

DG GROW

Meeting between Commissioner Breton and European Round Table for industry (ERT) members

25.10.21, 16:00-17:00

Update on the ERT flagship paper on the Single Market

BRIEFING NOTE (*Commission Internal*)

Scene setter/Context of the meeting:

Commissioner Breton will take part in a discussion with ERT members ahead of the publication of the Single Market report.

The Commissioner is foreseen to intervene four times along the following **choreography** of the event:

Welcome

- Opening by [REDACTED] [REDACTED] [REDACTED] [REDACTED] ERT Competitiveness & Innovation Committee, [REDACTED] BASF, and [REDACTED], [REDACTED] ERT and [REDACTED]
- *Response/Opening intervention by Commissioner Breton*

Presentation of the ERT flagship paper on the Single Market

- Overview by [REDACTED] of the key messages of the ERT flagship paper
- *Initial response by Commissioner Thierry Breton: insights into EU priorities & actions on Single Market*
- Personal Corporate Stories by several ERT Members
- *Reaction by Commissioner Breton*

European Chips Act

- *Introduction by Commissioner Breton*
- Q&A with ERT members

AOB

- [REDACTED] – Implementation of the EU industry strategy & improving European Competitiveness: tracking progress through KPIs

Objective of the meeting

Participate in a discussion with ERT members, give insights into EU priorities and actions on the Single Market, and provide reaction to the overview presentation of ERT's draft report on single market.

KEY messages

- Thank ERT for its continuous and decisive involvement in shaping a competitive, sustainable and resilient European industry;
- Underline that the Single Market is the ultimate engine for Europe's long-term recovery and that the Commission and the Member States must together ensure its functioning and resilience;
- The current crisis and geopolitical context impose upon Europe to carry out a bold and assertive industrial policy to cater for its own needs and ensure its autonomy, in particular in the technologies of the future.

I. Opening comment (1-2')

- Dear [REDACTED],
- Dear Members of the ERT,

- I would like to thank you for your invitation to talk about the Single Market, the European Chips Act and more generally about our industrial competitiveness and resilience in these very volatile times.

- We are indeed experiencing a rather long continuum of crises: the pandemic, obviously; the chip crunch, affecting many sectors of our industry, and the current energy crisis that is disrupting our efforts to step into the green and digital transition.

- Of course, this should not deter us from harnessing our ambitions and fulfilling our objectives.

- With the European Green Deal, with the Fit for 55 package and with the Industrial Strategy, the Commission is providing a direction, a regulatory framework and the policy tools to help Europe recover and ensure its long-term resilience.

- In order to bear fruit, this endeavour must be collective. We need the industry, with all its diversity, expertise, capacity and innovativeness, to show the way.

- As far as I am concerned, I know the Commission can count on the ERT to contribute to fulfilling Europe's transition goals.
- I am aware that you are very much involved in the Industrial Forum and I know that your work will be decisive in shaping the transition pathways that are in the making.
- With this, I would like to thank you once again and I look forward to our discussion.

II. Presentation of the ERT flagship paper on the Single Market

A. Opening remarks on EU priorities and actions for the Single Market (5')

- I would like to commend ERT for this report. I think it will provide a defining contribution to our collective endeavour in making the Single Market more resilient.
- The four building blocks of your analysis – digital, environment, energy and finance – make a relevant mapping of all the challenges that Europe will have to take up.
- Since the outbreak of the pandemic, I have been repeating, relentlessly, that the Single Market was the ultimate engine of our long-term recovery.
- These times of hardship have made us realise, like never before, how much European economy needs a fully functioning Single Market.
- We were all appalled and taken off-guard by the sudden border controls, the closures, the export restrictions, the disruptions in production, transport and people's mobility.

- Not only did these ad hoc restrictions undermined our efforts to fight the pandemic. They also jeopardised our cardinal freedoms that the Single Market is supposed to safeguard.
- This goes to show that we, collectively, both at European and at national level, were not ready and equipped to handle such a violent and sudden crisis.
- This is why the Commission is working on a proposal for a Single Market Emergency Instrument. We should present it early 2022.
- Strengthening the resilience of the Single Market is one the three main priorities of our industrial strategy for Europe, presented earlier in May, alongside the need to address our strategic dependencies and accelerate our twin transition.
- And we must understand that all these priorities are interdependent. The Single Market and industrial policy are two sides of the same coin, and if we want to deliver on our green and digital ambitions, we must tackle our dependencies more assertively.
- And I believe, over the past year, that we have come a long way, collectively.

