

# FiscalNote

## EU Issue Tracker

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Race to the End of the Mandate:

# Top Policy Developments Before the EU Elections



# Understanding the EU Policy Landscape Before the 2024 Elections

As EU policymaking ramps up for the end of the current EU mandate, renewal is looming for the European Parliament and European Commission. Elections take place in June 2024, and the terms of the current EU commissioners — the top officials who oversee EU policy preparation — run out on 31 October 2024.

The deadlines put the EU under pressure to complete laws currently in the legislative process and to propose any remaining initiatives promised by von der Leyen's Commission. Ahead of the elections, the Commission has said that new initiatives will be limited to necessary initiatives, those fulfilling the Commission's commitments or addressing emerging challenges.

The EU's policy agenda is far from slowing down. As we brace for a season of change, this report brings you a selection of key policy developments that FiscalNote's team of policy experts are watching until the end of April 2024.

## Table of Contents

*(Click to jump to that section)*

<ul style="list-style-type: none"><li>→ <a href="#">Agriculture</a></li><li>→ <a href="#">Business &amp; Consumer</a></li><li>→ <a href="#">Digital &amp; Connectivity</a></li><li>→ <a href="#">Energy &amp; Climate</a></li><li>→ <a href="#">Environment</a></li><li>→ <a href="#">Financial Services</a></li></ul>	<ul style="list-style-type: none"><li>→ <a href="#">Hazardous Substances</a></li><li>→ <a href="#">Health &amp; Pharma</a></li><li>→ <a href="#">Institutional</a></li><li>→ <a href="#">Employment and Social Affairs</a></li><li>→ <a href="#">Trade</a></li><li>→ <a href="#">Transport</a></li></ul>
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## Navigating the EU System

In the EU system, the Commission takes the lead in proposing new laws and initiatives. The 705-strong European Parliament and the Council of the EU, which unifies the respective governments of member nations, amends and finalizes these proposals. The power dynamics shift according to the policy area with the Parliament and the Council deciding on some laws collectively, or the Council alone deciding, with optional advice from the Parliament.

When European elections loom and legislative dossiers remain incomplete, the European Parliament's ongoing work lapses, on the basis that it should not bind the new Parliament. After the elections, the new Parliament can decide to pick up where previous lawmakers left off, or it can choose to start afresh. In contrast, the Council's work remains unaffected by the European elections, progressing without interruption.

Consider this the blueprint to prepare for EU policy activity for the rest of spring 2024.

## Report Legend

### European Commission



### European Parliament



### Council of the European Union



# Agriculture

## Treating Urban Waste Water

Following the second trilogue held on January 29, 2024, the co-legislators reached a provisional agreement on the Commission's proposal for a Directive amending the Urban Waste Water Treatment Directive. The agreed text, strengthening the protection of human health and the environment from harmful discharges of urban wastewater, should now be submitted to the European Parliament and the Council through their respective procedures for formal approval. The agreement will first be sent to the ENVI Committee and to plenary for adoption as the Parliament's first reading position. Once endorsed by the Parliament, the text will be forwarded to the Council for final adoption.



## Digital Communication of Fertilisers

Before the end of the current mandate, negotiators from the European Parliament and the Council of the EU hope to adopt a regulation on the digital labelling of EU fertiliser products. A provisional agreement on this file, reached during the second round of inter-institutional negotiations on January 22, 2024, would establish voluntary digital labelling of EU fertiliser products, meaning that suppliers and retailers can choose how to communicate labelling information: a physical format, a digital format or a combination of both. The agreed text should now be sent to the co-legislators to be formally approved.

[Go Back to the Table of Contents](#)

# Business & Consumer

## Corporate Sustainability

Before the June 2024 elections, the European Parliament and Council of the EU are expected to adopt a draft Directive on Corporate Sustainability Due Diligence. A provisional agreement on the file reached during negotiations in December 2023, would require companies under the scope of the draft Directive to adopt and put into effect a transition plan for climate change mitigation.



