



**POLITICAL
INTELLIGENCE**

EU Policy Lookahead

AUTUMN/WINTER 2022



About Dods Political Intelligence

We provide insight, intelligence and impact through our comprehensive suite of policy tools. Our services comprise of three main elements: *Dods Consultancy* – based in Brussels and London, our industry experts offer real-time analysis and impartial guidance on the latest policy developments and trends. *Dods Monitoring* – our recently relaunched platform offers instant alerts and contextual insight from over 13,000 sources across the UK and the EU. *Dods People* – the original who is who in politics, Dods Parliamentary Companion, was established in 1832. Today, our stakeholder management tools cover the UK and the EU, helping you identify and communicate effectively with key contacts.

For further information, please visit dodspoliticalintelligence.com or contact us at customer.service@dodsgroup.com

Contents

- 4 Introduction
- 5 General and Institutional Affairs
- 6 Energy
- 7 Foreign Affairs & Defence
- 8 Trade
- 9 Digital
- 10 Health
- 11 Financial Services
- 12 Tax
- 13 Agriculture & Fisheries
- 14 Employment & Social Affairs
- 15 Environment & Sustainability
- 16 Mobility & Transport
- 17 Justice & Home Affairs



**POLITICAL
INTELLIGENCE**

Introduction

Europe faces a period of huge uncertainty. Russia's invasion of Ukraine has driven up the price of energy and other goods, fueled fears about gas supplies, and cast a cloud over the economic outlook and recovery from the Covid-19 crisis. Against this challenging backdrop, the European Union's institutions, the European Commission, Council and Parliament, have set themselves a busy schedule for the coming months to advance policy across a wide range of areas, from the green transition to budget discussions and regulations for digital and health.

This Dods EU Political Intelligence report, produced by our team of consultants in Brussels, provides a one-stop guide to the policy plans of the EU's institutions for the autumn and winter period.



General and Institutional Affairs

State of the Union

Ursula von der Leyen, the President of the European Commission, delivers her fourth annual State of the Union address to the European Parliament (EP) on September 14 with the EU facing significant challenges stemming from Russia's invasion of Ukraine and the legacy of the Covid-19 crisis. Soaring energy prices and the uncertain economic outlook have cast a cloud over key policy priorities, including tackling climate change and the digital transformation. The address, which takes stock of the past year and presents the priorities for the year ahead, is also expected to respond to citizens' proposals for improving the EU gathered in the Conference on the Future of Europe process.

EU Budget 2023 negotiations

Although EP 2023 budget rapporteur Nicolae Ștefănuță (RE, RO) has said the Commission has presented a normal budget following the standard multi-year financial framework criteria, the challenging economic and geopolitical background suggests this could be a more complicated process than in recent years. A plethora of interests is at play ahead of the autumn negotiations, including preserving cohesion funds for their intended use and ensuring the EU maintains its role as a global actor. A looming revision of the multi-year rules will also be on the institutions' minds.

Commission Work Programme

The Commission adopts its annual work programme in late October. EP leaders have **called** for it to focus on "the reconstruction of Ukraine, building up stronger EU foreign, defence and security cooperation and capacity, supporting the EU's strategic autonomy in industrial and defence policy and achieving energy independence and food security, while preserving an open economy."

EU Independent ethics body

The Commission is due to hold a technical level meeting with the other EU institutions in September to discuss the **EP's proposal** for a new independent body to propose and advise on ethics rules for Commissioners, MEPs and EU staff on issues such as conflicts of interest or so-called revolving door cases of officials switching back and forth between the public and private sector.

Energy

Security of Energy Supply

The priority over the coming months will be the implementation of the **REPowerEU** and **“Save Gas for a Safe Winter” plans**, which aim to reduce dependency on Russian fossil fuels in the wake of the invasion of Ukraine and ensure the supply of energy ahead of the winter. The Council has agreed on a range of measures to reduce demand for gas and the **Gas Storage proposal** that requires EU countries to fill their storage facilities to at least 80 percent capacity by November. In July, member states agreed to voluntarily cut demand for gas by 15 percent between 1 August 2022 and 31 March 2023, and an option for the Council to declare a ‘Union Alert’ on supply and impose a mandatory gas demand reduction on all EU countries.

