News analysis, week ending May 3rd, 2019

EU priorities 2019-2024

The Juncker Commission set out the EU’s priorities for the next five years in a strategic document. Unveiled ahead of a gathering of EU27 leaders in Sibiu, Romania, to discuss the future of Europe, the paper outlines the current Commission’s suggestions for the 2019-2024 mandate (see separate sections for more details).

Policy watch

Brexit

Brexit and environmental legislation

The draft EU withdrawal agreement risks undermining European environmental protections by allowing the UK to lower its standards without repercussions, a new study for the German Green party warned. It said the EU could be powerless to stop the UK from watering down its environmental commitments during the backstop if it were implemented.

Chemical safety

Allergens

France and Sweden proposed an EU-wide ban on more than a thousand chemicals in clothes and shoes that can cause allergies, Sweden’s chemicals agency said. The two countries submitted the restriction proposal to ECHA. A public consultation will now be opened for companies, NGOs and the public to give their opinion.

Endocrine disruptors (EDs)

The European Parliament published an overview of the key moments of EU scientific and regulatory debates on EDs in recent years. The study focuses on developments including the 2018 Commission Regulation setting out scientific criteria for the determination of endocrine disrupting properties and the framework on EDCs.

Food safety

In a letter, co-signed by Cefic, European companies and farm groups urged the EU to revamp regulations that effectively ban CRISPR gene edited foods.

POPs
A report commissioned by the EU has proposed new screening criteria to identify potential persistent organic pollutants (POPs) on the basis of their mobility in the environment. If adopted, the criteria would identify perfluorinated compounds pentadecafluoroctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS), used as surfactants, as POPs under the Stockholm Convention.

**REACH enforcement**

European national enforcement authorities (NEAs) will be unable to execute new duties under a Commission proposal concerning companies that, once granted an authorisation to use an SVHC, increase volumes of usage. Spain’s ministry of health and the Norwegian environment agency made the point in separate papers, submitted after the Caracal meeting last month. A European Commission document submitted before the meeting said that such companies may need to apply for a review of their authorisation decisions. This would take the form of a draft implementing regulation.

**SVHCs**

The European Commission launched a public consultation on its draft Regulation to add 12 substances of very high concern (SVHCs) to Annex XIV – the REACH authorisation list. The inclusion of the new substances, proposed for October, would increase the number of Annex XIV substances to 55, up from 43. The feedback period began on April 24 and will run until May 22.

Technology giant Apple has developed a framework for prioritising chemicals of concern in products and manufacturing processes. The framework, which it calls a *Chemical Prioritisation Protocol, "adapts and extends"* established methodology for chemical hazard assessment.

**Circular economy**

**Waste**

National representatives and international experts are meeting for the next two weeks in Geneva for the United Nations’ annual meeting on the Basel, Rotterdam and Stockholm conventions, the three UN treaties laying down rules for exporting waste.

**Climate Change & Energy**

**Climate change**

Even the most energy-intensive industries in Europe can cut net greenhouse gas emissions to zero by mid-century without ruining their competitiveness, concludes a study published by the
**European Climate Foundation.**
The perceived threat to competitiveness of cutting emissions from sectors such as steel, plastics and cement is reflected in current EU policy, such as inclusion in a *'carbon leakage list'* that shields them from costs arising from the *EU ETS*.

**CCUS**

The U.K. government’s policy promoting carbon capture usage and storage technology lacks detail and has *“meaningless”* targets, according to an assessment by the U.K. parliament’s *Business, Energy and Industrial Strategy Committee* published last week. MPs said the government *“needs to move away from vague and ambiguous targets and give a clear policy direction to ensure the U.K. seizes the industrial and decarbonisation benefits of carbon capture usage and storage (CCUS).”*

**Energy**

*BusinessEurope* set out its views on a competitive energy and climate strategy. The group supports the EU goal of carbon neutrality by mid-century, currently being discussed at the EU level. But it says that *“this ambition needs to be closely connected to Europe’s agenda on competitiveness and security of supply.”*

*BusinessEurope* said it was discussing *backing a carbon tariff* at the EU’s border in order to restore a level playing field with countries like China or the US, which do not impose a pollution constraint on their industries.