## Strengthening EU Industries

Before the end of the current mandate, negotiators from the European Parliament and Council of the EU hope to conclude a draft Regulation on a Net-Zero Industry Act. Together with the proposed Critical Raw Materials Act, the proposal aims to strengthen EU industries and serve as a response to the US Inflation Reduction Act. The proposal, when concluded, is expected to establish an objective for the manufacturing capacity of strategic net-zero technologies to meet at least 40% of the EU's annual deployment needs by 2030.



[Go Back to the Table of Contents](#)

# Digital & Connectivity

## Regulating Artificial Intelligence

The European Parliament's Internal Market and Consumer Protection (IMCO) and Civil Liberties Justice and Home Affairs (LIBE) Committees will vote on approving the provisional agreement on February 13, 2024, and then the text will be sent to the plenary for adoption as EP first reading position, in April. Once adopted by the Parliament, the text will be sent to the Council for final approval, first in the COREPER and then in subsequent Council Configuration meeting for final adoption.



The AI Act aims to create unified rules for AI systems in the EU. Through this Regulation, the Commission intends to establish a legislative framework that would harmonise rules for placing on the market, or putting into use AI systems in the EU, as well as establishing certain requirements and prohibitions. The AI Act is progressing steadily, with important votes and approvals expected before its final adoption in the coming months.

## Cybersecurity of Digital Products

The text of the provisional agreement was approved by the Committee on Industry, Research, and Energy (ITRE) on January 23, 2024, and will now be submitted to plenary for adoption as the EP first reading position, tentatively, in April 2024. Once adopted by the parliament, the text will be sent to the Council for approval, first in the COREPER and then in subsequent Council Configuration meeting for final adoption.



The proposed Cyber Resilience Act aims to introduce a legal framework to ensure the cybersecurity of digital products throughout their entire lifecycle to combat the rise in cyberattacks over the last few years. In addition, the proposal is closely connected to the 2020 Cybersecurity Strategy and builds on the Commission's Communication on Shaping Europe's Digital Future, as well as the Security Union Strategy. Lastly, the proposal will complement the EU cybersecurity framework, which consists of the NIS Directive, the proposed NIS2 Directive, and the Cybersecurity Act.

[Go Back to the Table of Contents](#)

# Energy & Climate

## Closing Fit for 55

Over the coming weeks, the co-legislators will take the final procedural steps to adopt four of the last remaining files to complete the Commission's Fit for 55 package presented in 2021. Awaiting progress on the revision of the Energy Taxation Directive, stuck in both the European Parliament and Council, the set of proposals aimed at aligning EU legislation with the 2030 target of a reduction of domestic greenhouse gas emissions by at least 55% (compared to 1990 levels) will conclude with a new Directive and Regulation on renewable and low-carbon gases including hydrogen, the introduction of rules to lower methane emissions from energy sectors, and stricter requirements to increase buildings' energy efficiency.



## Post-2030 Climate Action Framework

Two Communications recently published by the Commission outline the changes to be implemented across different economic sectors to raise the reduction of the EU's greenhouse gas emissions to 90% by 2040 while integrating carbon capture for utilisation and storage in climate action. These texts will be complemented by another Commission Communication, due to be presented in mid-March 2024, laying down recommendations to better manage the risks that increasing climate hazards pose to society.

[Go Back to the Table of Contents](#)

# Environment

## Rewriting the Rules for Packaging

Before the end of the current mandate, negotiators from the European Parliament and Council of the EU hope to finalise the work on a proposal for a Regulation revising the packaging rules. The proposal aims to limit the amount of plastic waste, and, when concluded, it is expected to establish mandatory criteria for what can be considered 'recycled packaging' and minimum percentages of recycled material that packaging must contain to be considered as such. The European Parliament and the Council of the EU are expected to start informal interinstitutional negotiations in February, which are expected to continue into March, to reach an agreement.