Fit for 55

The institutions are set for the next phase of the **Fit for 55 package**, the EU’s plan for a green transition, involving trilogue negotiations on numerous Commission proposals. Negotiations have already begun on a Revision of the Emissions Trading System, Carbon Border Adjustment Mechanism and the Social Climate Fund, with the EP and Council at odds on certain key elements. The EP is also expected to approve the Renewable Energy Directive and Energy Efficiency Directive in the September plenary session, before entering negotiations with the Council and Commission. The talks are expected to last until the end of the year, with the EU under pressure to speed up the green transition and shift to renewables following Russia’s invasion of Ukraine and energy price crisis.

Carbon Removals

Towards the end of the year, the Commission is expected to put forward new rules on how to monitor, report and verify the authenticity of carbon removals. The aim is to expand sustainable carbon removals and encourage the use of innovative solutions to capture, recycle and store carbon dioxide by farmers, foresters, and industries. A **Call for Evidence** has taken place, and the Commission has announced a **call for applications** for the Expert Group on carbon removals. The Commission adopted its communication on **“Sustainable Carbon Cycles”** in December 2021.

Batteries

Interinstitutional negotiations are due to start in the autumn on the Commission’s plan for a new **Batteries Regulation** which it set out in December 2020. The regulation aims to ensure batteries, which play an ever more essential role in our daily lives, are sustainable and safe, including properly collected and recycled. The Council adopted its **general approach** in March.



Foreign Affairs & Defence

Sanctions against Russia

EU member states are expected to continue to rely on an unprecedented range of **sanctions** to maintain pressure on Russia following its invasion of Ukraine. The seventh and most recent package of restrictive measures, adopted by the EU Council in July, includes a ban on importing Russian gold, the country's top non-energy export, and clarifications on existing measures relating to aviation, justice, and public procurement.

Security and Defence

The Commission has made security and defence a key priority for the autumn legislative season. To address the EU's **defence investment gaps**, the Commission is expected to propose a European Defence Investment Programme (EDIP) regulation, which will enable member states to jointly procure and deploy defence capabilities through the European Defence Capability Consortia (EDCC). The Commission is also developing a new plan for **military mobility** and an **EU cyber defence policy**.

Western Balkans

EU leaders have pledged to further integrate the Western Balkans into the bloc, with European Council President Charles Michel telling a **summit in June** that "there is a very strong political will to re-energise the process." Membership talks are underway with Serbia, Montenegro, Albania and North Macedonia. Bosnia and Herzegovina applied for EU membership in 2016, but has yet to become an official candidate, while Kosovo is expected to apply by the end of 2022.

Ukraine's EU Candidate Status

The Commission plans to produce a detailed assessment of Ukraine by the end of the year, along with a report on its progress in fulfilling conditions for joining the EU, which include measures on justice and corruption steps. The European Council granted candidate status to Ukraine in June, following a **recommendation** from the European Commission, with President von der Leyen saying the country had demonstrated its determination, "to live up to European values and standards".

Trade

Trade Agreements

The Commission is looking to secure more free trade agreements after agreeing a deal with **New Zealand** in June, following 12 rounds of negotiations over four years, to remove all tariffs on EU goods. Talks are ongoing with **Australia**, **Indonesia** and **India**. Agreements with **Mexico** and Chile are also awaiting ratification, while an agreement with Mercosur has been delayed due to concerns about deforestation and the Paris Climate Agreement.

EU-US Trade and Technology Council

The next meeting of the EU-US **Trade and Technology Council** is scheduled to take place by the end of the year. The importance of the forum, which was set up in 2021 to foster transatlantic cooperation on trade and technology-related issues based on shared democratic values, has grown given the rise of China and actions of autocratic states including Russia.

