The policy agenda of the Spanish EU Presidency

- **From July to December 2023, Spain takes over from Sweden the Presidency of the Council of the European Union in a period of great challenges for the Member States and the EU as a whole.**
- **Sweden has spent the last six months trying to process a huge pile of legislative files, many of which were proposed late by a European Commission distracted by COVID-19 and Russia's war on Ukraine. Despite commendable progress, many of these files still need a lot of work before being passed into law.**
- **Spain's turn to lead the Council of the European Union is the last full-length presidency before next year's election for a new European Parliament.**

- **The Spanish Presidency has established four priorities for its semester, listed below—and in brackets how the Spanish prime minister described them:**
  1. **Reindustrialise the EU and ensure its open strategic autonomy ('make the EU less dependent on foreign manufacturers')**
  2. **Advance in the green transition and the environmental adaptation ('green transition')**
  3. **Promoting greater social and economic justice ('social rights and welfare')**
  4. **Strengthening European unity ('make the EU a key geopolitical player to rival China and the United States')**

Relevance for PGM industry

- **The following pages show the files most relevant for the PGM industry that the Spanish Presidency will work on, such as the Critical Raw Materials Act, Corporate Sustainability Due Diligence legislation, Ecodesign directive, Clean air regulation including CO_2 emissions legislation and Euro7 standard.**

- **Background information on the *Presidency* of the Council of the European Union is provided on page 5.**
  FYI: the Council of the European Union is also known as "the EU Council" or "the Council of Ministers".

INFLUENTIAL FACTORS ON SPANISH PRESIDENCY

EU PARLIAMENT ELECTIONS COMING UP

- Spain's Presidency of the Council of the EU from July to December 2023 is the last full-length presidency before a new European Parliament will be elected **6—9 June 2024**.
- As campaigning will eat away legislative capacity for several weeks, Belgium (who follows Spain and takes over the Presidency from January 2024 to June 2024) will be left with just a few short months to wrap everything up before a new Parliament and Commission reset the agenda.

European Parliament elections:

6-9 June 2024

SPANISH ELECTIONS

- Spanish Prime Minister Pedro Sánchez downplayed the prospect that snap elections in Spain would disrupt Spain's upcoming Council presidency. The snap election, called by Socialist prime minister Pedro Sanchez in the middle of the country's vacation season, will take place on **23 July 2023**.
- Spain's ability to oversee the presidency and steer key dossiers will be severely curtailed as the first month will be lost with a 'lame duck' government in charge, and probably then much of August to October as the new government takes office and finds its footing.
- Also, it is by no means clear that Pedro Sanchez will win and stay on as head of government. Because polls are showing the conservative People's Party in the lead, which means it could form a coalition with right-wing populists who are very often described as eurosceptical. Such a change in government risks derailing the EU's top priorities. [Read more](#).

Overview on the files most relevant for the PGM industry that the Spanish Presidency will work on (based on a POLITICO article):

Critical green transition materials

- **Name of key legislation:** Critical Raw Materials Act
- **Why it matters:** Critical raw materials like lithium, cobalt and rare earth elements are essential for the EU's push to go carbon-neutral by 2050.
- For now, the EU depends in large part on third countries for its supply of these materials: China provides nearly 98 percent of the EU's supply of rare earths, for example.
- The Critical Raw Materials Act, proposed in March, is meant to shore up domestic extraction, processing, and recycling and to diversify imports of these key materials.
- **State of play:** Brussels wants to catch up fast in the global race for raw materials, and the goal is to seal a deal under the Spanish presidency. EU institutions are pressing ahead and negotiations are already in full swing in both the European Parliament and the Council of the EU.
- **EU fault lines:** Countries generally agree on the need for speed on this file but they don't all see eye-to-eye on what to prioritize. While resource-rich countries like Portugal, Sweden and Spain are emphasizing easing conditions for domestic mineral extraction, countries with fewer reserves place greater emphasis on boosting trade relationships and recycling raw materials.
- **Likely progress:** 3.5/5
- The timeline is extremely tight, and negotiators are hashing out a host of major points. Some are contentious but there is a widespread sense of urgency.

