INFORMATION BULLETIN

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Outdoor Noise Directive (OND)

On 16 November, the European Commission adopted the <u>revised Annex III of the Outdoor Noise Directive</u>, updating the noise measurement standards for outdoor noise equipment. However, shortly after, the European Commission communicated that, in the adopted text, some errors were identified. These relate to the transition period in Article 2 (the correct transitional period is 12 months from the date of application, instead of 24), and some parts related to the explanatory note and recitals, which will have to be corrected.

Therefore, a corrigendum to the text is currently being prepared and it will be published at the latest by the end of January 2024. This will require the scrutiny period for the European Parliament and Council to re-start. It will last approximately two months, and is therefore expected to be terminated by the end of March 2024. The date of publication of the Delegated Regulation is estimated for the beginning of April 2024.

The European Commission also communicated that guidelines for the application of the OND will also be reviewed before the revised Delegated Regulation applies. This will be done throughout 2024.

During the European Commission Noise Expert Group meeting that took place on 13 December, the Commission also clarified that there will be no full revision of the OND, at least under their current mandate. The next Commission will decide on the new work plan and to whether or not to proceed with the full revision of the Directive in the coming years.



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Directive on the rationalisation of reporting obligations (noise)

On 26 October, the European Commission published a new <u>proposal for a Directive</u> <u>on the rationalisation of reporting obligations</u> across different areas (food, patients' rights in cross border healthcare, radio equipment and outdoor noise).

The objective of this legislative proposal is to reduce the unnecessary burden on manufacturers by, in the context of outdoor noise, removing Article 16 of the OND, which requires manufacturers to send a copy of the declaration of conformity (DoC) for the product to the Member States and to the European Commission, through the database. To be clear, label requirements and the inclusion of noise data in the DoC will remain.

The text has now passed to the European Parliament and Council, following the ordinary legislative procedure.



Road Circulation

On 28 November, IMCO (Committee responsible in the Parliament, dealing with internal market and consumer protection) voted on and adopted its **draft report** on the <u>European Commission proposal for a Regulation on the EU approval and market surveillance of Non-Road Mobile Machinery (NRMM) circulating on public roads</u>. At the same time, IMCO also positively voted on the decision to enterinterinstitutional negotiations.

Key takes:

- Towed equipment falls into the scope of the Regulation, but only to the extent that it is not covered already by the scope of Regulation (EU) No 167/2013, Regulation (EU) No 168/2013 or Regulation (EU) 2018/858 (although no specific definition of towed equipment was included).
- It is specified that NRMM that, in practice, will **most likely not circulate on public roads**, is excluded from the scope of the Regulation.
- It is specified that the Regulation should cover only NRMM placed on the Union market for the first time, and which is either new NRMM made by a



manufacturer established in the Union or NRMM, or new or second hand and imported from a third country.

- It is specified that the Regulation also applies to **electric and hybrid NRMM**.
- The definition of 'non-road mobile machinery' is the following: 'non-road mobile machinery' means any self-propelled mobile machinery with a power drive falling within the scope of Directive 2006/42/EC, that is designed or constructed with the purpose of performing work and might need, whether occasionally or regularly, to circulate on public roads.
- The threshold for NRMM to be considered as produced in small series was increased from 50 to **80** units per year and per Member State.
- The European Commission shall adopt the Delegated Acts at the latest by 24 months from the date of entry into force of this Regulation (no change was introduced on the transitional period).

In the December European Parliament Plenary, no objection was raised, which means that the official mandate to start trilogue negotiations with the Council was granted.



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Construction Products Regulation (CPR)

Following the last trilogue meeting the European Parliament and the Council struck a <u>provisional agreement</u> on the CPR on 13 December. The main elements of the agreement are highlighted below:

- Standardisation system: The co-legislators agreed to preserve the provision on implementing acts. The new standards will be legally binding. In case of undue delays in the standardisation process or if the standards cannot be delivered, the Commission will be empowered to adopt its own technical specifications through implementing acts, as a fall-back solution and under specific conditions.
- Digital passport for construction products: The agreed text provides for the set-up of a digital passport for construction products, which is similar to the digital product passport proposed in the Ecodesign Regulation. The Commission will be able to adopt delegated acts specifying the functionalities and requirements of the digital product passport system.



- **Green public procurement**: To incentivise the supply of, and demand for, environmentally sustainable products, the Commission will be empowered to establish mandatory minimum environmental sustainability requirements through delegated acts for public procurement of construction products. This could apply to any contract dealing with construction products or construction works where Member States may wish to introduce environmental requirements. The annex to the new regulation includes several environmental requirements that manufacturers must mention in the declaration of performance and conformity in the future.
- Transition period: The provisional deal foresees a transition period from the existing regulation to the new one, which is 15 years from the entry into force of the new legal framework (until 2039). This was proposed to allow sufficient time for the transfer of harmonised technical specifications from the old legal framework to the new one, and to reduce the risk of de-harmonising any construction product category.
- Entry into force: The Articles of the regulation related to the development of standards will apply at the date of entry into force. All the other Articles, with the exception of Article 90 on penalties (which will be applicable 24 months from the entry into force date), will apply 12 months from the date of entry into force.

The provisional agreement needs to be formally adopted by the European Parliament and the Council before the new regulation is published in the EU Official Journal.



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Issues of General Interest

Critical raw materials

On 12 December, the European Parliament voted to <u>adopt</u> the agreement reached with the Council on the proposed regulation establishing a framework to ensure a secure and sustainable supply of critical raw materials, better known as the Critical



Raw Materials Act. The Council will have to formally approve the text before it can be published in the EU's Official Journal and enter into force.



Digital Policy

Artificial Intelligence

On 9 December, the European Parliament and Council Presidency reached a provisional political agreement on the Artificial Intelligence (AI) Act.

