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# Quarterly EU Report



*Logos has completed this report with the help and input of ICOMIA's Environmental and Technical Consultants*

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## Executive Summary

With regards to the **Ship Recycling Regulation**, the European Commission has adopted the fifth update of the list – adding two ship recycling facilities located in Denmark, five located in the Norway and one located in Turkey. With the new update, the European List of ship recycling facilities contains 34 yards, 30 of which are in Europe, 3 in Turkey and one in the United States. Finally, in mid-July, Germany has acceded the Hong Kong Ship Recycling Convention, becoming the 13th contracting State to the Convention out of the 15 required for the entry into force.

Regarding the **Biocidal Products Regulation**, this last quarter has not seen key updates on Product Type 21. Nonetheless, a vibrant debate has arisen with regards to the classification of granulated copper. Used as a biocidal active substance in wood preservative products and in pulverising cuprous oxide during the production of marine paint for its ability of eliminating algae growth, granulated copper has created strong disagreement in a debate centred on particle size for metals and its connection to classification. With regards to other substances that have been debated by the RAC during the Q3, 2-phenoxyethanol (relevant for paint and coating additives) and imidacloprid (used to protect plastics such as PVC, polyurethane, polyethylene, polypropylene, natural synthetic rubber, and other plastics intended for boat covers) received the attention of the regulators. For what concerns the first substance, ECHA's RAC confirmed the oral toxicity, but rules out the acute inhalation one.

On **Port Reception Facilities**, the key developments since the last report relate to the fact that the new Directive was published in the EU Official Journal on June 7<sup>th</sup>, to then enter into force on June 27<sup>th</sup>. According to the newly agreed rules, Member States have until June 28<sup>th</sup>, 2021 to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive.

From a legislative point of view, no developments have been encountered with regards to the **Marine Strategy Framework Directive (MSFD)**. Nonetheless, as the deadline for the achievement of Good Environmental Status (GES) approaches a renewed interest from both the European Union and its Member States has been noticed, particularly with regards to biodiversity and Invasive Alien Species (IAS). The European Commission is currently aiming at setting targets guiding the political ambition for 2030 linked to the Sustainable Development Goals and specific targets for (a) state of biodiversity, (b) key drivers of loss (land and sea use change, overexploitation of natural resources, climate change, pollution and IASs), (c) key enablers of funding. Conversely, Member States, in both the Mediterranean and Baltic basins, continue their effort in order to find new and sustainable solutions to the problems posed by biofouling and IASs.

As the latest edition of this reporting has demonstrated, the **Water Framework Directive (WFD)** has received substantial attention from stakeholders, spurred by the Fitness Check of the EU Water Framework Directive, in which ICOMIA acknowledged the value of the WFD is crucial in order to achieve the good ecological and chemical status for all EU water bodies. More generally, the presentation of Report on the evaluation of the Water Framework Directive is still awaited. Expected by the end of 2019, it would look at the relevance, effectiveness, efficiency, coherence and EU added value of the Water Framework Directive (and its 'daughters') and the Floods Directive. This would include an assessment of the potential for regulatory simplification and burden reduction. A quantitative assessment of actual costs and benefits including impacts on business would also be carried out.

With regards to the **Revision of the Monitoring, Reporting and Verification of CO2 emissions from maritime transport**, it must be acknowledged that since the latest edition of this reporting, the co-legislators have made minor progress on the legislative proposal. While the Member States are currently trying to clarify the last points of a shared position on the text, the European Parliament has only been able to appoint the members that will contribute to the Committee position on the revision.

Regarding the **Proposal on the Protection of Workers from the Risks related to Carcinogens and Mutagens at Work**, the third amendment to the Directive 2004/37/EC was finally published in the EU Official Journal on June 20<sup>th</sup> 2019, adding exposure limit values for five carcinogenic chemical agents - cadmium, beryllium, arsenic acid, formaldehyde and 4,4'-Methylene-bis(2-chloroaniline)(MOCA). Additionally, Commission officials B3 have clarified that work on the Impact Assessment started during the summer of 2019 and the Commission is currently focusing on fine-tuning a preliminary study prepared by a contractor. The Commission aims to complete its work on the draft Impact Assessment by November or December 2019, to then present the proposal in Q1 2020.

On the **EU Timber Regulation**, the FLEGT/EUTR Expert Group met in Brussels on April 30<sup>th</sup>, June 21<sup>st</sup> and September 12<sup>th</sup>. Lengthy discussions were held on the challenge that Myanmar represent to the EUTR implementation, in reason of its context of forestry, the exclusive forest ownership by the State and management by the State-owned enterprise MTE of natural forests, and the high value of teak grown in the wild. Another contentious point that was touched upon by Member States was related to the discrepancies between licences and the actual shipments, the issuance of new/replacement licences and statement letters to explain discrepancies between licences and shipments.

On the **EU-US Trade War**, a date for the formal start of the negotiations has not been agreed upon yet, partly also because of the change o the top position at the head of the Trade policy in EU. The Finnish Presidency of the Council that started on July 1<sup>st</sup> and will end on December 31<sup>st</sup> 2019 has indicated that it willing and ready to work on a balanced relationship and to engage in negotiations on industrial tariffs. According to reports, also the US Chamber of Commerce urged President Trump to remove tariffs on EU aluminium and steel and not increase tariffs on auto parts.

On **Brexit**, events have lively followed one another. A leadership contest within the Conservative Party started as soon as Theresa May announced her resignation on June 7<sup>th</sup>. On June 23<sup>th</sup>, Boris Johnson was announced as the winner of the leadership race within the Conservative Party by securing 66% of the votes, his formal appointment followed the day after. Throughout the leadership campaign and after his appointment as Prime Minister, Johnson has reiterated that he is determined to leave the EU without a deal on October 31<sup>st</sup>, if no revised Withdrawal Agreement can be negotiated. EU leaders remain united, and while slight changes to the wording of the Withdrawal Agreement seem possible from the EU's perspective, they may not be substantial enough for Johnson to claim having achieved ground-breaking changes in the UK. In particular, Johnson is against the backstop that aims at preventing a hard border on the island of Ireland. The UK's Prime Minister and his cabinet would prefer alternative arrangements which yet have to be specified. In an unprecedented move, on August 28<sup>th</sup> August, PM Johnson has asked the Queen (Head of State) to suspend parliament for five weeks from mid-September, a controversial move that gives MPs less time to stop a no-deal Brexit.

Subsequently, due to a frail majority that has ultimately fallen, on September 4<sup>th</sup>, the House of Commons voted in favour of a law that aims at preventing a no-deal Brexit. Moreover, the House of Commons did not vote in favour of a General Election ahead of the end of October. On 5<sup>th</sup> September, the House of Lords, which is the upper house of the bicameral system, approved the law that prevents a no-deal Brexit. The law would force PM Johnson to request a 3-months extension if the Withdrawal Agreement has not been approved in the House of Commons by 19<sup>th</sup> October.

Currently, there are two options. Either Boris Johnson will be able to negotiate a deal with the EU at the EU Council on October 17<sup>th</sup> that will be approved by the House of Commons preventing a no-deal Brexit. The second option would be that there will be no substantially different Withdrawal Agreement between the EU and the UK. In this case, Johnson would be forced to request an extension, since the UK Parliament agreed on preventing a no-deal Brexit. An additional option would be based on the possibility that the EU will not accept the possible request for extension, which could force the UK to withdraw Article 50, stopping Brexit from happening.

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