

July 19, 2024 POLICY MONITORING BRIEF

POLICY ISSUES

PARLIAMENT RE-ELECTS URSULA VON DER LEYEN AS COMMISSION PRESIDENT

With 401 votes in favour, the European Parliament elected Ursula von der Leyen as President of the European Commission in a secret ballot on 18 July. This will be Ursula von der Leyen's second term as Commission President. She was first elected by MEPs in July 2019.

Parliament is currently composed of 719 MEPs, so the necessary majority was 360 votes. The vote was held by secret paper ballot. 401 MEPs voted in favour, 284 against, and 22 cast blank or invalid votes.

Ahead of the vote, Ursula von der Leyen presented her political priorities for the next five years during a debate with MEPs. Link to press release here

Source: EP press release 18/07/2024

GREEN DEAL-HEAVY SPEECH GETS VON DER LEYEN THROUGH

Using all the buzzwords: Von der Leyen started off strong on climate policy, saying that the European Union should "stick to the targets of the European Green Deal with pragmatism, technologyneutrality and innovation." Then, as expected, she emphasized competitiveness, which "needs a major boost," and having "less reporting, less bureaucracy" and "faster permitting." Von der Leyen also insisted on the need to "reconcile climate protection and prosperity" — code for a clean industrial deal.

What she didn't talk about: Tackling pollution and boosting the circular economy were some of the policy buzzwords that weren't featured in von der Leyen's speech (along with her furry nemesis: the wolf). In her last mandate she pitched a Zero Pollution Action Plan to protect people from hazardous chemicals, pesticides and hormone-warping substances, but today those priorities appeared to have been all but abandoned in her speech amid fierce pushback against EU "red tape" from the right flank of the Parliament and industry groups. Von der Leyen also only mentioned nature and biodiversity once in her speech: When talking about the future of farming, she said that "anyone who manages nature and biodiversity in a sustainable way and helps to balance the carbon budget must be properly rewarded."

Attachment Europe's choice The POLITICAL GUIDELINES FOR THE NEXT EUROPEAN COMMISSION 2024–2029. Link here

Source: Politico Pro 18/07/202

PARLIAMENT'S NEW BUREAU ELECTED

On Tuesday, in a secret vote by paper ballot, 11 Vice-Presidents were elected in the first round of voting, and three in the second and final ballot. The vote on Parliament's Quaestors took place on Wednesday, in two rounds by secret electronic vote. Parliament's Vice-Presidents and Quaestors for the first half of the 10th legislative term are shown below in the order of precedence, set following the order in which they were elected. Link to article here

Source: EP press release 17/07/2024

PACKAGING REGULATION: GERMAN INDUSTRY CALLS FOR "CORRECTION" OF NEGOTIATED TEXT IN TRIALOGUE

"We are not asking to reopen negotiations but to correct an unintended expansion of the reuse quotas," write around twenty organizations, including the German employers' lobby, in a letter addressed to Ursula von der Leyen and published on July 4. Their focus: the obligation to use reusable packaging for the transport of goods. According to them, the quota set at 100% by 2030 (higher than the initial proposal) "threatens all value chains in Europe as there is no reusable solution." They believe this is a "last-minute error" that occurred in the trialogue and is "probably unintentional." Therefore, they are requesting to "correct" the text via the "corrigendum" procedure, which provides for a new vote in Parliament in the autumn after legal-linguistic experts have refined it. Their understanding: "Remove the reuse obligations [...] for transport and sales packaging for industry, trade, and horticulture." And "instead, the Commission should make a new proposal based on scientific analysis." However, the corrigendum procedure does not allow for changes to the substance of an agreement. The industrialists are not satisfied with the Commission's commitment made in April to conduct an evaluation on this point.

Source: Contexte 10/07/2024

SINKEVIČIUS RESIGN FROM EUROPEAN COMMISSION

The Environment Commissioner Virginijus Sinkevičius resigned today to take up seats in the European Parliament. Sinkevičius' environment portfolio was assigned to Vice President for the Green Deal Maroš Šefčovič. Sinkevičius will take up his seat in the Parliament in the Greens group; the Lithuanian MEP is expected to become a member of the TRAN Committee. <u>Link to article here</u>