Even though the provisional text is not available yet, we know that that the agreement includes the following main elements:

- Scope: It will incorporate the main elements of the OECD definition of an Artificial Intelligence System, but not word for word. Free and open-source software will be excluded from the scope, with the exception of high-risk systems, prohibited applications or an Al solution at risk of causing manipulation. There are also exemptions for military, defence, research and innovation purposes.
 - It is to be noted that the <u>OECD recently updated their definition of an Artificial Intelligence (AI) System</u>. According to their new definition, an AI system is a 'machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that [can] influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment'.
- **High-risk AI categorisation**: AI systems found in Annex II and Annex III will be considered high-risk, for which additional requirements will apply. There are exemption criteria for Annex III (4 conditions).
- **Foundation models**: They should retain the previously proposed tiered approach (default and "high impact" foundation models) with exemptions for open-source software. Transparency obligations will apply for all models.
- Governance: The AI Office will be established within the Commission to enforce the foundation model provisions. AI supervision will be conducted by National Competent Authorities, which will be grouped under the European AI Board, to ensure the application of the law. An advisory forum will be made up



- of stakeholders, and there will also be a scientific panel of independent experts to advise the AI office on General Purpose AI.
- **Banned AI**: Ban on biometric categorisation based on sensitive characteristics, but real-time remote biometric identification will not be banned. This comes with safeguards to avoid abuse by national law enforcement.
- **Penalties**: Violations of the AI Act will incur the following fines:
 - ➤ €35 million or 7% of the annual worldwide turnover (which ever is higher) for violations of the banned AI applications.
 - ➤ €15 million or 3% of the annual worldwide turnover (whichever is higher) for violations of the AI Act's obligations.
 - ➤ €7.5 million or 1.5% of the annual worldwide turnover (whichever is higher) for the supply of incorrect information.
 - ➤ There is an intention to have more proportionate fines for SMEs and start-ups.
- Fundamental rights impact assessment: To be conducted before a high-risk AI system is put onto the market by its deployers.
- Al sandboxes: They will be mandatory for Member States. New provisions have been added to the testing of Al systems in real world conditions, under specific conditions and safeguards. This will apparently result in some burden alleviation for SMEs.
- Transitional period: The AI Act will apply 24 months after the entry into force, meaning March-April 2026 at the earliest. Requirements for AI models, the conformity assessment bodies, and the governance chapter will apply 12 months after entry into force, and six months for Article 5 (banned AI).

Additional technical work needs to be completed in order to finalise the AI Act. Following its conclusion, the Presidency of the Council will submit the text to the COREPER (Committee of Permanent Representatives in the EU) for endorsement, followed by an adoption at a Council meeting. Meanwhile, the Parliament will have to confirm the agreement at the IMCO-LIBE (Committees responsible) level, followed by an adoption in plenary. The text will also have to undergo a legal-linguistic revision before it can be published in the Official Journal of the EU, which is expected to happen around April-May 2024.

For more information, please read the press releases from the <u>European Parliament</u> and <u>Council</u>.

Artificial Intelligence Liability Directive

In the European Parliament, the European Commission's <u>proposal for an Artificial Intelligence Liability Directive</u> (AILD) has stalled. The Rapporteur was due to present



his draft report on this file on 30 May 2023; however, its publication has been postponed with no precise future date set. The Rapporteur is also proposing that an impact assessment study on the AILD is drafted by the European Parliament before the Parliament finalises its position on the file. If this were to be the case, there is a good chance that the AILD will not be completed under the current EU political mandate (before the elections in June 2024).

So far, the Member States in the Council have not engaged in any significant discussion on this file.

Chips Act

On 18 September, the text of the EU Chips Act was published in the <u>EU Official</u> <u>Journal</u>, and the Regulation entered into force on 21 September.

Key pillars:

- **Pillar I** Chips for Europe initiative: the new research programme for chips is established and will receive funding of €3.3 billion between 2024-2027. European Chips Infrastructure Consortia (ECICs) may be created to implement the objectives of the Chips for Europe initiative.
- Pillar II Security of supply and resilience: without prejudice to EU state aid rules, Member States may apply support measures and provide fast-track permits to first-of-a-kind integrated production facilities and open EU foundries.
- Pillar III Monitoring and crisis response: the European Commission shall carry out strategic mapping of the Union's semiconductor sector. Both the Commission and the Member States shall conduct regular monitoring of the semiconductor value chain to identify potential disruptions based on early warning indicators. With regard to the monitoring, Member States shall identify key market actors established in their territory.

Cyber Resilience Act

On 30 November, during the third trilogue meeting, the European Parliament and Council reached a provisional agreement on the text of the <u>Cyber Resilience Act</u> (CRA). The provisional text is not available yet.



Main known elements of the provisional text:

- Critical products categorisation (Article 6 and Annex III): Products with digital elements which have the core functionality of a category listed in Annex III shall be subject to conformity assessment procedures.
- Annex III: Some products were added to the list. Some examples are identity management systems software, password managers, biometric readers, smart home assistants and private security cameras.
- **Support period (Article 10)**: Manufacturers will be responsible for determining the support period for a digital product. This has to correspond to its expected lifetime, but, at the same time, be of at least five years except for products which are expected to be in use for a shorter period of time. The definition of a support period will be detailed under a Delegated Act.
- Reporting obligations of actively exploited vulnerabilities (Article 11): The competent national authorities will be the initial recipients of such reports, but the role of the EU agency for cybersecurity (ENISA) is strengthened (details to be confirmed in the official text).
- Open-source software: The CRA only covers software developed in the context of commercial activities. Non-profit organisations that sell opensource software on the market but reinvest all the revenues in not-for-profit activities are excluded.
- Transition period (Article 57): The transition period is set for 36 months after the date of entry into force (however, Article 11, covering reporting obligations, will apply after 21 months from the date of entry into force).

Given that the agreement reached is only provisional, work will have to continue at a technical level to finalise the details. After the technical finalisation is completed, the Presidency will submit the final text to the COREPER for endorsement. At the same time, the text will have to be approved by the European Parliament. The text will also need to undergo a legal-linguistic revision before it can be published in the Official Journal of the EU (OJEU). We can assume that the final CRA text will be published in the OJEU sometime in spring next year at the earliest. Given that both the European Parliament and Council proposed 36 months as a transition period, the CRA should start applying in spring 2027 at the earliest. The application date of Article 11 is 21 months after the date of entry into force.