- Look at what we have achieved regarding vaccine production: in record time, we managed to turn our scientific excellence into industrial leadership, to secure our supply chains.
- We must build on this success and be confident that Europe can lay the ground for its strategic autonomy, and consequently, for a more resilient Single Market and a successful twin transition.
- We have already made progress on capacity building in several key areas, in particular by setting up industrial alliances – batteries, hydrogen, raw materials, plastics.
- As you may know, we recently launched two new alliances, on semiconductors and industrial data and edge computing. I am confident that it will give us momentum in the global tech race that is going to shape our future.
- In the meantime, we must continue to ensure that the Single Market is functioning well.
- Along with the updated Industrial Strategy, we published the first Annual Single Market Report. It analyses the progress made in addressing Single Market barriers and reports on the implementation of the Single Market Enforcement Action Plan.

- As rightly underlined in your paper, the Commission is well aware that businesses continue to face too many barriers to cross-border trade and investment, especially in services.
- The Commission will also explore a legislative proposal to facilitate cross-border trade in services for key business services supported by harmonised standards. I know this is also an important element for ETR.
- I share your view that the Commission and Member States should cooperate even more. It is vital that we assess and anticipate the impact on the Single Market of any planned national measure.
- Hence the importance of the Single Market Enforcement Task Force, which was set up to discuss transparently about how to remove barriers to the Single Market.
- Hence also the importance of reinforcing together our preventive approach, in particular through the better implementation of the notification procedures.
- Both the Single Market Transparency Directive and the Services Directive lay out notification obligations, which have proven to be crucial.

- The Commission will continue to ensure Member States' compliance with their existing obligations. We will also strengthen market surveillance of products and continue to mobilise investments to support SMEs.
- In this endeavour, the Single Market Programme, adopted before the summer, will be key. It pools crucial activities financed under several previous programmes. It provides a more coherent and agile framework that will help our Single Market reach its full potential, in the interest of businesses and consumers.
- Thank you for your attention, I am now looking forward to hearing your views.

B. Reaction to the interventions / LTTs

- I want to thank wholeheartedly [REDACTED], [REDACTED] and [REDACTED] for sharing their corporate stories. They represent an insightful and concrete testimony to what Europe's industry has been going through for nearly two years and to the industrial reality of our Single Market.

Digital and technology

5G

- The European vision of 5G/6G is that it does not merely represent an increase in speed and capacity. It is also designed to provide mission-critical services for vertical sectors (e.g. mobility, energy and health sectors).
- Our immediate priority is now large-scale deployment of 5G, combined with edge computing and distributed AI, as it is a main driver for digital innovation and transformation in virtually all sectors of the economy and society.
- Investing in more and better connectivity is a main element of the digital dimension of the recovery plan, therefore we have set the needle of our Digital Compass on two main targets for 2030:

- gigabit connectivity for every office and every household in Europe,
- and mobile 5G coverage of all populated areas in the EU, including rural areas where people live.

Broadband

- Under the fast evolving digital and green transformation process, spectrum availability is essential to achieve digital decade targets.
- The review of the Broadband Cost Reduction Directive, in light of technological, market and regulatory developments, aims at enabling quicker and more efficient rollout of very high capacity networks, notably 5G and fibre, simplifying procedures and harnessing the potential of private and public assets.
- To maintain Europe's technological leadership, the Commission announced an industry-led European partnership on Smart Networks and Services (SNS) beyond 5G and towards 6G.
- The SNS partnership should enable European players to develop the technology capacities for 6G systems as basis for future digital services towards 2030.
- 6G is intended to have a very strong societal facet (Green Deal, energy efficiency, technology affordability, coverage...). It is thus a key enabler of the twin transition.

ePrivacy Regulation

- The current ePrivacy Directive, which was adopted in 2002 and revised in 2009, is outdated and not fit for the challenges of the next decade.
- The ePrivacy Regulation, still under trilogue negotiations, will provide for future-proof rules adjusted to developing technology – such as the internet of things - and ensure the protection of privacy for individuals and businesses.
- It will further harmonise the privacy rules in the European single market and overcome fragmented implementation of the Directive, thereby creating a level playing field and reduce compliance cost for businesses.
- It will also enhance consistency with the General Data Protection Regulation (GDPR) and strengthen enforcement powers.

Data processing and Cloud

- In the Industrial Strategy update, the Commission highlighted its support to the design of an Important Project of Common European Interest (IPCEI) on Next Generation Cloud and Edge.