**Energy taxation**

The Commission is said to be preparing groundwork for an energy-tax bill that the next administration can propose to help tackle climate change. It is conducting an *“evaluation”,* due to be finished by July. The document will reportedly examine how EU governments tax energy in their own countries and use that information to suggest ways to harmonise the bloc’s rules. *“Energy taxation”* was also mentioned in the *Commission paper* recommending priorities for the next administration (p.34). The policy document called for action in that area to *“support the clean energy transition and contribute to sustainable and socially-fair growth.”*

**Environment**

**Drinking water directive**

The European Commission listed its proposal to overhaul the EU’s drinking water legislation as one of its top 10 unfinished files from the current mandate. The Commission originally *put forward* the plan in February 2018. The European Parliament reached a position on the issue in October 2018, but the file was held up by the EU countries in the Council of the EU, which only agreed on a position on March 5.
Trilogue negotiations between the Parliament, Council and the Commission are expected to begin under the Finnish Council presidency in the second half of 2019.

**Industrial policy**

The European Commission’s new strategy paper (p.31) states that there will be support for a ‘modern industrial policy that will provide the necessary infrastructure, incentivise innovation, facilitate the uptake of new technologies, foster a smart regulatory ecosystem, and support industry at large’.

**Innovation**

**Battery alliance**

The European Commission held its third European Battery Alliance summit — the aim being to end Asia’s dominance in battery cell production and create a viable European rival. China, South Korea and Japan account for 85 percent of the world’s cell output, while Europe makes only 3 percent. “We have to speed up, we have to accelerate and provide coordinated support,” said Commission Vice President Maroš Šefčovič, who launched the initiative in 2017. German Economy Minister Peter Altmaier has put the battery cell push at the centre of his plan for a European industrial strategy, Candidates to take over as president of the European Commission also flagged batteries as key to competitiveness, according to POLITICO. France and Germany have confirmed their intention to work on a joint scheme, reported to involve converting a PSA-owned Opel component plant in Kaiserslautern, Germany, to produce battery cells.

**Sustainability**

The EU should devote the next five years to making its economy more sustainable and boost efforts to fight climate change and environmental degradation, according to the European Commission’s new strategy paper (p.34). The Commission called for greater efforts to “encourage responsible conduct by businesses, sustainable choices by consumers and private financing from a variety of sources,” and said that a new circular economy action plan “could focus on sustainable resource use, especially in resource intensive and high impact sectors.” The EU should consider “an ambitious zero-pollution strategy”.

**Trade**

**Business Europe strategy paper**

BusinessEurope presented its new “Trade Strategy,” calling for a more united EU approach in the face of threats from China and the U.S. The EU should, it said, use trade agreements to push for an ambitious global climate policy, but it should also protect European industries from competitors if major trading partners do not commit to similar action.
EU-Canada FTA

The controversial investment protection system in CETA, the EU-Canada trade accord, does not violate EU law, the European Court of Justice ruled. The bloc’s highest court found that special provisions for foreign investors under the Comprehensive Economic and Trade Agreement (CETA) have “no adverse effect on the autonomy” of EU law and cannot call into question democratic choices, food safety, consumer protections or other fundamental rights.

The decision is important to the EU’s trade agenda because it has precedent value for other agreements with Vietnam and Singapore that also include the investment court. Moreover, Brussels aims to establish a Multilateral Investment Court.

EU-Japan partnership agreements

The 26th EU-Japan Summit further strengthened bilateral ties, focusing on the implementation of two landmark agreements concluded last year: the EU-Japan Strategic Partnership and Economic Partnership Agreements.

EU-US trade relations

Senior officials from the EU and U.S. will launch bilateral trade talks in Washington next week, although the primary focus will be on regulatory cooperation since there is still no agreement whether to include agriculture and cars in the negotiations.