Sustainability in global value chains

- **Name of key legislation:** Corporate Sustainability Due Diligence
- **Why it matters:** This proposal would compel large EU-based companies to keep tabs on how their products' global value chains might contribute to human rights abuses or environmental degradation, and could lead to them being sued by plaintiffs anywhere in the world. It has potentially huge consequences for EU businesses.
- **State of play:** The Council and Parliament agreed their positions in December and June respectively, and trilogues are already underway. Nevertheless, the file remains very contentious so there's no guarantee Spain can get it over the line.
- **EU fault lines:** This law broadly pits progressives against conservatives, so expect the left-leaning Members of the EU Parliament (MEPs) to push for more stringent rules while a right-leaning Council asks to pare back the obligations on businesses. The current Spanish government is arguably closer to the Parliament's position, but that might change after this month's election.
- **Likely progress:** 3/5
- Much progress has already been made and the finish line is in sight. But governments, with business interests in mind, will fight hard against any perceived overreach from the Parliament.

Greening consumption

- **Name of key legislation:** Ecodesign for Sustainable Products Regulation; Empowering consumers for the green transition; Substantiating green claims; Right to Repair
- **Why it matters:** These four files are all part of the European Commission's push to make EU consumption greener and boost the development of the circular economy. They also aim to reduce waste and associated pollution by making products last longer, stop the destruction of unsold goods, and better inform people about the environmental impacts of their consumption habits.
- **State of play:** The Council and Parliament have agreed their respective positions on the ecodesign rules and on empowering consumers for the green transition; Spain can hope to get these two files over the line. The two institutions are yet to agree their positions on the Right to Repair and on substantiating green claims.
- **EU fault lines:** The Council supports the idea of banning the destruction of unsold textiles under the Ecodesign Regulation, but the Parliament wants to expand the scope of this ban to also cover electronic products like smartphones. The Parliament is also pushing to add the prevention of premature obsolescence as one of the green requirements companies will have to respect when designing new products.
- **Likely progress:** 4/5
- The Spanish presidency could make a lot of progress on these files as they're not proving to be very controversial.

Reducing air pollution

- **Name of key legislation:** Ambient Air Quality Directive; Industrial Emissions Directive
- **Why it matters:** Despite air pollution levels falling across the bloc in recent years, dirty air is still the main environmental risk factor for human health in Europe. The European Commission has presented a proposal to better control emissions from its largest industrial installations, and another to revamp its air pollution guidelines in line with the latest recommendations from the World Health Organization.
- **State of play:** Member countries have already adopted their stance on the revised industrial emission rules, whereas Parliament is expected to do so in the summer, so Spain should be able to start work on inter-institutional negotiations (trilogues).
- **EU fault lines:** The revision of industrial emission rules has proven particularly explosive, with governments and MEPs pushing back strongly against a proposal to widen the scope of farms covered by the new rules. Countries failing to meet the current air quality guidelines are pushing back against aligning the new ones closely with those of the WHO — which some lawmakers in the European Parliament have been calling for.
- **Likely progress:** 3/5
- Negotiators have made good progress on the revision of industrial emission rules, and Spain has a chance of significantly advancing work on the file — so long as it can push through the last tough disagreements.

Cleaner cars and trucks (CO$_2$ & Euro 7)

- **Name of key legislation:** Euro 7 vehicle pollutant standards; Regulation on CO$_2$ emission performance standards for new heavy-duty vehicles
- **Why it matters:** Both proposals address road transport emissions: Euro 7 mandates cut to a wide range of non-greenhouse gas pollutants spewing from all kinds of vehicles, including for the first time microplastics from tire abrasion and dust produced from brakes.
- The separate rules on heavy vehicles focus on CO$_2$ emissions, with the required phaseout date for polluting trucks the critical issue of contention.
- **State of play:** The Euro 7 rules were proposed in early November, and the truck standards in February. Officials in both the Council and Parliament insist that the two files should proceed in lockstep, though work on Euro 7 is more advanced. At this stage consensus is around postponing the implementation of the non-CO$_2$ standards to at least 2026 to give the auto industry more time to adjust.
- **EU fault lines:** Industry captains are in full lobbying mode given that the laws effectively set the guardrails for their seismic shift to electric vehicles. The Council and Parliament are generally moving in the same direction on Euro 7, but are likely to be sharply split over what to do about clean trucks — the Commission wants an overall 90 percent slash to fleetwide truck emissions as of 2040, a target the Council is just about starting to discuss.
- **Likely progress:** 3/5
- There's significant momentum behind these files, but the two-track approach complicates things — as does the fierce lobbying battle mounted by the car industry, which holds sway over many governments due to its contribution to employment and the economy.