- This IPCEI will be key to meet these challenges, move away from our current dependencies in a sustainable manner by building a competitive and resilient European industrial supply that will shape highly innovative, strategic, sustainable and secure data processing industrial solutions.
- I welcome the fact that two thirds of the participating Member States to the potential IPCEI on Next Generation Cloud and Edge have already dedicated RRF budget to commit and deliver on the Multi Country Project on building a Common Data Infrastructure and its core services. This represents up to EUR 1.7 billion already reserved for this.
- The Commission launched a European Alliance on Industrial Data, Edge and Cloud in July 2021 to equip the EU with a resilient cloud and edge supply, and ultimately gain technological leadership in data processing.

Environment and consumers

Common European standards for green products and services

- The Commission is involved in the development of harmonised standards in general through the adoption of standardisation requests to European standardisation organisations and publication of harmonised standards meeting these requests.
- Standards have the potential to support a wealth of policy initiatives related to many sectors ranging from climate mitigation and circular economy, to biodiversity preservation and a toxic-free environment.
- The upcoming Standardisation strategy (consultation closed in July/August) will provide further elements on future developments of standards for green products and services amongst others.

Product safety standards

- The new Regulation 2019/1020, applicable from 16 July 2021 on Market Surveillance is an important step forward for the enforcement of EU legislation on products.
- It covers essentially all EU legislation with safety, environmental or other public interest requirements that affect the design and labelling of non-food products.

- It ensures better cooperation between authorities across the EU and provides for concrete measures in cases where harmonized products are liable to compromise the health or safety of users.
- The new regulation aims to improve compliance and strengthen market surveillance. It modernises market surveillance by:
 - preventing non-compliances through providing information to and working with businesses;
 - providing more effective enforcement tools to address online sales;
 - improving cooperation, between Member States, between market surveillance and customs authorities, and through an EU product compliance network.
- In addition, the Commission recently (30 June) adopted a proposal for a new General Product Safety Regulation, updating the existing General Product Safety Directive. This will complement the Market Surveillance Regulation by covering non-harmonised products.

Recycling-related symbols and markings

- The Commission is working on assessing the feasibility of setting harmonised separate collection rules in the EU that would facilitate citizen participation in effective waste sorting as well as further treatment of the waste in line with waste hierarchy.

- As part of this work we will consider the feasibility of product labelling containing sorting instructions for citizens. A legislative proposal covering this aspect is envisaged in 2023.
- In a parallel work stream, the Commission is reviewing the Packaging and Packaging Waste Directive (PPWD) which aims to make all packaging reusable or recyclable by 2030.
- As part of this work, we are considering harmonised labelling on the composition of packaging that would facilitate the reuse and recycling of packaging. A Legislative proposal covering this aspect is envisaged in 2022.

Uniform biodegradability standard

- As announced in the Circular Economy Action Plan (CEAP), the Commission is working on the development of an EU policy framework for bio-based products (BBP), biodegradable and compostable plastics (BDCP), as a follow up action to the Plastics Strategy.
- According to the CEAP, the policy framework must address the sustainability challenges linked to the sourcing, labelling and use of biobased plastics, and to the use of biodegradable and compostable plastics.
- The initiative is currently foreseen for Q2 2022. It will be developed in close coordination with other initiatives (e.g. the revision of the PPWD; the Sustainable Product

Initiative; the implementation of the Single Use Plastics Directive (SUPD)).

'Green' regulations related to consumer and industrial products

- The European Green Deal stressed the need for reliable, comparable and verifiable information in purchasing decisions and for reducing the risk of greenwashing.
- The Green Claims Initiative is developed in close coordination with other initiatives, in particular the revision of EU consumer law to empower consumers for active participation in the green transition and the Sustainable Product Initiative.
- The EGD states: “Companies making ‘green claims’ should substantiate these against a standard methodology to assess their impact on the environment”.
- The Circular Economy Action Plan specified this action further by stating that the Commission will consider the substantiation of environmental claims using Environmental Footprint methods.

ENERGY

Certification process for renewable energy production (RES)

- The revision of the renewable energy directive (REDII) will support and accelerate the uptake of renewables in the end-use sectors, such as industry, buildings and transport.
- For the end-consumer, it is indeed critically important to be informed and to be able to differentiate between renewable and other forms of energy.
- In respect of renewable electricity, we already have a system in place of guarantees of origin. We have already put in place a number of improvements that need to be implemented by Member States this year.
- Furthermore, we have published an implementing act to bring clarity on the certification schemes for biomass-based fuels.
- Finally, we are proposing to extend our certification scheme to all renewable fuels, which would indeed allow all consumers to differentiate between the different fuels available on the market.

