

## Plenary round-up – November I 2022

The highlight of the November I 2022 plenary session was the debate on the conclusions of the European Council meeting of 20-21 October 2022, during which European Union leaders discussed the latest developments in Russia's military campaign against Ukraine, Europe's energy crisis, and external relations – with China in particular.

Members also debated Commission statements on the outcome of the modernisation of the Energy Charter, the EU response to the increasing crack-down on protests in Iran, and on the recent communication on ensuring the availability and affordability of fertilisers. Parliament adopted several legislative proposals, including on digital finance, cybersecurity and distortive foreign subsidies.

### Digital finance

In a joint debate on digital finance, Members discussed provisional agreements on two complementary files on information and communications technologies (ICT) in finance. Aimed at harmonising ICT resilience in EU financial institutions, Members first debated the proposed [digital operational resilience act \(DORA\)](#). Given the likely consequences of operational disruption in the financial sector, common key requirements across the EU could well assist Member States to increase resilience to cyber-attacks more effectively than if each EU country sets out separate rules. Members then considered the proposal to amend existing directives on the [regulation and supervision of the financial system](#). Part of the digital finance package, this new legislation should also reduce the risk of cyber-incidents across financial markets, whilst still encouraging innovation and competition. Parliament adopted both texts, which need now to be formally adopted by the Council to come into force.

### REPowerEU in recovery and resilience plans

Members debated and adopted a joint report by Parliament's Committees on Budgets (BUDG) and on Economic and Monetary Affairs (ECON) on extending the use of the Recovery and Resilience Facility (RRF) as the main funding tool for the [REPowerEU](#) chapters in EU countries' recovery and resilience plans. These aim at ending EU dependence on Russian fossil fuels and accelerating investment in clean energy and reforms. The joint report underlined the need to help citizens and businesses facing hardship from high energy prices and the effects of COVID-19. The vote sets Parliament's position for negotiations with the Council.

### Cybersecurity across the Union

Members debated and adopted a provisional agreement reached with the Council expanding the laws dealing with attacks on critical infrastructure and cybercrime, under an updated [Network and Information Security Directive](#) (NIS2). To protect critical sectors such as energy, transport, water, health, digital infrastructure and finance, all of which require a high level of protection, more entities and sectors will be obliged to take security measures. The increased scope should help strengthen European cybersecurity in the long term, including by establishing a cyber-crisis liaison network. Parliament has ensured that the directive will apply to central and regional public administrations. Once formally adopted by the Council, EU Member States will have 21 months to transpose the measures into national law.

### Corporate Sustainability

Companies can play their part in protecting the environment and human rights as well as ensuring social responsibility and diversity on company boards. The proposed [corporate sustainability directive](#) amends and broadens the rules on sustainability reporting for companies, banks and insurance companies. Members debated and adopted a joint text negotiated with the Council by Parliament's Committee on Legal Affairs, which aims to balance requirements for all companies (with at least 250 employees and a turnover of €40 million), to adhere to common standards in their impact on the environment, human rights,



social standards and work ethics, with lighter reporting required of small and medium-sized enterprises (SMEs).

### Distortive foreign subsidies

Foreign state financing can provide companies with an unfair financial advantage over their EU competitors. Members debated and adopted a provisional agreement on a proposed regulation to tackle such [distortive foreign subsidies](#). Aimed at ensuring fair competition between all companies operating in the single market, the proposal suggests a threshold above which companies must notify the Commission about subsidies they receive from abroad, especially during mergers and acquisitions – seeking a balance between positive outcomes and market distortion. Parliament's Committee on International Trade (INTA) has ensured that additional measures strengthen the notification thresholds, with other support taken into consideration, specific channels for informing the Commission and for verification, shorter deadlines, and transparency of assessment.

### Full application of the Schengen *acquis* in Croatia

Under the Schengen agreement, citizens enjoy free movement between countries, without controls at internal borders. However, Croatia, along with Bulgaria, Cyprus and Romania – all part of the Schengen Agreement – continue to be subject to internal border controls while awaiting the agreement of the other Member States to become full participants in Schengen. Croatia has now been assessed as meeting all the necessary conditions for [full application of the Schengen rules](#), meaning an end to internal border controls with the country, a decision backed by Parliament's Committee on Civil Liberties, Justice and Home Affairs (LIBE). Parliament debated and adopted its opinion, and it is now for the Council to decide on Croatia's status.

### Opening of trilogue negotiations

Three committee decisions to enter into interinstitutional negotiations were [announced](#): from the Transport and Tourism (TRAN) Committee on the proposal for a directive on the inclusion of improved stability requirements and its alignment with stability requirements defined by the International Maritime Organization; and on the proposal for a directive on the framework for the deployment of intelligent transport systems in the field of road transport and for interfaces with other modes of transport; and from the Civil Liberties, Justice and Home Affairs (LIBE) Committee, on the proposal for a regulation on digital information exchange in terrorism cases.

This 'at a glance' note is intended to review some of the highlights of the plenary part-session, and notably to follow up on key dossiers identified by EPRS. It does not aim to be exhaustive. For more detailed information on specific files, please see other EPRS products, notably our 'EU legislation in progress' briefings, and the plenary [minutes](#).