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Data policies

Data Act

On 22 December, the EU Regulation establishing harmonised rules on fair access and use of industrial data (the Data Act) was published in the Official Journal of the EU.

The Data Act entered into force on the 20th day following its publication, specifically on 12 January 2024, marking the onset of a 20-month transition period before the new Regulation becomes fully mandatory.

While the application date is fixed for 12 September 2025, the design and manufacturing requirements for simplified data access under Article 3(1) will be applicable to new connected products and related services placed on the market 32 months after the entry into force. Consequently, these obligations will start a year later, from 12 September 2026. Manufacturers of connected products will have until then to complete the necessary adaptations to ensure compliance with the new set of data-sharing requirements.



Radio Equipment Directive (RED)

On 27 October, the European Commission published in the EU Official Journal the <u>Delegated Regulation (EU) 2023/2444</u> amending Delegated Regulation (EU) 2022/30 on cybersecurity aspects with regard to the date of application of the essential requirements for radio equipment. The amending Delegated Act increases the application date by 12 additional months, meaning that it will apply as from 1 August 2025 (instead of 2024). There is also a minor correction of the introductory wording in Article 1(2).

The Commission also issued a new <u>Proposal</u> for a Directive amending different directives, with regard to reporting requirements, including in the field of radio equipment. This initiative seeks to rationalise and simplify reporting requirements, with the aim of reducing such requirements by 25%.

In the case of RED, it is proposed to amend article 47 (1), which concerns Member States' reporting obligations. According to this article, Member States must submit to the Commission a report on the application of the RED every two years. This also includes an overview of the market surveillance activities performed by the Member



States and whether or not the requirements of that Directive have been fulfilled. The current frequency of this obligation does not correspond to the reporting obligation from the Commission to the European Parliament and to the Council, which takes place every five years. Therefore, the proposal is to reduce the frequency of the reporting obligation of Member States to every five years.

Additionally, the Commission embarked on the revision of the RED Guide, under the coordination of the AdCo (Administrative Cooperation Group) on RED. The first meeting of the dedicated group on the RED Guide revision took place on 7 November. Meanwhile, the AdCo RED made available a common template to collect feedback from the experts in the group on the issues that should be addressed in the update of the RED Guide. The next AdCo RED meeting dedicated to the Guide will take place on 8 February 2024.



Electromagnetic Fields

On 6 December, the European Commission <u>published</u> the minutes of the Scientific Committee on Health, Environmental and Emerging Risks (SCHEER) Working Group meeting on electromagnetic fields (EMF) of 28 November 2023. The list of points discussed include the SCHEER technical advice for an amendment to Council Recommendation 1999/519, where the Working Group participants had an initial discussion on the tasks, the way forward and deadlines. The next Working Group meetings will take place on 2 February and 4 March.



Product Liability Directive

Following the last trilogue meeting, on 14 December the European Parliament and the Council reached a political agreement on the liability for defective products file. You can find below a brief analysis of the key provisions agreed.

• Digital economy/digitalisation

The definition of product will be extended to include software. Free and open-ended software developed and made available outside of a commercial activity is excluded



from the scope. Liability obligations for defective products may also apply to online platforms if they present the product or facilitate the transaction for the sale of the product in such a way that the consumer believes that either the online platform itself or a trader under its authority provided the product.

Circular economy

In case of a substantial modification of a product outside the OEM's control, which is made available or put into service again, the person or company that substantially modified the product becomes the manufacturer of the modified product and is therefore held liable.

• Right to compensation

Any natural person is entitled to demand compensation for damage caused by defective products. Examples of damage that are included are death or personal injury, including medically recognised damage to psychological health, damage to or destruction of property, as well as destruction or irreversible corruption of data.

The right to compensation will cover both material and non-material losses resulting from the damage, as long as they are compensable under national law.

Member States must ensure that an injured person who claims compensation before a national court can request access to relevant evidence at the disposal of the manufacturer, so that they can demonstrate their claim.

Negotiators also agreed on an extended liability period of 25 years in exceptional cases when symptoms are slow to emerge. The injured person will still be able to receive compensation after this period if the proceeding was initiated within the given period.

• Products bought from non-EU manufacturers

In the case of a product manufacturer based outside the EU, there should always be an EU-based business, either the importer or the authorised representative or, as a last resort, the fulfilment centre, that should be held liable for a product that has caused damage. If such a liable business cannot be identified, national compensation schemes may be set up by Member States.

• Burden of proof

When a claimant is faced with excessive difficulties in proving the defectiveness of the product, or the causal link between its defectiveness and damage, because of high technical or scientific complexity of the case, a court may decide that the claimant must only demonstrate the likelihood that the product is defective or that its defectiveness is the likely cause of damage.







Issues of General Interest

Trade Defence Instruments / EU antidumping measures

Updates are highlighted in <mark>yellow</mark>

Date of Publication	Legal act	Product	Country of origin or	Measure	Update
			exportation		
<mark>13.11.2023</mark>	Implementing	Mobile	China	Anti-dumping	<u>Initial</u>
	Regulation	access			<u>investigation</u>
		equipment			
02.10.2023	<u>Implementing</u>	Seamless	Russia	Anti-dumping	Expiry review
	Regulation	pipes and			
		tubes or iron			
		orsteel			



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Free Trade Agreements – overview