FINANCE

Capital Markets Union

- The ERT's report on the single market puts much emphasis on financing aspects and on Capital Markets Union.
- The Capital Markets Union (CMU) is a key project of the Commission that also aims at allowing our companies to diversify their sources of finance.
- As 99% of European companies are SMEs, which employ around 90 million people in Europe, one of our priorities is to make it easier for small businesses to get access to finance.
- And because the European economy is very much dependent on bank financing, improving the possibilities for SMEs to tap also into capital markets is essential and will be more and more important in the coming years.

European Single Access Point

- The Commission proposed creation of a European Single Access Point (ESAP) as it represents a key element for achieving the CMU.
- It will be a single access point where financial information on companies, including SMEs, will be centralised and made available to investors.

- Companies will not have to submit brand new data: the portal will centralise information that is already legally available through existing pieces of legislation.

III. Introduction on the European Chips Acts and supply-chain shortages (5')

- I would like to thank ERT for putting on today's agenda the European Chips Acts, announced by President von der Leyen in September during her State of the EU address.
- This discussion is timely. As you know, last week, the topic was debated in Council. Work in Parliament is also gaining momentum.
- The so-called "chip crunch" is affecting many industries, in particular the automotive ecosystem: key companies have warned the shortages will affect their production until 2023.
- Obviously, the COVID crisis has deepened the semiconductors supply-chain shortage but it had been brewing for quite some time. And to tell you the truth, I started working on this as soon as I was in office.
- The digitalisation of our lives has skyrocketed over the last years, with pioneering technologies constantly unveiling uncharted territories: 5G and 6G, edge computing, the Internet of Things, artificial intelligence, to name but a few. And what is the stem cell behind all this? Chips, of course.
- The market will double by the end of the decade. We must be ready.

- We must also be vigilant about the current geopolitical developments. We know that the heart of the geopolitics of chips is in Japan and South Korea. We are all aware of the tensions between the US and China.
- In this context, Europe cannot afford to wait and see. We must be ambitious, and our amazing achievements regarding vaccines should give us all the confidence it takes to bear such ambition.
- Indeed, Europe is resourceful. We have the best research in the world when it comes to semiconductors. Take IMEC, LETI or Fraunhofer. Europe has the key to technological breakthrough, and with the European Chips Act, we will further support such excellence.
- But like we did for vaccines, we must turn this excellence in industrial leadership, into a manufacturing power. And I am not only referring to the current 20nm semiconductors.
- It's true, Europe covers only 10% of production worldwide; we need to rebalance the current global supply chains by increasing existing capacities, but we also must be ready for the next race, the semiconductors below 5nm and even 2nm.
- These will power our green and digital transition and ensure our resilience. We are already developing them, but now we must start investing massively in industrial deployment.

- You know my position: I will not accept geographical segmentation. I will not accept that others decide for Europe's future.
- The European Chips Act is a first important step. What we want is to increase the resilience of our supply chain. This will be possible by setting up large manufacturing facilities and strengthening the ecosystem with strategic international partners.
- Last Thursday, I talked about this with [REDACTED] [REDACTED] during a conference. He rightly said that we had reached an inflexion point in technological geopolitics and that Europe and the US together could be on top of it for the decades to come.
- Europe and US have excellent opportunities for cooperation in semiconductors with great mutual benefit, and this can contribute to reinforcing respective digital sovereignty.
- But I also told [REDACTED] that in our partnership, we should ensure a balance of powers and prevent any disruption, from both side of the Atlantic, along the supply chain. I'm referring here to the export restrictions decided by the US earlier this year regarding vaccines.

- Beyond the US, we should also further deepen our ties with the big Asian players I mentioned, Japan and South Korea. I was there a fortnight ago to prepare the grounds for further cooperation.
- And because Europe's Single Market is the biggest integrated market in the world, we have sufficient leverage to attract these big players and rebalance the world map of semiconductors.
- To conclude, the European Chips Act heralds and mirrors the upcoming battle that we will have to face not only for semiconductors, but for all the technologies and the relevant supply chains that will shape and define our future lives.
- Thank you very much.

SINGLE MARKET & INDUSTRIAL STRATEGY UPDATE

What has been achieved since last year's Industrial Strategy was published?