Post-Brexit Trade Relations with the UK

Trade relations with Britain are at risk of deteriorating further in the months ahead, though a new UK prime minister offers an opportunity for a reset. The EU has launched legal action against the UK following the **UK government's** move to introduce legislation to enable it to unilaterally alter the Northern Ireland Protocol, which governs the post-Brexit trading arrangements for the region. The European Parliament and Council will also be seeking to make progress on a legislative proposal on the implementation and enforcement of both the EU-UK Trade and Cooperation Agreement and the Protocol.

Trade and Sustainable Development

The Commission is expected to propose a ban on goods produced using forced labour from entering the single market. The measure would follow the publication of a review of Trade and Sustainable Development (TSD) policies in June. The EP, which is also due to consider a resolution on TSD policy, pushed for strong TSD elements to be included in the EU's trade agreement with New Zealand and is expected to seek similar standards in other bilateral trade deals.

Trade defence measures

Following the conclusion of the files on international public procurement and foreign subsidies, the European co-legislators will be looking to make progress in coming months on developing other trade defence tools including for combatting economic coercion by third countries.

Digital

Artificial Intelligence

The **coming months** promise intense discussion in the EP and Council on the Artificial Intelligence Act, the first ever comprehensive legal framework on AI which aims to address the risks and Europe's global role in the technology. The proposed regulation from April 2021 classifies AI applications by risk and regulates them accordingly. If the EP's committees on Internal Market and Consumer Protection (IMCO) and Civil Liberties, Justice and Home Affairs (LIBE) adopt their position by the end of October as scheduled, a plenary vote will follow in November. In the Council, the Czech Presidency is aiming to reach a general approach by the end of 2022 to pave the way for interinstitutional negotiations. The Commission is also due to propose an Artificial Intelligence Liability Directive in September, to adapt EU and national liability rules to the challenges brought by AI.

European Digital Identity

EU co-legislators are aiming to progress discussions on a framework for a European Digital Identity which will allow citizens and businesses to prove their identity and share electronic documents from so-called **European Digital Identity Wallets**. This will enable Europeans to access online services with their national digital identification, which will be recognised throughout Europe. The EP's Committee on Industry, Research and Energy (ITRE) is expected to vote on its report in October, while the Czech Presidency aims to reach a general approach in the Council by the end of 2022.

Cyber Resilience

The Commission is expected to put forward a proposal for a Cyber Resilience Act in mid-September. The legislation aims to introduce new rules for connected products and associated services and help avoid cybersecurity incidents that could affect an entire system. It will protect consumers from insecure digital products, both hardware and software, by introducing common cybersecurity rules for manufacturers and vendors of wired and wireless digital products and non-embedded software.

European Semiconductors

EU co-legislators are set to continue discussing the proposal for a **European Chips Act**, which was put forward by the Commission in February. The set of measures aims to increase microchip production across the EU in response to rising demand and reduce dependency on suppliers from outside Europe following disruption during the Covid crisis. The Act aims to double the EU's microchip production to 20 percent of the global market and improve the EU's ability to anticipate and respond to shortages and supply issues. The Czech Presidency is aiming to agree on a general approach at the December Competitiveness Council.

Health

Recommendation on cancer screening

In what promises to be one of the first tangible deliverables following the adoption of the Europe's Beating Cancer Plan, the Commission is due to present a revised Council Recommendation on cancer screening, which was last updated in 2003, and potentially extend screening recommendations to other cancers.

Revision of the general pharmaceutical legislation

The Commission is expected to issue a proposal in December for a regulation on pharmaceuticals to revise the current framework and ensure access to affordable medicines, foster innovation, improve security of supply, adapt to new scientific and technological developments, and reduce red tape. The move, which was flagged in the EU Pharmaceutical Strategy in December and represents the first revision to this area of legislation since 2005, is a highly anticipated file which is expected to shape the future of the Europe's pharmaceutical sector.

New EU Global Health Strategy

During a G7 meeting of health ministers in May, Commissioners Stella Kyriakides and Jutta Urpilainen revealed the Commission's plan for a new EU Global Health Strategy to ensure systems can prevent and respond to global health threats more effectively, address inequalities and support steps towards universal health coverage. The strategy and a State of Preparedness Report on the EU's readiness to face potential pandemics and other health emergencies is due in November.