Updates are highlighted in yellow

Country	Current Status
Australia	Ongoing negotiations for a Free Trade Agreement. The 13th round of
	negotiations took place in October. On 21 October 2022, the



	le la
	<u>framework agreement</u> between the EU and Australia entered into
	force.
	The negotiations for a Free Trade Agreement are ongoing. Please
	see further information: <u>here</u> .
<mark>Chile</mark>	On 13 December, the EU and Chile signed an Advanced Framework
	Agreement and an Interim Trade Agreement to strengthen political
	cooperation and foster trade and investment. The agreements
	facilitate cooperation between the EU and Chile on global issues, such
	as the de-risking of supply chains, the securing sustainable supply of
	critical raw materials, and addressing climate change. More
	information here
China	Ongoing negotiations for an Investment Agreement. Agreement in
	principle was reached on 30 December 2020.
	More information: here.
ESA (Eastern	Ongoing negotiations to deepen the existing Economic Partnership
and Southern	Agreement (EPA). See <u>here</u> for more information.
Africa	rigite ment (217 yr 300 <u>nore</u> for more information
countries:	
Comoros,	
Madagascar,	
Mauritius,	
Seychelles,	
and	
Zimbabwe)	
India	On 25 April 2022, the EU and India launched the EU-India Trade and
India	Technology Council. On 17 June 2022, the EU and India formally on a
	Free Trade Agreement, an investment protection agreement, and
	geographical indications. See <u>here</u> for more information.
Indonesia	
indonesia	Ongoing negotiations for a Free Trade Agreement. See further information: here
lanan	
<mark>Japan</mark>	EU and Japan have concluded a deal on cross-border data flows. The
	agreement will enable companies to handle data efficiently without
	cumbersome administrative or storage requirements (e.g. removal of
	costly data localisation requirements) and provide them with a
	predictable legal environment. More info here
<mark>Kenya</mark>	On 18 December 2023, the EU and Kenya signed an Economic
	Partnership Agreement (EPA). It is the most ambitious trade deal
	ever signed by the EU with a developing country when it comes to
	sustainability provisions such as climate and environmental
	protection, labour rights and gender equality. The EPA will be
	transmitted to the European Parliament for consent. The agreement
	will subsequently enter into force. More information <u>here</u>



<mark>Korea</mark>	The EU and Korea have launched negotiations on a digital trade agreement that will provide legal certainty for businesses and consumers engaged in digital trade, enhance their protection in digital transactions, and foster an open, free and fair online
	environment.
Mercosur	Ongoing negotiations for a free trade agreement. In June 2019, the EU and Mercosur reached a <u>political agreement</u> .
New Zealand	On 9 July 2023, the EU and New Zealand signed a Free Trade Agreement, concluding 5 years of negotiations. The deal will cut some €140 million a year in duties for EU companies, resulting in a 30% growth potential of bilateral trade within a decade, with EU annual exports potentially increasing by up to €4.5 billion.
	Once the European Parliament has given its consent, the Council can adopt the Decision on conclusion. Once New Zealand notifies that it has also completed its ratification procedure, the agreement can enter into force. Click here for more information.
Singapore	Further to the 2019 EU-Singapore Free Trade Agreement, the two partners have launched negotiations on a digital trade agreement. See here for more information.
Thailand	In March 2023, the EU and Thailand announced the relaunch of negotiations for an ambitious, modern and balanced free trade agreement (FTA), with sustainability at its core. The EU and Thailand first launched negotiations for an FTA in 2013. These were put on hold in 2014. See here for more information
Tunisia	Negotiations for a Free Trade Agreement are at a standstill due to the change of government in Tunisia and civil society protests. See here for more information.
Vietnam	The Free Trade Agreement entered into force on 1 August 2020. The Commission has updated its <u>Guidance on the Rules of Origin</u> . See <u>here</u> for more information.







Helping exporters with mutual recognition

The EU has launched "Access2Conformity", a tool aimed at helping EU exporters make better use of Mutual Recognition Agreements with third countries. Integrated in the Access2Markets portal, the tool helps EU exporters identify where in the EU they can perform product testing and certification when exporting to certain third countries.



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REACH

Substances of Very High Concern (SVHC)

New intentions to identify substances of very high concern have been received:

- Bis(α , α -dimethylbenzyl) peroxide (EC 201-279-3; CAS 80-43-3). No public registered data on uses. Expected date of submission: 1 February 2024.
- <u>Triphenyl phosphate</u> (EC 204-112-2, CAS 115-86-6) used in adhesives and sealants and coating products. Expected date of submission: 3 February 2025.
- <u>2-(2H-benzotriazol-2-yl)-4-(1,1,3,3-tetramethylbutyl)phenol</u> (EC 221-573-5, CAS 3147-75-9), used in air care products, coating products, adhesives and sealants, lubricants and greases, polishes and waxes, washing and cleaning products.
- 2-(dimethylamino)-2-[(4-methylphenyl)methyl]-1-[4-(morpholin-4-yl)phenyl]butan-1-one (EC 438-340-0, CAS 119344-86-4), used in inks and toners, coating products.
- <u>Bumetrizole</u> (EC 223-445-4, CAS 3896-11-5), used in coating products, adhesives and sealants, washing and cleaning products.
- <u>Dibutyl phthalate</u> (EC 201-557-4, CAS 84-74-2), used in metal working fluids, washing and cleaning products, laboratory chemicals and polymers.
- Oligomerisation and alkylation reaction products of 2-phenylpropene and phenol (List No. 700-960-7), used in adhesives and sealants, coating products, fillers, putties, plasters, modelling clay, inks, toners and polymers.

The registry of SVHC intentions can be viewed <u>here</u>.

As reminder, the <u>Candidate List of substances of very high concern</u> contains 235 entries for chemicals that can harm people or the environment. Companies are



responsible for managing the risks of these chemicals and must also give their customers and consumers information to use them safely.

Calls for comments and evidence

In November 2023, ECHA opened two <u>calls for comments and evidence</u> on potential restriction proposals on certain chromium (VI) substances:

- Chromium trioxide, acids generated from chromium trioxide and their oligomers: Chromium trioxide (CAS 1333-82-0, EC 215-607-8); Chromic acid (CAS 7738-94-5, EC 231-801-5); Dichromic acid (CAS 13530-68-2, EC 236-881-5). Used in surface treatment of metals. Deadline for inputs: 13 February 2024
- Octocrilene: (CAS 6197-30-4, EC 228-250-8). Used in plastisol and textiles. Deadline for inputs: 12 February 2024

Consultations on occupational exposure limits

ECHA has opened a public consultation on Occupational exposure limits on Bisphenol A (CAS 80-05-7, EC 201-245-8), running from 19 December 2023 to 19 February 2024. The substance is used as an additive as well as in the production of polymers.