Source: Politico 15/07/2024

CENTRE-RIGHT EPP GRABS KEY JOBS IN FIRST PARLIAMENT ALLOTMENT

The European Parliament's political groups have each earmarked preferred choices for committee chairs, with the centre-right EPP taking leading roles and socialists targeting other key posts. The EPP which won the most seats at the EU elections, has secured chairmanships of two top committees -Industry (ITRE) and Foreign Affairs (AFET). It is also seeking leadership of the Constitutional Affairs (AFCO), Fisheries (PECH) and Budgetary Control (CONT) committees, and of the sub-committee on Public Health (SANT). The centre-right group initially claimed the Agriculture (AGRI) committee as well but negotiators switched it with the conservatives in later talks in exchange for the chairmanship of the Civil Liberties, Justice, and Home Affairs (LIBE), according to groups' sources. The Socialists & Democrats (S&D) asked for leadership of the influential Environment, Public Health, and Food Safety (ENVI) committee, which, alongside ITRE, is the largest in the European Parliament with 90 members. The group also aims to chair the International Trade (INTA), Economic and Monetary Affairs (ECON), Regional Development (REGI) and Women's Rights and Gender Equality (FEMM) committees. The European Conservatives and Reformists (ECR), the third-largest group as of the July 4 deadline for group constitution, sought chairmanship of the Budgets (BUDG) committee, critical for managing the EU's long-term budget. The group also sought leadership of Petitions (PETI) committees and got AGRI from the EPP in exchange of their initial pick, LIBE committee. Link to article here

Source: Euronews 9/07/2024

GREEN CLAIMS DIRECTIVE: COUNCIL READY TO START TALKS WITH THE EUROPEAN PARLIAMENT

The Council adopted its position ('general approach') on the green claims' directive, which aims to address greenwashing and help consumers make truly greener decisions when buying a product or using a service. Consumers need **reliable**, **comparable and verifiable** environmental claims in order to make fully informed decisions. However, a 2020 study found that more than half of the environmental claims offer vague, misleading or unfounded information. The directive sets minimum requirements for the substantiation, communication and verification of explicit environmental claims. Link to article here

EUROPE'S NEW GREENWASHING RULES ARE TOTALLY CONFUSING

What's the difference between a shampoo bottle that says "this product is carbon neutral" and one that says "made by a carbon neutral company"? Both sound the same but only one would technically be against EU rules on greenwashing, if EU countries get their way. **Loophole**: That's because a key ban on claims based on the use of carbon offsets in the empowering consumers directive could become moot if the Council position on the Green Claims Directive survives inter-institutional negotiations.

Source: Politico pro 11/07/2024

COMMISSION PROMISES BIOECONOMY STRATEGY BY NEXT YEAR

Senior Commission officials reaffirmed their commitment to boosting Europe's bioeconomy — which involves using biological and renewable resources to produce food or energy — and urged EU countries to place the issue high on their agendas during a panel discussion organized by the Hungarian presidency.

Context: A revision of the EU's Bioeconomy Strategy has been presented as key to meeting the bloc's green goals while also bolstering its circular economy, strategic autonomy and global competitiveness.

Source: Politico Pro 5/07/2024

PULP AND PAPER SECTOR DOUBLES DOWN ON NEW BIOECONOMY LEGISLATION

Jori Ringman, the head of the industry association representing the European pulp and paper sector in Brussels, told reporters on Tuesday he'd like the upcoming European Commission to draft new legislation to boost innovation in the bioeconomy and biotechnologies.

Getting more DGs onboard: The legislation could be similar to the Net-Zero Industry Act, Ringman said as he presented the achievements of the sector in 2023. The aim would be to scale up manufacturing capacity, boost investment and cut red tape for businesses active in the bioeconomy. "It's an area that we hope the Commission is looking into," he said, adding that he wished more Commission departments would get involved beyond DG Research and Innovation, citing DG GROW and DG AGRI.

Source: Politico Pro 9/07/2024

HUNGARIAN PRESIDENCY WANTS TO LEAVE A MARK

On Thursday 4 July, the Hungarian government's international spokesman, Zoltán Kovács, warned a group of European journalists visiting Budapest, including Agence Europe, that the Hungarian Presidency of the Council of the EU wants to "leave a mark". "The Prime Minister (Viktor Orbán) is going to use the Presidency in a political way", warned the spokesman, adding that his country had four cornerstones for the EU Council Presidency: peace, border protection, families and a farmer-oriented EU agricultural policy. Link to the Hungarian presidency programme

Source: Agence Europe, 5/07/2024

HUNGARY, THE MINISTERS OF THE TWENTY-SEVEN ARE CONSIDERING THE DEVELOPMENT OF A "EUROPEAN COMPETITIVENESS PACT"

The ministers in charge of Industry and the Internal Market are invited to discuss this topic during an <u>informal meeting</u> organized by the Hungarian Presidency of the EU Council on July 8th. For Budapest, the success of the green transition and the defense of European competitiveness are intrinsically linked: "The industry must remain in Europe as it will bring solutions to climate change and the digital transformation that Europe needs," reads the briefing note for the meeting. Link to article

Source: Contexte, 8/07/2024

EU ADOPTS CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE

On 5 July 2024, the Corporate Sustainability Due Diligence Directive (CSDDD) was published in the Official Journal of the EU, marking a significant milestone in the growing regulatory environment in relation to companies being required to embed responsible business conduct into due diligence processes and policies. Initially proposed in February 2022, the CSDDD aims to create a comprehensive due diligence framework across the EU. The CSDDD has wide-reaching scope, impacting both EU and non-EU companies with significant operations in the EU market.