## Ban on Misleading Green Claims

On March 22, 2023, the Commission presented a proposal for a Green Claims Directive aimed at imposing a ban on misleading environmental claims. The proposal would require the substantiation of explicit environmental claims to be based on an assessment meeting a specific set of criteria. The European Parliament and the Council of the EU are currently in the process of finalising their respective positions on the file. Considering the provisional timetable, trilogue negotiations will probably not be concluded by the end of the current Parliament formation and will possibly restart by the end of 2024.



[Go Back to the Table of Contents](#)

# Financial Services

## ESG Ratings and Sustainability in Credit

Co-legislators reached a provisional agreement on February 5, 2024, on the proposal for a Regulation on the transparency of environmental, social, and governance (ESG) ratings. The co-legislators agreed that ESG ratings in the Union would need to disaggregate scores on E, S, and G. All ESG service rating providers based in Europe would need to be authorised to provide ratings by European supervisors, and small ones would be exempted from paying supervisory fees. The Council and Parliament are expected to work quickly to approve the provisional agreement before the end of the legislative cycle at the end of April 2024.



## Anti-Money Laundering

The Council and the Parliament reached a provisional agreement on the proposed anti-money laundering Regulation (AMLR) on January 17, 2024. The two co-legislators agreed on a new maximum payment of 10 thousand euros to pay transactions by cash, anti-money laundering rules would begin applying to casinos and crypto-assets, and beneficial ownership would start applying at 25% ownership. The Parliament expects to approve the provisional agreement in the last plenary week of April 22-25, 2024.



[Go Back to the Table of Contents](#)

# Hazardous Substances

## REACH Annex XVII - PFAS File



In March 2023, Denmark, Germany, the Netherlands, Norway, and Sweden submitted a proposal to restrict the use of per- and polyfluoroalkyl substances (PFAS) to the European Chemicals Agency (ECHA). Since then, many stakeholders expressed their concerns over the complexity and breadth of the proposed restriction which could have significant consequences on a wide range of industries in the EU and worldwide. The proposed restriction is currently being discussed within ECHA and the Commission which is expected to continue well beyond the current Commission's mandate as EU officials face stark opposition from EU industry. It remains to be seen how the new Commission plans to work on the file.

## CLP Revision and Hazardous Substances



The co-legislators reached a provisional agreement on the proposed revision of the Classification, Labelling, and Packaging (CLP) Regulation during the first and only trilogue held in December 2023, following several preparatory technical meetings. The revision would update CLP Regulation in regards to new forms of trade, as well as promote circularity, ensuring protection, and simplifying labelling. The European Parliament is now expected to adopt its first reading position during the plenary sessions scheduled for March 2024. The text would subsequently be forwarded to the Council for final adoption.

[Go Back to the Table of Contents](#)

# Health & Pharma

## European Health Data Space

Following the second round of informal interinstitutional (trilogue) negotiations on the proposal on January 30, 2024, a provisional agreement on the proposal is expected to be reached in the coming weeks. Should an agreement be reached between the Council and the European Parliament, the text would then be sent to the European Parliament for adoption, which could happen during the March plenary session. Following the European Parliament's approval, the agreement will have to be adopted by the Council before it will be published in the EU Official Journal and enter into force.



## EU Pharmaceutical Legislation

After various delays, the proposals to revise the EU's pharmaceutical legislation, which the Commission presented in April 2023, are currently being internally discussed by the European Parliament and Council, which now seek to form their respective negotiating positions. However, due to the technically and politically complex nature of the files, the co-legislators are unlikely to finalise their mandates for informal interinstitutional (trilogue) negotiations before the June Parliamentary elections, with the earliest negotiations possibly starting around October 2024. Only after any resulting compromise would the regulation continue to be published in the Official Journal.



