentum for the Ocean: Strengthening Ocean Governance and Biodiversity".
- On 13 December 2022, at the General Affairs Council (meeting of European Affairs Ministers), Ministers adopted [Council Conclusions](#) on International Ocean Governance for safe, secure, clean, healthy and sustainably managed oceans and seas. This is the Council's response to the Commission's Joint Communication from 24 June 2022 on "Setting the course for a sustainable blue planet – Joint Communication on the EU's International Ocean Governance agenda".

# 8. Ocean governance

## Background (II):

- On 13 March 2024, the Commission released the [mid-term review](#) of the 8th Environmental Action Programme. The 8th EAP entered into force in May 2022 as the EU's legally agreed common agenda for environmental policy until 2030. The mid-term review notes the advancements made and the challenges ahead, stressing the fact that adequate investments and updated national plans are crucial for meeting the climate targets. In particular, in relation to oceans and the marine ecosystem, the report includes the following points:
  - Further action is needed to address water and marine pollution, particularly plastic litter at sea. Groundwater pollution by nitrates also remains a concern.
  - Progress has been made in designating marine protected areas.
  - The EU's international ocean governance agenda supports ambitious marine biodiversity targets. An example of this is the UN's BBNJ agreement, also known as the Treaty on the High Seas (more information below).
  - Full implementation of existing EU environmental laws is critical to improving water quality and reducing marine pollution.
- On 17 June 2024, the Council adopted a [Council Decision](#) giving the green light for the EU's adoption of the [UN agreement](#) on the conservation and sustainable use of marine biological diversity in areas beyond national jurisdiction (also known as the BBNJ agreement). The agreement had been adopted in June 2023 at the UN General Assembly. Now that the approval of the agreement has been finalised at EU level (by Parliament in April and by Council in June), the EU is ready to formally deposit the ratification instrument. The agreement will provide for shared governance over 95% of the ocean's volume, allowing for the establishment of marine protected areas on the high seas (currently, only about 1% of the high seas is protected).

# 8. Ocean governance

## Latest developments:

- On 12 July 2024, the European Commission announced the funding of €126.9 million for 26 new projects under the EU Mission 'Restore our Ocean and Waters'. These projects aim to protect and restore the health of European waters, covering 346 beneficiaries from 37 countries, including EU Member States and Associated Countries. The projects were selected from 2023 calls for proposals, with evaluations by independent experts. Key areas of focus include:

  - Sustainable management of sediments in the Danube River.

  - Biodiversity protection in the Atlantic and Arctic.

  - Reducing pollution in the Mediterranean.

  - Protection of lake ecosystems and Marine Protected Areas.

  - Improved energy efficiency in small-scale fishing and integration of inland waters into the Digital Twin Ocean, a digital replica used to model impacts.

- The political guidelines for 2024-2029, presented by President Ursula von der Leyen on 18 July 2024, outline key priorities, including the introduction of a European Oceans Pact. This initiative aims to strengthen the blue economy and promote sustainable governance of oceans across all dimensions. This aligns with the Commission's broader goals of environmental sustainability and economic growth. Costas Kadis (EPP, Cyprus) Commissioner for Fisheries and Oceans will be in charge of developing this Pact (see slide on European Elections).

# 8. Ocean governance

## Next steps:

- The European Oceans Pact will likely be presented as a Communication to the European Parliament and the Council.
- Before the next UN Ocean Conference (June 2025), the EU will formally deposit the ratification instrument of the UN's Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (BBNJ Agreement).

# 9. European elections

*European Commission*: the European elections took place 6-9 June 2024. The new European Parliament, now fully assembled and in service, approved Ursula von der Leyen as President of the European Commission on 18 July 2024. Member States then nominated Commissioners in consultation with the President-elect, with mission letters being published end of September.

**Teresa Ribera (S&D, Spain) – EVP for Clean, Just and Competitive Transition (Direct responsibility for DG COMP, overseeing DG CLIMA, DG MOVE, DG ENER & DG ENV**

- Implement a new approach to Competition Policy that is more supportive of companies scaling up for global markets.
- Support implementation of the European Competitiveness Fund and of Important Project of Common European Interest.
- Review of the Horizontal Merger Control Guidelines to adapt to new European economy's needs regarding resilience, efficiency and innovation.