Cleaning up gases

- **Name of key legislation:** Decarbonized gases package
- **Why it matters**: This policy aims to help replace polluting natural gas with a new generation of greener fuels — stepping up both domestic production and imports to use 20 million tonnes of hydrogen by 2030.
- **State of play**: Governments agreed a common position in March this year, after the file suffered heavy delays due to successive political crises. Trilogues have now begun, but tricky technical details around "unbundling" who owns the infrastructure versus who provides the gas need to be hashed out.
- **EU fault lines**: The package came close to being derailed by a row over nuclear-generated hydrogen, championed by France. Anti-atomic energy nations like Germany are vociferously opposed to including "pink" hydrogen in the targets. Paris parked its demands, allowing the Council to agree, but the row could always re-appear in trilogues.
- **Likely progress**: 4/5
- The hydrogen and biofuels lobbies are pushing for a speedy settlement, warning Europe is falling behind the U.S. and China. Parliament officials say they expect the package to be finalized during the Spanish presidency.

Binning packaging waste

- **Name of key legislation:** Packaging and Packaging Waste Regulation; Waste Shipments Regulation
- **Why it matters:** The packaging sector accounts for 40 percent of EU plastics use and 50 percent of paper, and generates 36 percent of municipal solid waste. The Commission's green revamp of EU packaging rules would have a huge impact on scores of industries, including food, farming, alcohol, hospitality, cosmetics, and apparel — and as such has proved divisive. The Waste Shipments Regulation revision, meanwhile, proposes tighter rules on the EU's waste exports.
- **State of play:** The Parliament is slated to adopt its stance on the packaging proposal in October, putting Spain under pressure to have a common approach by then so interinstitutional negotiations can commence. Trilogues on the Waste Shipments Regulation have already begun.
- **EU fault lines:** While some countries are supportive of the Commission's sustainable packaging aims, many believe the overhaul interferes too much with national recycling systems — including Italy, a particularly vocal opponent against the proposal's focus on reusable packaging. On waste shipment negotiations, the Parliament will be pushing for a phaseout of plastic waste exports from the EU — something totally absent from the original proposal and the Council's position.
- **Likely progress:** 3/5
- The Council and Parliament are likely to clash on these files. But if Spain can get governments to agree to a common position on packaging — and to strike a deal with the Parliament on waste exports — that'll be a marker of solid progress.

Sustainable freight

- **Name of key legislation:** Greening freight package
- **Why it matters:** The forthcoming proposals will include plans to boost long-distance rail transport, a revision of combined transport rules, and new weights and dimension thresholds for heavy-duty vehicles. The plans sound niche, but they're key cogs in the policymaking machine behind the EU's Green Deal transport targets. For instance, the Commission's 2020 sustainable and smart mobility strategy had targets to increase rail freight traffic 50 percent by 2030 and double it by 2050, compared with 2015.
- **State of play:** The proposals were supposed to land on June 21, but have been pushed back until July 11, so Spain will be starting from scratch.
- **EU fault lines:** It's too soon to say, as the proposals haven't been presented yet. But the slightest controversy risks derailing efforts to close the files before the EU election and the end of the Commission's mandate next year.
- **Likely progress:** 2/5
- The package is just one of many transport proposals still making its way through the EU institutions, a year before the EU election. Spanish officials may choose to focus their efforts on files they can realistically complete, or those where they can make enough progress to give the Belgians a fighting chance before the 2024 elections.