- During this year and despite the ongoing crisis, great progress has been achieved on many fronts, and a great majority of the actions announced in the strategy have been adopted or kick-started.
- These include important measures, such as – among many others - the Renovation Wave, the Chemicals strategy for sustainability, the launch of the Raw materials and the Clean Hydrogen Alliances, the adoption of Clean Energy and Hydrogen strategies, the Digital Services Act (DSA), the Digital Markets Act (DMA), the Data Governance Act, the pharmaceuticals strategy or the proposal for a Regulation on foreign subsidies presented along with the update of the industrial strategy.
- In July we launched the Alliance for Processors and Semiconductor technologies and well as European Alliance for Industrial Data, Edge and Cloud that will facilitate capacities building in this area strategic for green technologies and decarbonisation and digitalisation of many of our ecosystems;

What is the Single Market Emergency Instrument?

- The Single Market is central to functioning supply chains, for the free movement of persons and the access to services and goods, especially in times of difficulties.
- The COVID-19 crisis has shown that some of the current rules and tools for the Single Market are insufficiently adapted to crises and emergencies.
- For this reason, as announced by President von der Leyen in early 2021 and as outlined in the Industrial Strategy Update of May 2021, the Commission will propose a Single Market Emergency Instrument to ensure greater transparency and coordination,

when a critical situation emerges. This will help mitigate the harmful impacts on the Single Market, safeguard the free movement of persons, goods and services and maximise the availability of essential products.

- Reflections on such an emergency instrument are ongoing; the instrument could include reinforced governance tools, targeted transparency measures and tailored digital solutions in fields such as standard setting and sharing, fast-track conformity assessment and public procurement cooperation.

Which new actions is the Commission proposing to support the twin transitions?

- In the Industrial Strategy Update, the Commission will among others:
 - Continue co-creating, in partnership with industry, public authorities, social partners and other stakeholders, transition pathways for ecosystems, where needed,
 - Consider measures to support the uptake of corporate renewable Power Purchase Agreements, as part of the revised Renewable Energy Directive in June 2021; consider a European approach for carbon contracts for difference in the proposal for a revised Emissions Trading System Directive;
 - Develop the Energy and Industry Geography Lab, in collaboration with industrial stakeholders, which will provide geospatial information for companies and energy infrastructure planners.

DIGITAL

Will the different instruments launched by the Commission be affected by the preparation of the European Chips Act? (IPCEI, Industrial Alliance on Processors and Semiconductor technologies, Key Digital Technology Joint Undertaking (KDT JU), InvestEU, Digital Europe Programme (DEP), ...)

- The Chips Act will draw on existing initiatives to reinforce the semiconductors ecosystem in the European Union. That being said, these initiatives have very defined scopes and targets, which will remain valid also under the Chips Act. To name one, the IPCEI is very important and must proceed as soon as possible.

Are there documents on scopes and ambitions of the Chips Act to start internal discussion with Ministry, industries and stakeholders?

- They are under preparation and will be available as soon as possible. Any input to define roadmaps is appreciated.

Background information

Name of Cabinet Member:

Name of the Director who has cleared the briefing:

BASIS request ID:

Room, time:

Participants:

Name of main contact person:

Telephone number:

Directorate/Unit:

European Round Table for Industry (ERT)

The European Round Table for Industry (ERT) has a long history of promoting competitiveness and prosperity in Europe. In April 1983, 17 leading European business leaders came together to launch ERT. They were then, as we are now, united by a belief that European co-operation between industry,

policymakers and all stakeholders is essential to strengthen Europe's place in the world.

Today, ERT Members include CEOs and Chairs from around 60 of Europe's largest companies in the industrial and technological sector. We are committed to creating a strong, open and competitive Europe through which we promote sustainable growth, jobs and prosperity for all.

We publish reports and papers, which we share with the public, decision makers in European and global institutions and national governments. They are the basis for discussion and action. We advocate policies that underpin the values of freedom, tolerance, equality and openness.

The companies led by ERT members represent 5 million direct jobs globally, €2,000 billion combined annual revenues and €60 billion investment in R&D each year.

FINANCE

Capital Markets Union and European Single Access Point

Well-functioning financial markets are a key element of the Commission's priority of establishing a Capital Markets Union (CMU), which is intended to help build a true Single Market for capital across the EU.

99% of European companies are SMEs, which employ around 90 million people in Europe, 67% of the total.