Restrictions

PFAS

As a reminder, a proposal to restrict the use, manufacturing, and placing on the market of the per- and polyfluoroalkyl substances (PFAS) was prepared by the authorities of Denmark, Germany, The Netherlands, Norway, and Sweden and published by the European Chemicals Agency (ECHA) in February 2023. The restriction proposal concerns circa 10.000 PFAS substances identified on the basis of the definition provided by the Organization for Economic Cooperation in Europe (OECD). There is no reference to a list of substances or their respective CAS numbers.

The proposal envisages two options on how to restrict the use and placing on the market of PFAS:

- Full ban with no derogations and a transition period of 18 months after the Regulation enters into force,
- Ban with use-specific and time-limited derogations that would carry an 18-month transition period and a 5- or 12-year derogation period, depending on the application.



However, the specific conditions under which derogations will take place still need to be specified.

In March, ECHA launched a six-month <u>public consultation</u> which sought feedback on the usage of PFAS, the viability of any feasible alternatives, and the implications of restricting their usage. AREA did not provide feedback, neither in the form a position paper not by replying to the questionnaire, because it struggled to find a common ground.

The latest episode of ECHA's podcast "Safer Chemicals Podcast" featured an interview to SEAC and RAC Chairs, who reported on the outcome of the two Committee's plenary meeting held on 7 November. The Rapporteurs informed that they are conducting a first screening and classification of the comments received. ECHA is currently discussing a joint plan on how to best evaluate the proposal with the five national authorities. They confirmed that the opinions will address comments by means of a sector-by-sector analysis in one single document per Committee. Another key takeaway is that F-gases applications are one of the sectors which received more feedback from stakeholders. Additionally, over half the comment provided information on the technical functions of PFAS in applications, on alternatives and on derogations. As the two Committees are due to take into account comments, it can be expected that this aspect will be covered in the draft opinions.

Also in November, ECHA's Enforcement Forum published its advice on the enforceability of the proposed restriction as part of the REACH restriction process. The general conclusion is that as it stands, the proposal will be challenging to enforce and that it needs improvement in several aspects including definitions, derogations, limit values, reporting requirements, sampling and analytical methods, and overlapping with existing legislation (e.g. REACH and F-gas Regulation).

At a political level the Commissioner for Internal Market, Thierry Breton, answered to the following questions tabled by German EPP and Renew on the PFAS restriction proposal for critical sectors:

- 1. Has the Commission already identified a list of sectors or applications that should benefit from wide-ranging exemptions?
- 2. How and when is it planning to make sure that vital investments in the aforementioned sectors are not discouraged by the uncertainty generated by the farreaching restriction proposal?
- Mr. Breton acknowledged the essential role of PFAS in critical applications, particularly in the medical and energy sectors, where suitable alternatives are currently lacking. He stated that the Commission, while respecting the ECHA's authority, will consider derogations to the proposed restrictions for PFAS in cases



where alternatives are unavailable and a restriction would have high societal costs compared to the benefits, ensuring consistency with EU policy goals such as the green and digital transitions. You can find the whole reply in the following <u>link</u>.

At this stage, the next step is the publication of the scientific opinions of ECHA's Socio-Economic Committee (SEAC) and Risk Assessment Committee (RAC). A public consultation of two months will be opened once the draft opinions are published.

The next meeting of SEAC and RAC on the topic of PFAS is taking place on <u>11 and 14</u> <u>March 2024</u> and will feature a discussion on hazard, consumer mixtures, cosmetics, and ski wax.

The publication of the proposal by the European Commission is expected during the second half of 2024 and the adoption in 2025. Rules will enter into force 18 months after adoption. However, since the consultation received more than 5600 contributions, ECHA confirmed that there will be delays.

Revision of the Regulation on Classification, Labelling, and Packaging of substances and mixtures

In December 2022, the European Commission published a <u>proposal</u> for a revision of the Regulation on the Classification, Labelling, and Packaging of Chemicals (CLP). The initiative delivers on the goals of the European Chemicals Strategy for Sustainability and amends the 2008 CLP Regulation currently into force to address a number of issues including classification procedures of complex substances, safety in the context of refilling and online chemicals sales, and customer-friendly labelling and packaging.

After <u>adoption in Plenary</u> in October 2023, on 5 December the European Parliament and the Council of the EU reached a provisional agreement.

Amongst other things, the agreement specifies that the Regulation should apply to distant sales of chemicals, including online marketplaces. Websites will be required to display the hazardous properties of the products.

On labelling, it provides that physical labels will have to feature a link to the digital label to let consumers access further information. Under some circumstances, suppliers can also opt for a digital label only, provided they make available a free-charge physical copy upon consumers' requests. It is expected that the text includes specifications on the data retention period for the information displayed in the digital label.



On classification harmonisation, the agreement lays down classification requirements with regards to the hazard classes referred in Annex I, establishing that manufacturers should classify the substance or mixture deemed hazardous by assigning one or more hazard categories for each relevant hazard class or differentiation.

The proposal also reviews the treatment of a category of complex substances, changing the wording from "multi-constituent substance containing at least one constituent" to "substance containing more than one constituent".

The inter-institutional deal also introduces a review clause on the classification of this group of substances, establishing that, after six years from the entry into force of the Regulation, the Commission may present a report assessing the classification of substances of renewable botanical origin containing more than one constituent and, if necessary, issue a legislative proposal.

Lastly, the revision as amended by the Council and Parliament introduces provisions on refilling for the first time. Among these, it includes the very definition of "refill" and "refill station" and provides that suppliers affix labels on the container which identify every single substance or mixture provided.