**Stephane Sejourné (RE, France) – EVP for Prosperity and Industrial Strategy (Direct responsibility for DG GROW, overseeing DG FISMA, DG TRADE, DG RTD & DG ECFIN)**

- Development of a Clean Industrial Deal in first 100 days focused on decarbonisation, clean tech and incentivising investment.
- Present an Industrial Decarbonisation Accelerator Act, to support lead markets for production and diffusion of clean tech in industry and speed up related planning, tendering and permitting processes, in particular for energy intensive sectors.
- Lead work on the set up of new Important Project of Common European Interests in strategic sectors.
- Revise public procurement directives to enable preference for EU products in procurement of strategic technologies and services.
- Creation of a dedicated Critical Raw Materials Platform supporting joint purchasing and implement the Critical Raw Materials Act.
- Develop a steel and metals action plan.
- Following up on evaluation of the Standardisation Regulation, seek to speed development of standards for the twin transition.

# 9. European elections

**<u>Wopke Hoesktra (EPP, Netherlands) – Commissioner for Climate, Net Zero and Clean Growth (Direct responsibility for DG CLIMA)</u>**

- Oversee and support the implementation of the existing legal framework for 2030.

- Propose to enshrine the -90% emissions reduction target for 2040 in the European Climate Law.

- Develop the Clean industrial Deal focusing on the decarbonisation and contribute to the Industrial Decarbonisation Accelerator Act

- Support the implementation of the Innovation fund, ensuring that the revenues from ETS are used in an effective way to decarbonise key sectors, and continue to work on the Industrial Carbon Management Strategy, in order to speed-up the creation of a Single Market for CO2.

**<u>Dan Jorgensen (S&D, Denmark) – Commissioner for Energy & Housing (Direct responsibility for DG ENER)</u>**

- Bring down energy prices for companies

- Ensuring a technological neutral approach

- Update and simplify the existing governance of the Energy Union

- Contribute on the energy dimension of the Clean Industrial Deal putting forward an Action Plan for Affordable Energy Prices

- Extend the aggregate demand mechanism including hydrogen and other commodities

**<u>Valdis Dombrovskis (EPP, Latvia) - Commissioner for Economy and Productivity; Implementation and Simplification (Directly responsible for DG ECFIN)</u>**

- Make proposals on how to reduce administrative and reporting burden.

- Lead negotiations on interinstitutional agreement o simplification and better lawmaking.

- Reviewing the Commission's system of expert groups and improve the effectiveness of stakeholder consultations.

# 9. European elections

**Jessika Roswall (EPP, Sweden) - Commissioner for Environment, Water Resilience and a Competitive Circular Economy (Direct responsibility for DG ENV)**

- Ensure that the EU stays the course on the goals set out in the European Green Deal.
- Lead the work on a Circular Economy Act with the Executive Vice-President Stéphane Séjourné, with measures to create market demand for secondary materials and establish a single market for waste, notably in relation to critical raw materials.
- Propose an updated bioeconomy strategy.
- Enhance efforts to develop a single market for sustainable products.
- Develop the new chemicals Industry package, simplifying REACH and provide clarity on PFAS.
- Focus on enforcement and implementation of existing legislation related to environment, biodiversity and zero-pollution.
- Lead the work on European Water Resilience Strategy, and to strengthen Europe's global water leadership.
- Ensure strive for an ambitious global plastic treaty.

**Costas Kadis (EPP, Cyprus) Commissioner for Fisheries and Oceans**

- In charge of a new European Oceans Pacts, ensuring coherence across all policy areas linked to the Oceans.
- He will be in charge of supporting resilient and healthy oceans and coastal areas, promoting the blue economy, managing the use of European seas and oceans coherently and developing a comprehensive agenda for marine knowledge, innovation and investments.
- He will contribute to the Climate Adaptation Plan taking into account the impact of climate change on coastal areas.

# 9. European elections

The European Parliament will hold hearings for the designated Commissioners, probably end of November. Then, the European Parliament will be able to approve or not the full Commission. The procedure will be finalised if the European Council officially appoints the Commission.

*European Parliament*:
On 23 July 2025, all of Parliament's [committees](#) elected their Chairs and Vice-Chairs, who play a crucial role in leading the work of each committee.