NGO/Think Tank news

Health & Environment Alliance (HEAL) launched “Vote for a healthy planet for healthy people”, a ten-day campaign highlighting policy issues such as pollution, climate change, endocrine disrupting chemicals, pesticides, renewable energy, transport, and the circular economy, to influence voters’ choices in the upcoming European elections.

In a report, Friends of the Earth International (FoEI) claimed that “mega-mergers” and acquisitions have resulted in a significant concentration of power throughout the industrial food chain, and that new technologies and so-called "Big Data" across agri-food production, distribution and retail will only aggravate the situation.

European Environmental Bureau (EEB) claimed ten EU member states – including France, Germany, Poland, and Spain – failed to file key air pollution reduction programmes by the April 1 deadline. Claiming the programmes are a requirement of the National Emission Ceilings (NEC) Directive, EEB said they should include the detailed measures governments will use to cut airborne pollutants from transport, industry, and agriculture.

LobbyControl Germany called on the EU to tighten the rules on corporate lobbying within the bloc, claiming corporations have significant power as there are no effective ways of limiting corporate influence through EU expert groups, other formal meetings or informal channels.
Cefic was among the organisations and companies cited for spending the most on lobbying in the EU.

The European Policy Centre (EPC) launched a major publication: Yes, we should! EU priorities for 2019-2024. It features a chapter by former research commissioner Janez Potočnik: “Prioritising circular economy to boost European competitiveness”

CE recommendations set out include: material efficiency and circularity in industry, specifically in plastics supply chains; more stringent eco-design guidelines for value retention in the different circular processes (...and recycling).

The EU should also focus on economic signals and policy drivers, such as taxes, subsidies and public procurement procedures; greening of the Union’s finances; user-friendly database of Europe’s material flows that is embedded within a respective global data base (as material flows are increasingly global).

Other chapters focus on making climate neutrality the heart of a new economic agenda for Europe; a framework for a new European economy; and the roles of the European Council and European Commission.

Fatih Birol, head of the International Energy Agency predicted that the proportion of Europe’s electricity coming from nuclear power would fall very soon and quickly, from 20% to 5%.

Current policy would, however, lead to a reduction in emissions, thanks to strong growth in the deployment of renewable energy and an ongoing phase out of coal fired power generation seen in much of Europe.

Other news

The European business community issued a statement on the 2019 European parliament elections.

EU imports of liquefied natural gas (LNG), have increased by 272 percent to a total of 10.4 billion cubic meters since last July, according to Commission figures. In March, the highest volume ever in a single month of EU-U.S. trade in LNG was recorded.

The U.S. is the European Union’s third-biggest supplier of LNG.

US energy secretary Rick Perry will today sign two export orders for LNG in Brussels, in a move officials said will double America’s export capacity to Europe to 112 billion cubic meters per year as of 2020.

A delegation of Bayer representatives hosted an event for Brussels journalists, to defend the safety of glyphosate. They also expressed their intention to extend its EU licence for another 15 years in 2022.

Earlier, shareholders had voted against the management and board of Bayer, angry about the 38 per cent fall in Bayer’s share price since its deal to acquire US rival Monsanto closed last year.

After the shareholder vote, the supervisory board of Bayer said it was standing behind Chief Executive Werner Baumann.

Coming up:
European Business Summit, May 6-7 *(Cefic President Daniele Ferrari to speak)*; Helsinki Chemicals Forum, May 23-24, 2019; Competitiveness Council (Internal Market, Industry) – draft conclusions on an EU Industrial Policy: Vision for 2030 Policy debate, Draft conclusions on Single Market – an updated approach, Competitiveness “check-up”, May 27; Competitiveness Council (Research) – Horizon Europe, Regulation, May 28; EU Green Week 2019, June 17-19; EPC Policy Dialogue on ‘The circular economy – closing the loop through digitalisation’, June 2019 *TBC.*

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About Cefic
Cefic, the European Chemical Industry Council, founded in 1972, is the voice of large, medium and small chemical companies in Europe, which provide 1.14 million jobs and account for 15.1% of world chemicals production.