The lead Committee ENVI voted on the adoption of the provisional deal from trilogues on 11 January with 70 votes in favour, 9 abstentions, and 1 against.

The vote in Plenary is tentatively scheduled for **11 March 2024.**



RoHS Directive

After a <u>public consultation</u> running from March to June 2022, on 7 December 2023 the European Commission published its first <u>report</u> on RoHs review, together with a <u>Staff Working Document</u>.

The report highlights that the revision needs to address issues concerning transparency and legislative overlapping in the context of the exemptions decision making process. Precisely, the report explores the possibility of introducing the following measures:

 Reassigning the technical assessment of the exemptions and the review of the list of hazardous substances to ECHA and its scientific committees. This



change would only imply a targeted amendment to the Directive into force instead of a proper revision.

- Strengthening circular economy requirements for EEE by introducing incentives for the uptake of recycled material compared to primary material and/or simplifying provisions on reused spare parts for EEE (e.g. for the use within a specific time-limited period)
- Temporarily allowing spare parts to support reuse and repairability of certain devices.
- Granting time-limited exemptions to allow the use of hazardous substances in EEE in closed-loop systems in order to prevent contamination of material streams containing critical raw materials.
- Introducing fees to the time-limited exemption system for applications using restricted hazardous substances.

The European Commission has recently published two exemption lists under "RoHs Pack 27":

- <u>first set</u> from 16 October 2023 to 11 December 2023
- second set from from 8 November 2023 to 18 January 2024

Furthermore, the final decision on pack 22 has been further delayed. The draft publication for consultation is expected in Q2 2024 and its publication in Q3 2024. This means that exemptions will be valid until 2026 if prolonged as expected. Its submission is expected to be registered in January 2024.



WEEE Directive

In February 2023, the European Commission published a <u>proposal</u> for a targeted revision of Directive 2012/19/EU on waste electrical and electronic equipment (WEEE).

The purpose of this legislative initiative is to implement the <u>verdict of the European</u> <u>Court of Justice</u> which ruled illegal Article 12 and Article 13, addressing legal inconsistencies on retroactivity and the principle of producer responsibility.



In June 2023, The Environment Council adopted its <u>General Approach</u>, which endorses the Commission's amendments and extends the transposition period of the new Directive from 12 to 18 months.

On 9 November 2023, the full European Parliament in Plenary adopted its <u>position</u>. The adopted text leaves the Commission's amendments to Article 12 and 13 unchanged, which address the Court's ruling by clarifying the time when the financing obligation for producers apply. Amongst other things, it also introduces a clear reference to the polluters pay principle and clarifies the cost of WEEE management must not be disproportionally borne by consumer and citizens.

Negotiating parties struck an <u>interinstitutional provisional agreement</u> on 21 November, which was adopted by the lead committee on Environment, Public Health and Food Safety (ENVI) on 11 January 2024. Compared to the file adopted in Plenary, the provisional agreement reduces the transposition period of the Directive for Member States to eighteen months instead of two years and provides that the costs for the replacement of historical waste from EEE listed in the <u>Annex I</u> of the 2012 Directive should be borne by producers of those products when supplying them.

The indicative plenary sitting is scheduled for **5 February 2024.**

In October 2022, Ramboll Institute, Environmental Agency Austria (EAA) and Oeko-institute conducted a workshop on behalf of the European Commission share the interim results of the <u>public consultation</u>. The final report is expected to be published in <u>March 2024</u>.



Circular Economy Policy

Ecodesign for Sustainable Products Regulation

On 5 December 2023, the European Parliament and Council reached a provisional political agreement on the Ecodesign for Sustainable Products Regulation (ESPR) proposal, also followed by an agreement at technical level on 15 December.

The <u>final text</u> was approved by the Committee of the Permanent Representatives of the Governments of the Member States to the European Union (COREPER) just before the Christmas break. This was followed by a positive vote in the European



Parliament Committee on Environment, Public Health and Food Safety (ENVI) on 10 January 2024.

The co-legislators agreed that the Commission should adopt its first ESPR Working Plan containing the list of product groups that will be measured via Delegated Acts no later than nine months after the entry into force of the new legislation. These priority products include iron, steel, aluminium, textiles (notably garments and footwear), furniture, tyres, detergents, paints, lubricants and chemicals. The Commission will also manage a public web portal for Digital Product Passports that will allow consumers to easily search and compare information. The new legislation also sets reporting obligations and bans on the destruction of unsold consumer products, specifically targeting in the beginning apparel, clothing accessories and footwear.

As last steps, the European Parliament is expected to formally approve the new ESPR during its Plenary sitting in April, which will be followed shortly after by its final adoption by the Council of the EU.

Packaging and Packaging Waste Regulation (PPWR)

The official position of the European Parliament on the Packaging and Packaging Waste Regulation (PPWR) proposal was voted during their Plenary meeting of 22 November 2023. Their mandate with amendments to the Commission's proposal is available here.

When it comes to the Council of the EU, the general approach of the Member States was successfully voted on 18 December 2023, and is available here.

As a reminder, the new regulation aims to make all packaging recyclable by 2030, promote reusable and refillable packaging solutions, and boost the recycling and the availability of secondary materials through minimum recycled contents in packaging. It also bans certain forms of unnecessary packaging, addresses the presence of substances of concern in packaging, and introduces more specific rules on labelling and information.

The first trilogue negotiation between the Parliament, Council and Commission took place on 10 January 2024, with the aim of reaching a final agreement by the beginning of March.



Empowering consumers for the green transition

After the European Parliament and Council of the EU reached a political agreement on 19 September 2023, the Parliament's Committee on Internal Market and Consumer Protection (IMCO) committee endorsed the <u>text</u> on 28 November 2023.

The provisional agreement now needs to be endorsed and formally adopted by the European Parliament's Plenary, which will be followed shortly after by adoption by the Council of the EU.

Common rules promoting the repair of goods (Right to repair)

On 21 November, the European Parliament voted on its negotiating position on the Common Rules Promoting the Repair of Goods Directive proposal, which is available here.

