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**'I/A' ITEM NOTE**

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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937 ( <b>first reading</b> ) - Adoption of the legislative act = Statements

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**Statement by Latvia**

Latvia welcomes the main objective of the Regulation to lay down rules prohibiting economic operators from placing and making available on the Union market or exporting from the Union market products made with forced labour with a view to improving the functioning of the internal market, while contributing to the fight against forced labour.

At the same time, in Latvia's view, due to certain elements within the Regulation, a significant administrative burden is still placed on the shoulders of the Member States' competent authorities without a detailed analysis of the practical implementation of the Regulation. In Latvia's opinion, for the implementation and enforcement of the Regulation, it is necessary to choose such solutions that essentially reduce the administrative burden and costs, while simultaneously allowing to effectively achieve the main objective of the Regulation.

Latvia prefers a solution where the Commission makes all decisions, thus promoting legal certainty and a unified approach within the Regulation. By choosing this solution, the administrative burden imposed on the Member State competent authorities and the consumption of resources will be related only to sending the necessary information.

The timeline provided for in Article 5(3), during which Member States inform the Commission and other Member States about the designated competent authorities and their areas of competence is disproportionately short. It will be necessary to develop a new regulatory framework within it, as well as to choose a competent authority or to create a new institution for the implementation of the Regulation. Therefore, a 24-month timeline for the designation of the competent authority with 18-months for the publication of the guidelines would have better fit the purpose.

Provision in Article 10 that stipulates that the competent authorities shall designate contact points to provide information and assistance to SMEs has no clear added value and combined with the provision for the Member States to ensure that the Union Network Against Forced Labour Products has the necessary resources to carry out tasks assigned to it, including sufficient budgetary resources, it will impose significant additional administrative burden and costs for the Member states.

We regret that the interconnection between the ICSMS (Information and Communication System for Market Surveillance) and the EU Single Window Environment for Customs shall be established at the latest within 4 years from the date of adoption of the implementing act (Article 7(5)). In Latvia's view, this interconnection should be established simultaneously with the application of the Regulation and not after it, otherwise the tasks assigned to the customs services should be attached at the time of creation of an interconnection or an appropriate transition solution should be provided.

We also express regret that within the framework of the Regulation, the allocation of the investigations based on the existence of the Union's interests was not preserved, as this solution contributed to a wider involvement of the Commission in the implementation of the Regulation.

With that Latvia abstains from the vote on the adoption of the Regulation.

## **Statement by Hungary**

Magyarország elismeri és előmozdítja a férfiak és nők közötti egyenlőséget Magyarország Alaptörvényével és az Európai Unió elsődleges jogával, elveivel és értékeivel, valamint a nemzetközi jogból eredő kötelezettségvállalásokkal és elvekkel összhangban. A nők és férfiak közötti egyenlőséget az Európai Unió alapszerződése alapvető értéként rögzítik. Ezekkel és a nemzeti jogszabályokkal összhangban Magyarország a nemek közötti egyenlőséget úgy értelmezi, hogy a nők és férfiak számára egyenlő esélyeket és lehetőségeket biztosít. Ezekkel és nemzeti jogszabályaival összhangban Magyarország a "gender" fogalmát a "nemre" való utalásként, a "nemek szerint bontott adatok" fogalmát pedig a "biológiai nem alapján történő adatgyűjtésként" értelmezi a kényszermunkával előállított termékek uniós piacon való forgalmazásának tilalmáról szóló európai parlamenti és tanácsi rendeletre irányuló javaslatban, mivel Magyarországon az adatgyűjtés csak a biológiai nem alapján lehetséges.

## **Statement by the Commission**

The European Commission notes that the final agreement reached by the co-legislators on the Regulation on prohibiting products made with forced labour on the Union market has evolved significantly in terms of the staff and resources required for its implementation by the Commission, compared to the legislative financial statement which accompanied the original proposal (COM(2022) 453 final of 14.09.2022), which was based on a decentralised model of implementation combined with support for implementation at EU level.

The Commission recalls that, for the current MFF, the Commission is operating under the principle of stable staffing imposed by the budgetary authority, and – given the wide array of additional tasks that have been conferred upon the Union since the beginning of the MFF - it is already under severe constraints, making it difficult to cover even the existing tasks' needs. There is no margin to finance additional officials or external staff. Therefore, any additional tasks conferred by the co-legislators upon the Commission shall be accompanied by corresponding resource reinforcements ensuring their effective implementation.

In light of the above, the additional Commission human resources required by the final agreement endorsed by the co-legislators will not allow the Commission to respect the principle of stable staffing.

This will require additional establishment plan posts and corresponding appropriations, to be authorised by the European Parliament and the Council during the annual budget procedure along with the related budgetary appropriations.

Furthermore, the Commission will also propose, in the framework of the annual budgetary procedure, the creation of additional budget lines under the Single Market Programme, the Customs Programme or both, financed from the Programme's available appropriations, in so far as allowed under the respective legal bases, as identified in the updated Legislative Financial Statement provided by the Commission, which will also be used to finance the Commission's implementation of the Regulation beyond the limit of the principle of stable staffing. These new budget lines will cover the cost of contractual agents and other administrative expenditures of the Commission in implementing the Regulation, to be authorised by the European Parliament and the Council during the annual budget procedure.

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