→

Anti-Money Laundering watchdog

- **Name of key legislation: Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism**
- **Why it matters:** This file will be contentious because Madrid is among 10 cities vying for the coveted new EU agency, giving Spain a difficult balancing act as it negotiates the criteria that should be set. Diplomats from rival countries are already muttering concerns of a possible conflict of interest into their cappuccinos in Brussels cafés.
- **State of play:** Council and Parliament have developed their own versions of the AMLA bill and are waiting to begin legislative negotiations to find a compromise text. Eva-Maria Poptcheva, the Spanish liberal MEP co-leading Parliament's negotiating team for AMLA, and her colleagues are hoping for one round of political talks on AMLA in June. Once the criteria are set, candidate cities can formally submit their bids.
- **EU fault lines:** Knives are out. Austria, Belgium, France, Germany, Ireland, Italy, Latvia, Lithuania and Luxembourg are vying against Spain and each other, and their representatives in Brussels are happy to talk up their applications. It'll be up to Poptcheva and the Spanish Council presidency to organize hearings for AMLA hopefuls to mark their pitches and try to finalize the bill by year-end.
- **Likely progress: 2.5/5**
- Given the fierce competition, there's a decent chance that negotiations could stretch into 2024, when the Belgians take over the EU presidency. Of course, that won't solve the questions of neutrality, as Brussels is also a candidate city.

Bank bailout reforms

- **Name of key legislation: Bank crisis management and deposit insurance framework (CMDI)**
- **Why it matters:** The Commission wants to tighten up EU rules for handling bank failures, which were put in place after the 2008 financial crisis to end taxpayer bailouts. But EU countries have continued to throw public money at mid-sized banks that run into trouble because they don't neatly fit into the bank resolution regime. Plus, the March banking turmoil in the U.S. and the demise of Credit Suisse have shown that banking crises aren't just consigned to the history books.
- **State of play:** The Commission has been working on its plans for years, and finally brought forward the proposal in April. It remains politically contentious because EU countries fear being on the hook for losses in another country, and there's resistance to the EU meddling with national regimes.
- **EU fault lines:** Germany in particular isn't on board with key parts of the reforms, and other EU countries are uncomfortable with some of the specifics. But there's also a growing sense of goodwill. Unlike the long-dead European-wide deposit insurance scheme, EU countries are willing to have a debate.
- **Likely progress:** 3/5
- The Spanish will try to capitalize on recent momentum to reach a general approach in the Council, but it's still not going to be easy.

Grappling with the AI boom

- **Name of key legislation: Artificial Intelligence Act**
- **Why it matters:** The European Commission was ahead of the curve when it proposed the AI Act, one of the world's first comprehensive AI rulebooks, in 2021. But the technology has since leapt forward, notably with the introduction of ChatGPT in late 2022, and there's a sense of urgency in the EU about getting the Commission's proposal passed into law. Spain itself is keen to play a role, and is poised to host the bloc's first "AI sandbox" — a testbed for companies that want to make sure their product is compliant with regulation.
- **State of play:** The Council agreed its approach in December and the European Parliament did the same on June 14. Both texts expanded the Commission's already mammoth original proposal to add sections addressing the rise of general-purpose AI and generative models. The Spaniards, who singled out AI as their presidency's biggest priority, are going to start three-way negotiations and are eager to finish them.
- **EU fault lines:** One friction point will be the use of AI-aided facial recognition in public places: Lawmakers want an outright ban whereas governments want to restrict it. The definition of what exactly qualifies as "high risk" AI might also be a snag.
- **Likely progress: 4.5/5**
- Everyone wants the AI Act to be done with, and Spain will act as a powerful cheerleader. Still, disagreements between the European Parliament and member countries, particularly the vexed question of facial recognition, can't be discounted entirely.