European Health Data Space

The Council and EP are due to discuss in the coming months plans for a European **Health Data Space** (EDHS) to help individuals control their own health data and use health data to help develop better services and improve research in a way that respects privacy.

Health Union

While no dates have been set, the sector is looking out for progress on the adoption in coming months of several elements of the Health Union package, including the expansion of the European Centre for Disease Prevention and Control's (ECDC) mandate, and the proposal on serious cross-border health threats.

Financial Services

Sustainable Finance

The EP is expected to approve a **political agreement** on the Corporate Sustainability Reporting Directive (CSRD), which aims to address shortcomings in the rules on disclosure of non-financial information, at the October plenary session. Soon after, the first set of draft mandatory European Sustainability Reporting Standards (ESRS), **developed** by the European Financial Reporting Advisory Group (EFRAG), is expected to be handed to the Commission in November to be considered for adoption by way of delegated acts.

Instant payments

The Commission is due to adopt a proposal for a regulation on instant payments on 26 October which aims to address the fragmented market for cross-border real-time payments and spur open banking initiatives across the Union. The move follows a Commission consultation on the issue in 2021.

Strengthening capital markets package

The Commission is set to propose more **CMU actions**, including initiatives which aim to simplify listing requirements to make capital markets more attractive for EU companies and address discrepancies in national corporate insolvency laws, on 7 December.

Bank crisis management and deposit insurance

The Commission plans to put forward proposals for a review of the EU framework for managing bank failures and protecting depositors on 21 December. The framework comprises the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR), and the Deposit Guarantee Schemes Directive (DGSD).





Tax

Business Taxation

The Czech Presidency wants EU finance ministers to agree on how to include the **landmark OECD agreement** on setting a minimum effective 15 percent corporate tax rate for multinationals into EU legislation at the October Ecofin. EU finance ministers have tried and failed three times to incorporate the reform which promises to help curb tax competition between jurisdictions. Successive vetoes by Poland and Hungary have also triggered calls for tax matters to be decided by qualified majority voting rather than unanimity.

Administrative cooperation in taxation (DAC 8)

The Commission plans to adopt a proposal for amending the Directive on Administrative Cooperation (DAC), which governs the exchange of certain information between member states for tax purposes, on November 16 to ensure EU efforts to tackle tax fraud and evasion keep up to date with innovations such as crypto currencies and electric money.

VAT in the Digital Age

The Commission aims to adopt a proposal for a directive on VAT on November 16 covering reporting obligations and e-invoicing, VAT treatment of the platform economy, and a single EU VAT registration. The initiative aims to improve VAT collection methods, cut down administration and simplify reporting for businesses.

Agriculture & Fisheries

Setting 2023 TACs

EU ministers will meet in October to set the Total Allowable Catches (TACs) for 2023 for all species in accordance with the Scientific, Technical, and Economic Committee for Fisheries (STECF) assessment of progress in achieving so-called Maximum Sustainable Yield (MSY). If needed, discussions will be held to decide quotas for EU countries in international waters. The Commission published a **Communication** on sustainable fishing in June with guidance for 2023.

Control Fisheries Regulation

Virginijus Sinkevičius, the Commissioner for the Environment, Oceans, and Fisheries, has called for co-legislators to reach an agreement on a revision of the Control Fisheries Regulation by the end of 2022 to avoid the withdrawal of the Commission's proposal. The revision aims to simplify the EU fisheries control system—which monitors, inspects and enforces fishing in EU waters and the EU fleet globally to make it more compliant with the reformed Common Fisheries Policy (CFP).

Sustainable and competitive aquaculture

The EP is expected to vote in September on the Commission's proposed guidelines for a more sustainable and competitive aquaculture 2021-2030. The Czech Presidency will also seek the adoption of the Council conclusions by December.

Food Labelling

The Commission is considering tabling a range of new proposals for labelling of foodstuffs, including ingredients in alcoholic beverages, harmonisation of rules for new labelling of nutritional information on the front of food packaging, revision of durability and expiry dates, extension of country-of-origin labels and the establishment of nutritional profiles. The Czech Presidency plans to follow the proposals with discussion and scientific consultations.