ENVIRONMENT AND CONSUMERS

Common European standards for green products and services

In respect of Energy-related products, the Joint Technical Committee, CEN-CENELEC/JTC 10 "Energy-related products – Material Efficiency Aspects for Ecodesign", has developed standards to set forth methods to assess among others repair, reuse, and upgrade of energy-related products or the proportion of reused components in energy-related products.

Another example: the European Plastics Strategy explicitly refers to European quality standards to increase confidence that recycled plastics meet manufacturer needs. There are also standards to calculate recycling rates and plastics recycling traceability.

Enforce a consistent interpretation of product safety standards

While product rules are set out EU level, market surveillance is the competence of Member States. Given that these products flow freely across EU internal borders, it is necessary to have an EU framework on market surveillance. Evaluation found the previous system (regulated through Chapter III of Regulation (EC) 765/2008) to be insufficient.

DIGITAL

State of play the ePrivacy Regulation negotiations

The European Commission adopted the ePrivacy Regulation (ePR) proposal in 2017. The EP adopted its position in October 2017 and the Council adopted its position in February 2021. Trilogues started under PT Presidency; SI Presidency has continued the negotiations.

A first introductory trilogue took place on 20 May. Six technical meetings have taken place so far. A second trilogue will most probably take place in November but has not been scheduled yet.

The co-legislators are currently discussing Chapter III (caller line identification, emergency communications, directories and spam), Chapter V (remedies, liability and penalties) and Chapter VI (delegated and implemented acts). Considerable progress was made on those provisions and the discussions are taking place in a constructive atmosphere. Compromises on most provisions of these chapters were found with a few issues that need to be further clarified and where compromises appear reachable. The next political trilogue will open the discussions of additional, and more complex, chapters.

European Chips Act

The European Chips Act should address three dimensions:

- Research strategy: Europe already has first-rate research institutions. Building on the existing research partnership, EU needs to design a strategy to push the research ambitions to the next level while preserving strategic interests.
- Enhance European production capacity: EU needs to have a clear picture of the bottlenecks in the semiconductors supply chain, in different types of components for the main markets. It is necessary to anticipate possible future disruptions, and ensure resilience of the entire supply

chain.

- Create a framework for international cooperation and partnership: EU needs to define priorities for investments and to diversify supply chains to support the development of European fabrication plants able to produce the most advanced and energy-efficient chips in high volume.

ENERGY

Guarantees of Origin for Electricity

The current Renewable Energy Directive ensures that all non-supported renewable energy generation has the right to receive a Guarantee of Origin.

Several stakeholders have asked for improvements to the existing system by reducing administrative barriers for private companies and using guarantees of origin to promote the use of electricity from renewable sources by improving the information to consumers.

Some improvements are already expected through the implementation of the existing provisions of REDII and the Directive on common rules for the internal market for electricity (for example with the real-time supply contracts and the requirement to use GO for electricity disclosure).

It is widely acknowledged that the prerogative of the Member States to decide not to issue a guarantee of origin for supported renewable energy generation is a significant barrier for PPAs as well as for more harmonised consumer information. We have therefore included in our proposal the obligation that all renewable energy production should be able to request a guarantee of origin.

The directive provides all necessary options for Member States to issue guarantees of origin also in case renewable energy generation is supported e.g. via tendering or tradeable green certificates.

Certification for biomass-based fuels

Low indirect land use change risks certification must avoid any burden and discriminatory administrative barriers, specifically for third countries economic operators

The Implementing Act on rules for voluntary schemes, certifying the sustainability of biomass and respective fuels, will also provide very clear rules for applying the low ILUC-risk certification concept across the board and for

any feedstock, which may be identified as high ILUC-risk in the future and respectively be subject to low ILUC-risk certification.

This implementing act will bring the clarity and predictability that is being sought by the economic operators, creating a level playing field for all in the process of certifying biomass as low ILUC risk.

The implementing act has been recently published for public feedback. After considering all stakeholder feedback, it will be subject to a vote of the responsible Committee.

Certification for hydrogen

Finally, the proposal extends the certification framework and the associated database used for certifying and enabling the tracing of liquid and gaseous transport fuels to all renewable fuels, including renewable hydrogen.

The proposals on hydrogen in the Renewables Directive need to be considered together with the proposals for renewable and low-carbon hydrogen under the EU ETS, the ETD, the AFID and the FuelEU initiatives on the maritime and aviation sector.

As low carbon hydrogen is not a renewable fuel, its certification will be addressed in the hydrogen and gas decarbonisation package that will be put forward by the end of the year.