Some of the main amendments that the MEPs propose include expanding the scope of the obligation to repair provisions and requiring sellers to prioritise repair over replacement when a product has gone out of conformity. It also extends the warranty period by one year if a repair has been made during the official two-year guarantee period.

Furthermore, on 22 November, the Council of the EU adopted its general approach on the file, which can be found here. Some of the main aspects of the new set of rights and tools that the Member States wish to provide for consumers include keeping the consumer's right to choose repair or replacement, depending on their personal preference, and the introduction of a single European repair matchmaking platform. Additionally, the Council also foresees an extension of the legal warranty period in case of a repair by six months, with the option for each Member State to choose a longer extension.

With both positions having been adopted, the first trilogue negotiation between the co-legislators took place on 7 December. An agreement is expected to be reached at the beginning of February 2024.

Substantiating environmental claims

Since 16 October, when the first <u>draft report</u> of the European Parliament ENVI and IMCO (Joint Committees Responsible) was made available to the public, the MEPs have been continuously working on developing the Parliament's position and the



following list of amendments have been tabled so far for internal debate: 57-357, 358 - 727, 728 - 821.

On 14 February 2024, the responsible committees are scheduled to vote on their report, which is expected to be approved during the European Parliament Plenary sitting on 11 March 2024.

When it comes to the Council of the EU, its general approach is provisionally scheduled to be adopted on 17 June 2024. Once both institutions have finalised their positions, they will enter trilogue negotiations to reach a compromise version of the legal text.



EU Ecolabel

Proposal for a Directive to empower consumers for the green transition

The <u>provisional agreement</u> resulting from interinstitutional negotiations was adopted in the European Parliament's Internal Market and Consumer Protection (IMCO) Committee on 28 November, and Parliament is expected to vote on the agreed text during its plenary session in January 2024.

The agreed text requires Member States to apply the new provisions from 30 months following the entry into force of the new directive.



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Issues of General Interest

Environmental Footprint

Proposal for a Green Claims Directive

The proposal for a Green Claims Directive is expected to be debated in the joint Parliament's Environment (ENVI) and the Internal Market and Consumer Protection (IMCO) Committees on 24 January, with a view to a Committee vote on 14 February and a plenary vote on 11 March. In the Council, it is expected that the Council will adopt its General Approach on 17 June.



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Energy Efficiency

Energy Performance of Buildings (EPBD)

On 15 December 2021, the European Commission published a <u>proposal</u> for a Directive recast on the energy performance of buildings.

After the Parliament adopted its official <u>position</u> on 14 March 2023 and the Council its <u>General Approach</u> on 21 October 2022, the two co-legislative bodies entered into trialogue negotiations to reach a compromise on the final legislative text.

Interinstitutional negotiations began with an initial trilogue taking place on 6 June, followed by a second one on 31 August and a third one on 12 October. The fourth trilogue on 7 December culminated in a <u>provisional agreement</u> between the colegislators.

The main elements of the deal are:

- All new residential and non-residential buildings should be zero-emission by 2030, with the deadline for new public buildings owned or used by public authorities being pushed back to 2028. The zero-emission requirement will be extended to all buildings in 2050.
- Member States are obliged to stop subsidising standalone boilers that run on fossil fuels as of 1 January 2025 and to implement a total phase out by 2040.
- Member States will be required to renovate the 16% worst efficient non-residential buildings by 2030 and the 26% ones by 2033. The target for residential buildings is to achieve a 16% reduction in average primary energy use by 2030, and a minimum 20% reduction by 2035.
- Under these schemes, Member States would given specific requirements and guidelines for heat generators based on greenhouse gas emissions, the type of fuel used, or the minimum share of renewable energy used for heating.



- Member States would need to establish national Building Renovation Plans to set out their national strategy on decarbonisation of buildings and also financing, training and attracting qualified workers.
- The agreement allows for few exemptions, under strict conditions, for both residential and non-residential buildings, including historical buildings and holiday houses.

Before entering into force, the provisional agreement needs to be voted by the Parliament's and be and ratified by the Council. The lead Committee for Industry, Energy, and Research (ITRE) is voting on the provisional agreement resulting from trilogues on 15 January 2024.



Ecodesign Directive

Ecodesign Directive - Update on Lots / implementing measures

Scarce, environmentally relevant and critical raw materials, and recycled content: all slides and the minutes of the introductory meeting of the preparatory study commissioned by the European Commission for product specific measures on scarce, environmentally relevant and critical raw materials and on recycled content, which took place on 19 October 2024, were made available here. The first stakeholder consultation meeting, during which the initial results will be presented, will take place in March 2024.

ENTR Lot 2: Power transformers: the second stakeholder meeting on the preparatory study for reviewing the <u>Commission Regulation 2019/1783</u> (Ecodesign of Small, Medium and Large Power Transformers) took place on 16 January 2024. The slides and discussed documents will become available on the official website of the study <u>here</u>.

ENER Lot 10: Air conditioners: the Commission is expected to launch a call for feedback on the revision of the respective Ecodesign regulation in Q1 2024. Thereafter, the Impact Assessment study will be presented to the Regulatory Committee in Q2 2024.

ENER Lot 21: Air heating products, cooling products, high temperature process chillers and fan coil units: in December 2023, the Commission launched a revision



study of the Ecodesign Regulation (EU) 2016/2281. The study is led by Viegand Maagøe, VHK and the Danish Technological Institut and is expected to end in June 2025. On 11 December a first Consultation Forum meeting was held in Brussels, during which the study's objective and structure were presented. To see the slides, documents and future information, please visit the study website here.



Issues of General Interest

Energy Efficiency

Energy Efficiency Directive (EED)

On 12 December, the EU Official Journal published the <u>Commission</u> Recommendation on transposing Article 30 on national energy efficiency funds, financing and technical support from the Energy Efficiency Directive (EED).