The full text of the CSDDD is available here: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1760

Source: Eurlex 5/07/2024

ECODESIGN FOR SUSTAINABLE PRODUCTS: REGULATION (EU) 2024/1781 PUBLISHED IN OFFICIAL JOURNAL

On 28 June 2024, Regulation 2024/1781 "establishing a framework for the setting of ecodesign requirements for sustainable products", known as the "Ecodesign" Regulation, was published in the Official Journal of the European Union. It applies to "the widest possible range of products", from which cosmetics and their packaging are not excluded.

The full text of the CSDDD is available here: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401781

Source: Eurlex 28/06/2024

FRANCE JOINS AN INFORMAL GROUP OF EUROPEAN COUNTRIES ON FORESTS

France has become the fifth member of the "For Forests" group, announced on July 15. This group of member states aligned on forest-related issues was established in October 2022 by Austria, Finland, Sweden, and Slovenia. The partnership aims to "further develop informal cooperation in forest-related areas, exchange knowledge and best practices, and identify common positions on forest policy issues in accordance with the concept of sustainable forest management," according to the statement.

Source: Contexte 17/07/2024

DEFORESTATION LAW

Austrian Agriculture Minister Norbert Totschnig today doubled down on his criticism of new European Union rules to prevent the import of products driving deforestation. He said this morning that "the idea to do something to combat illegal deforestation is very good" but argued the legislation will create too much red tape. Therefore, its implementation should be delayed, he argued, and the European Commission needs to think about ways to simplify it. Totschnig also called for a "fitness check" of the Green Deal to assess the consequences of legislation on the local economy and competitiveness.

Nordic backers: Sari Essayah, Finland's agriculture minister, said this morning she is "frustrated." The timeframe for companies to prepare before the new rules kick in is "very tight and it is nearly impossible for small- and medium-sized firms to implement the IT system," she complained. On that point, the regulation will apply to large companies from Dec. 30, while SMEs have an extra six months (until July 2025) to get ready. "We are now really hoping that the Commission will come up with a clear message about what's going to happen. This kind of uncertainty is unbearable," she said, adding that the lack of clarity is stopping investments from the agricultural sector in her country.

Peter Kullgren, Sweden's agriculture minister, echoed Essayah's point, saying he supports the idea of delaying the implementation of the regulation because "it's really uncertain what ... consequences this law will have. Several things are not in place for us to be safe with implementation."

Also on Austria's wish list: In a note, supported by Czechia, Finland, Greece, Lithuania, Poland and Slovakia, Austria is calling on the next Commission to promote the bioeconomy and "active sustainable forest management" to improve forests' resilience to climate change. The group of countries also asked the EU to revise the protection status of wolves and bears "in order to secure traditional and extensive agricultural production systems" — the revision for the wolf is ongoing with a decision expected by the end of the year.

Source: Politico 15/07/24

EUROPEAN INDUSTRY ASSOCIATIONS REPORT LATEST RECYCLING RATES

On average, 80.2% of glass packaging collected for recycling in 2022 in the EU; Steel recycling rate reaches 80.5%; 70% recycling rate for paper and board in the UK in 2023; 40% recycling rate for plastics in the EU in 2021. n recent years, brands, governments, and industry associations across Europe have committed to establishing a more circular economy for food packaging. According to the EU Circular Economy Action Plan, "all packaging on the EU market is reusable or recyclable in an economically viable way by 2030." Some industry associations have published their latest data on this (FPF reported).

Source: FPF 17/07/2024

THE CLOCK IS TICKING ON DIGITAL PRODUCT PASSPORTS ACROSS THE EU

The EU's regulation on the Ecodesign for Sustainable Products (ESPR) comes into force today, but the required implementation of Digital Product Passports across sectors by 2030 entails a massive restructuring of data management across supply chains. Read more here

Euractiv: 18/07/2024

STUDIES/REPORTS/ARTICLES

STUDIES CONFIRM HAZARDOUS SUBSTANCES IN BIO-BASED FOOD-CONTACT MATERIALS

Three recent studies explore the chemical safety of bio-based food contact materials (FCMs); current analytical methods fail to detect all hazardous substances in bio-based FCMs, in vitro bioassays are suitable addition; Dutch "eco-friendly" FCMs often contain non-biodegradable components and substances like pesticides and PFAS; migration of allergens found. Link to article and studies here

OECD SURVEY: PUBLIC FAVORS STRONGER REGULATION OF HARMFUL CHEMICALS

Global survey carried out by the OECD asks public about attitudes towards chemicals; 75% aware of health risks posed by chemicals; 82% support stronger government interventions. <u>Link here</u>