**Committee on International Trade (INTA):**
- Chair: MEP Bernd Lange (S&D, Germany)
- 1st Vice-Chair: MEP Manon Aubry (GUE/NGL, France)

**Committee on the Environment, Public Health and Food Safety (ENVI)**
- Chair: MEP Antonio Decaro (S&D, Italy)
- 1st Vice-Chair: MEP Esther Herranz García (EPP, Spain)

**Committee on Industry, Research and Energy (ITRE)**
- Chair: MEP Borys Budka (EPP, Poland)
- 1st Vice-Chair: MEP Tsvetelina Penkova (S&D, Bulgaria)

**Committee on the Internal Market and Consumer Protection (IMCO)**
- Chair: MEP Anna Cavazzini (Greens/EFA, Germany)
- 1st Vice-Chair: MEP Christian Doleschal (EPP, Germany)

**Committee on Transport and Tourism (TRAN)**
- Chair: MEP Elissavet Vozemberg-Vrionidi (EPP, Greece)
- 1st Vice-Chair: MEP Virginijus Sinkevičius (Greens/EFA, Lithuania)

**Committee on Fisheries (PECH)**
- Chair: MEP Carmen Crespo Díaz (EPP, Spain)
- 1st Vice-Chair: MEP Sander Smit (EPP, The Netherland)

# 9. European elections

*European Parliament*:

- **EPP** remains the biggest group of this new Parliament.
- **S&D**, the second biggest group believes in a strong EU climate target for 2040, focuses on a competitive European economy and green transition.
- **Renew**, the third biggest group wants comprehensive decarbonisation plans for all transport modes, focusing on infrastructure development, electrification, and active mobility.
- Two new groups were formed:
    - **Patriotes for Europe (PfE):** with a large proportion of its members coming from the "Identity and Democracy (ID)" group, the party focuses on security and immigration, but also wishes to abolish the Green Deal.
    - **Europe of Sovereign Nations** (ESN): the third far-right political group in the hemicycle, opposed to immigration and to the Green Deal.



**European Parliament President**: Roberta Metsola (EPP, Malta)
Reelected on 16 July 2024



- PfE 10.8%
- EPP 24.3%
- NI 11.2%
- S&D 17.5%
- The Left 5.9%
- The Greens 7%
- ESN 3.2%
- ECR 10.1%
- Renew 9.9%
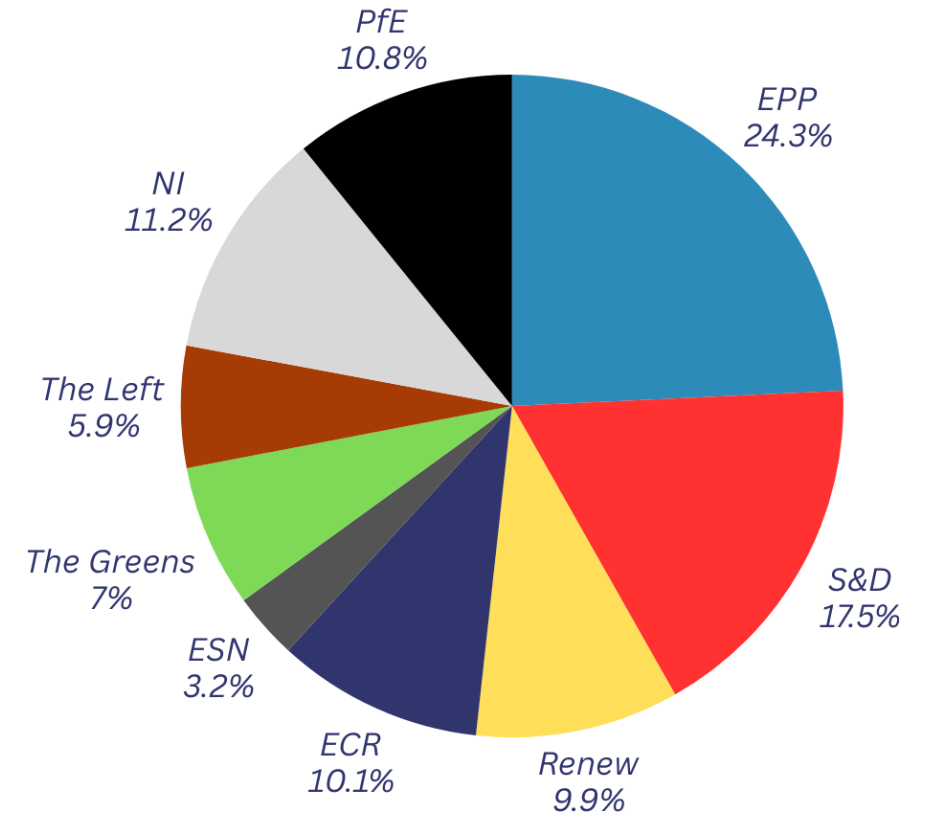
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