Under Article 30, Member States must implement several policy measures, or financing and support programmes, with the objective of enhancing energy efficiency investments across sectors, thus contributing to the achievement of the binding EU 2030 energy efficiency targets. To this end, the Commission recommends, among other proposals, to:

- Streamline the regulatory framework to enable blending of multiple streams of EU and national financing
- Ensure close coordination among the different sources of financing for energy efficiency while considering the needs of the targeted final beneficiaries
- Set up one-stop-shops at the national, regional or local level to raise awareness of the technical and financial support available
- Establish dedicated expertise in national promotional banks or similar public institutions promoting capital investments into energy efficiency, in particular on blending financial instruments with public grants programmes



In addition, the Commission and Member States signed a <u>Joint Declaration on energy</u> <u>efficiency financing and the European Energy Efficiency Financing Coalition</u> (Coalition) in the margins of the TTE Council. In short, the Coalition will be organised in three different workstreams: a political level, an expert group and national hubs, namely specific working groups to be developed at national level to identify energy efficiency financing solutions for each market.

A formal official launch event of the European Energy Efficiency Financing Coalition will be held at the beginning of 2024. In the meantime, the Commission will launch a call for participation for financial institutions and other relevant stakeholders in the field of energy efficiency financing.



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DECARBONISATION & CLIMATE CHANGE

F-gases

Following a positive evaluation at the Coreper level on 18 October, the Parliament's Environment Committee endorsed the legislative text on F-gas on 24 October, which will be adopted in the plenary on 16 January following a joint debate on 15 January.



Issues of General Interest

Sustainable finance

Corporate Sustainability Reporting Directive (CSRD)

As background information, on 21 April 2021 the Commission presented its proposal for a Corporate Sustainability Reporting Directive (CSRD), which aims to revise and strengthen the existing rules introduced by the Non-Financial Reporting Directive (NFRD), and to bring - over time - sustainability reporting on a par with financial reporting. Companies have to report on how sustainability issues affect their business and the impact of their activities on people and the environment.

The proposal extends the EU's sustainability reporting requirements to all large companies and all listed companies. This means that nearly 50,000 companies in the EU are asked to follow detailed EU sustainability reporting standards, an increase from the 11,000 companies that are subject to the previous requirements.





to implement the first set of standards. The draft standard for listed SMEs will be published for consultation in January 2024.

On 22 December 2023 EFRAG also <u>published</u> implementation guidance documents for public consultation, including on the materiality assessment companies will have to do and on how to implement the new laws across the value chain. EFRAG has also set up a <u>platform for Q&A</u>.



EU Taxonomy

On 13 December, the Platform on Sustainable Finance <u>published</u> for feedback a draft report including proposals for EU taxonomy-aligning benchmarks (TABs).

The report puts forward two proposals for voluntary benchmarks (TABex and TAB), with the aim of initiating a discourse on the pivotal role the taxonomy could assume in shaping climate and environmental benchmarks. The suggested benchmarks do not discard alternative approaches to leveraging the taxonomy in the development of benchmarks.

The call for feedback will be open for three months, until 13 March 2024 (17:00 CET).

This feedback process is neither an official Commission consultation nor an official Commission position.



Revision of EU Emissions Trading Scheme

On 31 October, the European Commission adopted the <u>Carbon Market Report</u>, which reviews the functioning of the EU Emissions Trading System (EU ETS) in 2022 and the first half of 2023.

This report follows the State of the Energy Union 2023 published on 24 October.

The Carbon Market Report highlights that:

 Member States used on average 76% of their ETS revenue in 2022 to support climate and energy action, including measures to address the effects of the energy crisis and help people and businesses.



- A detailed analysis of Member States' reporting is included in the <u>Climate Union Progress Report 2023.</u>
- In 2022, emissions from installations (power plant and heavy industry) remained 7% below pre-pandemic 2019 levels. Auctions of allowances continued as planned.
- In addition, disbursements from the Modernisation Fund have helped advance the modernisation of the energy sector in all beneficiary Member States, and the Innovation Fund has directed nearly €2 billion to new projects in energy and industry transformation.

In addition, the report highlights that with the EU ETS scope extended to the maritime sector from 2024 and the new ETS for buildings, road transport and small-emitting industry launching in 2027, carbon pricing will cover three quarters of EU emissions.



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PUBLICATIONS

Author	Date	Title
Joint Research Centre	January 2024	Report - Technical input for the guidelines on removability and replaceability of portable and light means of transport batteries
Joint Research Center	January 2024	Technical Report – Assessing Open Strategic Autonomy
Joint Research Centre	October 2023	Final report - Study on the long-term linkages between climate objectives, international trade and investment
Investors Dialogue on Energy, European Commission	December 2023	Report - Financial instruments and models for transmission and distribution
European Environment Agency	December 2023	First progress report on 8th Environment Action Programme



European Commission	December 2023	Assessment report on draft National Energy and
		Climate Plans (NECPs)

EVENTS

Date & time	Event	Location
23 Jan 2024, 16:00 - 18:00	Net Zero Industry Act: The Next Steps, BritCham EU	Brussels
23 Jan 2024, 09:00 - 16:30	Second Plenary Meeting of the Investors Dialogue on Energy, European Commission	Brussels
24 Jan 2024,10:00-12:00	Launch of Offshore Network Development Plans 2024, ENTSO-E	Online
2 February 2024	Deep-dive into artificial intelligence and data ecosystems: the regulatory approach of the European Union, European Commission	Online



5 March 2024	Cybersecurity Standardisation Conference 2024, ENISA	Brussels & Online
07-08 March 2024	European Energy Efficiency Conference, Fedarene	Wels, Austria
13-14 March	Media Innovation Xchange – EU conference on digital transformation and media innovation, Belgian Presidency of the Council	Brussels
4 April 2024	Artificial Intelligence and the clustering of human capital: the risks for Europe, OpenForum Europe (OFE)	Brussels
8-9 April 2024	Copyright conference, Belgian Presidency of the Council	Namur, Belgium
4-5 September 2024	Annual Privacy Forum 2024, ENISA	Karlstad, Sweden



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