Securing connected devices

- **Name of legislation: Cyber Resilience Act**
- **Why it matters:** The regulation would impose new cybersecurity requirements on makers of anything connected — from consumer items like doorbells, washing machines, and smart watches, to connected cars, industrial machinery, and security cameras. The idea is every part of a product's supply chain presents vulnerabilities to spies and cybercriminals, and that even mundane products can be important. A smoke detector in a coffee shop might not pose much of a threat but the stakes change when it's inside a nuclear reactor.
- **State of play:** The rules were proposed in September 2022. The text is currently with the Parliament and Council, with the Parliament set to vote in July. The Commission's aim is to get the regulation adopted before the end of the year.
- **EU fault lines:** The lead lawmaker in the European Parliament has suggested a 40-month implementation time, which industry would be most comfortable with, but it's unlikely that they'll get that. Otherwise, apart from some debate on which products should be considered highly critical and to whom manufacturers should report vulnerabilities, there is widespread political agreement on quick adoption of the legislation.
- **Likely progress:** 4/5
- The Spanish are aiming to have a position agreed among member countries in the Council by the end of their presidency. That will mean a lot of technical talks in the early weeks of September.

What *is* the Presidency of the Council of the European Union?

The **Presidency** of the **Council of the European Union** rotates every six months among the governments of 27 EU member states.

Sweden   January—June 2023
Spain   July—December 2023
Belgium   January—June 2024
Hungary   July—December 2024
Find here the full timeline

The Presidency chairs the EU Council's meetings of ministers from EU members states, ensuring the smooth running and setting the agenda when the ministers meet to discuss laws.
For instance, if during the Spanish Presidency an environmental law is being discussed, environment ministers from all EU member states will get together at the EU Council. And the Spanish Environment minister will chair their meeting.

What is the Council of the European Union ?

Ministers from 27 EU member states meet at the Council of the European Union (aka "the EU Council" or informally "Council of Ministers") to discuss and agree on laws that will apply across the EU.
The EU Council together with the European Parliament serves to amend and approve or veto the proposals of the European Commission, which holds the right of initiative.

Important

Do **not confuse** the **Council of the European Union** with either

≠ **European Council:** Institution of the 27-member European Union, composed of representatives (the "leaders") of the 27 EU member states. It defines the general political direction and priorities of the EU.

≠ **Council of Europe:** it is NOT an institution of the EU-27, but an international organisation, based in Strasbourg, which now includes 46 European countries. It was created in 1949 to promote democracy, human rights and the rule of law.

The major EU institutions: An overview

„Voice of the people"

European Parliament

- the only directly-elected EU institution
- represents about 513 mln EU citizens
- legislative power in nearly all areas of policy, agrees legislation together with the Council of the European Union
- budgetary power: Approves EU budget together with the council. Budget oversight powers.
- parliamentary oversight

„Guardian" of EU treaties

European Commission

- each member state has one commissioner, who is supposed to act in the interests of the entire EU, not in the national interest
- right to propose new EU laws
- oversees implementation and compliance with EU treaties
- leads negotiations with international organizations
- brokers deals with third countries
- manages and implements EU budget

„Council of ministers"

Council of the European Union

- consists of ministers from member states
- convenes in 10 different council groups (council of interior ministers, justice ministers, etc.)
- legislative power, together with European Parliament
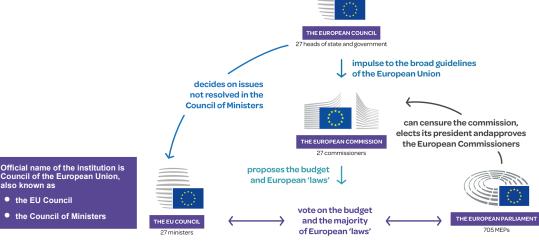- budgetary power, together with European Parliament

The „Leaders"

European Council

- consists of EU heads of state and government
- meetings are known as „EU summits"
- set the agenda, decide on cornerstones of European policy
- no right to propose EU laws

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Council of Europe

- includes 46 European countries
- is **not** an EU-27 institution, but an international organisation,
- created in 1949 to promote democracy, human rights and the rule of law.

THE EUROPEAN COUNCIL
27 heads of state and government

impulse to the broad guidelines of the European Union

decides on issues not resolved in the Council of Ministers

can censure the commission, elects its president and approves the European Commissioners

THE EUROPEAN COMMISSION
27 commissioners

Official name of the institution is Council of the European Union, also known as
- the EU Council
- the Council of Ministers

proposes the budget and European 'laws'

THE EU COUNCIL
27 ministers

vote on the budget and the majority of European 'laws'

THE EUROPEAN PARLIAMENT
705 MEPs