Geographical Indications

Following on from a Commission proposal, the Council will seek a common approach to the revision of rules governing geographical indications for agricultural products, with discussions also being held at Parliamentary level.

Revision of the tobacco taxation Directive

The European Commission is due to table a proposal for a revision of Directive 2011/64/EU in early December to develop a more comprehensive approach to minimum excise duty rates on manufactured tobacco products and also address different prices between member states. The new framework is also expected to regulate and tax e-cigarettes and new products, including tobacco flavourings.

Employment & Social Affairs

Platform Work Directive

Legislators are set to continue work in the coming months to ensure people employed through digital platforms, such as online taxi and food delivery services, have proper employment status and are entitled to labour rights and social benefits. While the Council has agreed a preliminary text on improving conditions in so-called **platform work**, more technical examination and discussion is expected to form a general approach. The EP's Committee on Employment and Social Affairs (EMPL) is due to report on the text before the end of the year.

Social Climate Fund Regulation

With Europe facing an energy price crisis in the wake of the Russia's invasion of Ukraine, the Czech Presidency has made it a priority to achieve a common position on the planned **Social Climate Fund** to finance temporary direct income support for vulnerable households. The EP is set to give its position on the Fund, part of the Fit for 55 climate strategy, in a first reading during the autumn. However, some experts suspect the text may not be adopted before the end of 2022 due to disagreements between the Council and EP on several issues.

European Care Strategy

In the third quarter of 2022, the Commission is expected to present its strategy for providing qualitative and affordable long-term care and early childhood education and care. The European Care Strategy initiative will include a Council recommendation on the revision of the Barcelona targets on affordable childcare, and a Council recommendation on long-term care. Under the European Pillar of Social Rights, this initiative is meant to address requirements of both carers and those in need of care. The strategy also has a gender equality dimension to ensure that informal carers, who are predominantly women, can benefit from better work-life balance and working conditions.

General Product Safety Regulation

Interinstitutional negotiations are due to start in coming months on a single instrument to govern safety rules for non-food products, the so-called General **Product Safety** Regulation, after the Council and EP set their mandates in July. The regulation aims to enable consumers to exercise their rights, create a level playing field for businesses, and adapt the legislation to new technologies and online sales.

Environment & Sustainability

Classification, Labelling and Packaging Regulation

The Commission has begun work to revise the Classification, Labelling and Packaging (CLP) regulation for hazardous chemicals. Following **targeted stakeholder consultations**, the Commission will present a proposal on October 26, which might include the introduction of three new hazard classes – endocrine disruptors, persistent, bio-accumulative and toxic chemicals, and persistent, mobile and toxic (PBT) chemicals. The CLP review is expected to be accompanied by a revised Urban Wastewater Directive and coordinated with a review of the lists of surface and groundwater pollutants after a **recent evaluation of the EU Water Legislation** identified some sources of pollution.

Packaging and Packaging Waste Directive

The much-awaited review of the Packaging and Packaging Waste Directive (PPWD), which is due on November 30, will seek to improve packaging design to promote reuse and recycling, increase the use of recycled content in packaging, and reduce excessive packaging and waste. The revision will be accompanied by a **policy framework for bio-based, biodegradable and compostable plastics** and sustainable consumption of goods through repair and reuse.

Initiative on substantiating green claims

The Commission is due to unveil a proposal to require companies to substantiate claims they make about the environmental footprint of their products and services using a standard methodology. In a bid to tackle so-called greenwashing, the Commission has suggested companies use Product and Organisation Environmental Footprint methods to ensure their claims are comparable and verifiable.

Ambient Air Quality Directive

The EU's Ambient Air Quality (AAQ) Directive is due to be revised in late October to help reduce the harmful effects of air pollution on human health and the environment. The revision aims to improve member state adherence to the minimum air quality standards and align the rules more closely to the recommendations of the World Health Organization.