[Go Back to the Table of Contents](#)

# Institutional

## Lawsuits Against Public Participation

Following the conclusion of the interinstitutional (trilogue) negotiations on November 30, 2023, the provisional agreement on the Commission's proposal on strategic litigation against public participation (SLAPPs) is expected to be made available in the coming weeks. Moreover, following the approval of the provisional agreement by the European Parliament's Committee on Legal Affairs (JURI), the MEPs of the European Parliament are now expected to approve the provisional agreement in plenary sessions scheduled to take place over 26-29 February 2024. Similarly, the Council is now expected to approve the text as well in the coming weeks, following the approval of the Permanent Representatives Committee.



# Employment and Social Affairs

## Single Permit for Third-Country Nationals

After the co-legislators reached a provisional agreement on the proposal for a single application procedure for a single permit for third-country nationals in late December 2023, the European Parliament and the Council have to adopt the text. Following the endorsement of the provisional agreement by the Committee on Civil Liberties, Justice and Home Affairs (LIBE) on January 23, 2024, the European Parliament is expected to adopt the text on March 11, 2024. Following the European Parliament's approval, the agreement will have to be adopted by the Council before it will be published in the EU Official Journal and enter into force.



[Go Back to the Table of Contents](#)

# Trade

## Ban on Products Made With Forced Labour

On September 14, 2022, the Commission proposed to establish an instrument to ban all products made with forced labour. The proposed Regulation aims to prohibit both import and export, by empowering the national authorities to withdraw those products from the EU market. European Parliament's INTA and IMCO Committees announced their decision to enter into interinstitutional negotiations based on their Report during the European Parliament's plenary session on November 8, 2023, while Member States' Ambassadors (COREPER) adopted the negotiating mandate of the Council on January 26, 2024. The informal interinstitutional negotiations (trilogues) between the co-legislators started on January 30, 2024, and are ongoing.



## Generalised Tariff Preferences to Promote Sustainable Development

On September 22, 2021, the Commission presented a legislative proposal for a new EU Generalised Scheme of Preferences (GSP) that aims to promote sustainable development in low-income countries. The proposal aims to strengthen the scheme's social, labour, environmental, and climate dimension. The informal interinstitutional negotiations (trilogues) between the co-legislators started on January 31, 2023, but were later suspended by the European Parliament on June 27, 2023, due to persisting divergences with the Council, notably on making preferential trade access conditional on the readmission of third-country nationals, to which the Parliament firmly opposed. On January 24, 2024, the Belgian Presidency of the Council indicated that it is one of its priorities to resume and conclude the trilogues during its term.



[Go Back to the Table of Contents](#)

# Transport

## Trans-European Transport Network

After lengthy negotiations, the European Parliament and the Council reached a provisional agreement on the revision of the Trans-European Transport Network (TEN-T) Regulation on December 18, 2023. The agreement, which should be available in the coming weeks, will set clear targets for Member States to complete major transport infrastructure and extended core and comprehensive network projects, while encouraging a modal shift towards cleaner modes of transport. The Belgian Presidency of the Council, which is currently examining the agreement, recently promised the Parliament that it would be able to approve the text at the last plenary session of the legislature, to be held from 22 to 25 April 2024.



## CO2 Performance Standards for Vehicles

Following its publication in February 2022, the European Parliament and the Council recently found an agreement on the proposal to revise the CO2 performance standards for new heavy-duty vehicles (HDVs) during the first round of interinstitutional negotiations ('trilogue') on 18 January 2024. To stimulate the uptake of clean trucks and buses in the EU, HDV manufacturers will have to progressively cut carbon emissions of new vehicles to reach a 90% reduction from 2040, while new city buses will have to reduce their emissions entirely from 2035. Before being turned into law, the Council and Parliament will have to confirm the agreement before the end of the legislative period.



[Go Back to the Table of Contents](#)

## Never miss an update from the EU policy landscape

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