Nature Restoration Law

EU institutions are due to press on with delivering the **2030 Biodiversity Strategy**, including the Commission's proposal on the **Nature Restoration Law and** setting **Nature Restoration targets**. The *Committee on Environment*, Public Health and Food Safety (ENVI) will **lead** the discussions in the EP, with César Luena (S&D, ES) as rapporteur for the file. Biodiversity promises to be a key focus in the months ahead, with a consultation on the planned a **Soil Health Law, expected in 2023**, due to close on 24 October.

Mobility & Transport

Fit for 55 transport files

The Czech presidency has committed to making progress in coming months on various transport-related files in the Fit for 55 green transition strategy, including the **FuelEU Maritime** — which aims to increase the use of renewable and low-carbon fuels in shipping — and the **Alternative Fuels Infrastructure Regulation** (AFIR). European co-legislators are also due to begin trilogue discussions on ReFuelEU Aviation — which aims to increase use of sustainable fuels in aircraft—, **CO2 emissions standards for cars and vans**, and EU Emissions Trading System for aviation.

Green Mobility

The co-legislators are set to continue work on the two key proposals in the Commission ‘green mobility’ laws (or Winter Package) presented in December last year — the trans-European transport network (TEN-T) and Intelligent Transport Mobility Systems (ITS)— which aim to modernise the EU’s transport network and support the transition to greener mobility. The Czech Presidency will seek to find an agreement in the Council on the TEN-T file and start negotiations on ITS with the Parliament which has yet to adopt its position on the legislation.

Euro 7

The Commission will present in mid-October 2022 its proposal for stricter emissions standards, the so-called Euro 7, for petrol and diesel cars, vans, lorries and buses. The initiative, part of the European Green Deal net zero strategy, is designed to improve air quality, particularly in urban areas. Another key element of the proposal will be to reduce the complexity of the existing Euro 6 vehicle emission standards and provide updated limits for all air pollutant emissions.

Emission standards for HDVs

The EU is scheduled to propose more ambitious emission standards for heavy-duty vehicles (HDVs) in November. The new legislation will aim to review and update the existing 2019 regulation for emission performance standards for new HDVs, which are estimated to be responsible for producing around 6 percent of the EU’s greenhouse gases, including the perceived insufficient level of ambition on carbon dioxide and market barriers to zero-emission trucks.

Justice & Home Affairs

Migration and Asylum

According to a joint roadmap, the Council and EP are due to start negotiating the nine proposals included in the **new Pact on Migration and Asylum** and **the Common European Asylum System** by the end of the year – a process they have committed to concluding by February 2024. In a sign of progress, the Council recently approved the negotiation mandate of the **Eurodac Regulation** and the **Screening Regulation**, and adopted a **declaration** on a solidarity mechanism in support of frontline member states. However, some civil society organisations have raised concerns about insufficient safeguards for human rights and increased detention which could divide co-legislators.

Electronic evidence

Discussions are set to continue on the legislative package on collecting and preserving electronic evidence, following a political agreement between the Council and the EP in June. The package, consisting of a **regulation** and a **directive** proposed in 2018, aims to facilitate the cross-border exchange of electronic data for criminal proceedings.

Asset recovery and confiscation

Following Russia's invasion of Ukraine, the Commission **proposed** in May to add the violation of EU restrictive measures to the list of EU crimes and put forward a **proposal** for a Directive on asset recovery and confiscation. The EP's consent paves the way for the Council to adopt the decision and Commission to present a legislative proposal on defining the scope and penalties for the violation.

Firearms

The Commission is set to present its proposal for a regulation on firearms to update export rules and measures on imports and transit on 21 September. The initiative aims to ensure legally acquired firearms are not sold on the black market and the law considers new threats and developments. The revised proposal will aim to provide for a uniform implementation of the UN Firearms Protocol in the EU, effective tracing of firearms in international transactions and improve exchange of information between member states, as well as enable legal international trade in firearms.



**POLITICAL
INTELLIGENCE**

Registered office:
11th Floor, The Shard
32 London Bridge Street
London SE1 9SG

© Dods Group Ltd 2022