

# IBEC EUROPE AGENDA

APRIL 2013

*Driving Europe's Recovery*

## Promoting trade is the path to growth and jobs

Despite progress by the EU on economic governance, sustainable and strong growth continues to be elusive. Trade and investment are the lifeblood of any dynamic economy and we desperately need more action in these areas to match the ambition of European business.

Growing trade both within the EU and exports from the EU will open up opportunities for business and investment flows, delivering growth, jobs and prosperity to European citizens without additional public expenditure.

The EU and US have announced they hope to start negotiations on a transatlantic trade and investment deal this summer. April saw European trade ministers and EU and US business leaders gather in Dublin for talks aimed at supporting this process. If the negotiations ultimately succeed, they will constitute the largest and most important bilateral trade deal ever negotiated.

A US and EU free trade accord could assist both economies and boost global

trade too. Studies indicate that such a deal would be worth billions to the EU. It is an opportunity that cannot be ignored.

Ahead of formal talks, trade ministers need to keep two vital objectives in mind. First, they need to address the issue of remaining uncompetitive tariffs on transatlantic trade. Second, they need to look at broadening transatlantic trade by reducing the burden of regulation between the EU and US. Regulatory recognition rather than duplication could divert more resources towards much needed investment on both sides of the Atlantic.

Over the last 20 years, a large part of the EU single market's success has been its ability to break down cross-border regulation barriers in Europe. The internal market must be completed and strengthened with smarter regulation not more red tape. This approach can make us more competitive. We must use the EU as a launch pad to break down those remaining barriers to trade with the US and beyond, to Asia and elsewhere.

Negotiations aren't going to be easy, but it is in everyone's interests to get a major trade deal agreed. With a combined population of 800 million people, almost half the world's gross domestic product and a third of world trade, the rewards will be well worth the effort.



**Erik O'Donovan**  
Head of IBEC Europe



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**IBEC Contributors** Erik O'Donovan, Aoife Doyle, Valerie Mertens, Ciara Finlay, Heidi Loughheed, Aoife Keane, Ailbhe Durkin and Oonagh Grace.



# IBEC's EU Policy Committee visits Brussels

IBEC's EU Policy Committee recently visited Brussels to meet with a number of high-level EU policy stakeholders. The committee, composed of members from across the IBEC membership, monitors significant European policy developments and the implications for Irish business.

The purpose of the trip was to highlight that Ireland is open for business and to revisit the business priorities for the Irish Presidency of the Council of the EU. The focus was on the role of business in Ireland's continuing recovery and the importance of effective EU policies that promote trade, technology and skills in order to achieve growth and jobs. The committee also received information and perspectives from the European Council, the Irish Permanent Representation to the EU, the European Commission, the European Parliament and BUSINESSEUROPE on EU policy processes and developments of interest to Irish business.

Notwithstanding IBEC's physical presence in Brussels, the visit underlined the need for members to engage with EU stakeholders on a regular basis. Europe is currently undergoing a process of structural reform and integration and the implications and opportunities presented by this process must be understood by business and acted upon. With the European Parliament elections approaching in 2014, business must continue to promote its messages on building a more effective and competitive EU that provides growth and jobs for its citizens.

The intelligence gathered from the Brussels visit was discussed at the IBEC EU Policy Committee meeting in Dublin on 23 April. The committee will use this information to develop a work programme that makes the most of our ongoing relationship with the EU.

A report on the meeting is available to IBEC members on request, email: [ibeceurope@ibec.ie](mailto:ibeceurope@ibec.ie).



**Pictured (l to r):** Barbara Wynne, Accenture; Caitlin Cosgrove, Zurich Insurance; Barry O'Brien, IBM; Catherine Day, Secretary General, European Commission; Mark Ryan, IBEC EU Policy Committee Chairman (Accenture); Susan Shannon, Shell; Aoife Doyle and Erik O'Donovan, IBEC Europe.

## European Parliament rejects ETS backloading proposal

The European Parliament voted to reject the European Commission's proposal to backload allowances under the EU Emissions Trading Scheme (ETS) on 16 April.

Had the proposal gone through it would have meant a freeze in the auction of some emission allowances in an effort to increase the depressed market price of carbon.

The College of Commissioners, which includes all 27 European Commissioners, under the leadership of President Barroso must now decide whether to respect the outcome of the Parliament's vote and deem the proposal as rejected or pursue the dossier, whereby the political focus will be on the Parliament once again.

The proposal will be referred back to the Parliament's Environment Committee (ENVI) for further examination. If the political will is there to progress the dossier Mr Matthias Groote, the rapporteur with ENVI, has announced his intention to debate it in ENVI again in an effort to secure a compromise. Only then will he propose a second reading. The President of the European Parliament, Martin Schulz, also has a pivotal role to play: the decision of whether or not to put this divisive proposal back on the agenda for a further first reading.





# EU-US Business Roundtable on Trade

The EU-US Business Roundtable, organised by IBEC with its partners in BUSINESSEUROPE and the US Chamber of Commerce, took place on 18 April 2013 in Dublin Castle. Over 90 business leaders from the US, Europe and Ireland participated in this important exchange of views with key EU and US political representatives. The meeting was addressed by the US Ambassador to the EU, William Kennard, European Commissioner for Trade, Karl de Gucht, Adviser to the President of the United States on International Economic Affairs, Michael Froman, and was jointly chaired by Julie O'Neill, Vice-President of BUSINESSEUROPE and Tom Donohue, President and Chairman of US Chamber of Commerce.

Last February, European Council President, Herman Van Rompuy, EU Commission President Barroso and US

President Obama announced that the EU and US would initiate procedures to launch negotiations on a Transatlantic Trade and Investment Partnership (TTIP). This followed the [recommendation](#) of the High Level Working Group on Growth and jobs proposing a comprehensive agreement that addresses a broad range of bilateral trade and investment issues, including market access, regulatory /non-tariff barriers, and shared global trade challenges. The report estimated that an agreement would lead to a 0.5% GDP increase on both sides of the Atlantic. Given the current economic challenges, such an achievement would be a welcome boost to both economies.

The event comes at the start of what we hope will be a successful but challenging journey towards a new TTIP. It aligned with the Informal meeting of EU Trade Ministers, organised by the Irish

Presidency of the EU Council, which discussed the EU draft mandate. Before formal negotiations begin, the Roundtable was an important opportunity for those with a capacity to shape the future to debate the priorities of the business community.

Ireland is a good place for this discussion due to the integrated nature of business with deeply established EU-US relationships in areas like pharmaceuticals, information technology, food, construction and services. The business community understands the issues that need to be addressed and is vital in ensuring any agreement succeeds in generating economic growth and jobs on both sides of the Atlantic.

For opinions on the need for a TTIP by European business leaders follow the hyperlink [here](#) and views by US business leaders [here](#).



**Pictured (l to r):** Pat Ivory, Head of International Relations and Trade, IBEC; William Kennard, US Ambassador to the EU; Tom Donohue, President and CEO, US Chamber of Commerce; Julie O'Neill, Vice-President of BUSINESSEUROPE; Adrian Van den Hoven, Deputy DG BUSINESSEUROPE; Michael Froman, Adviser to the President of the United States on International Economic Affairs and Danny McCoy, CEO IBEC.



**Pictured (l to r):** Julie O'Neill, Vice-President of BUSINESSEUROPE; An Tanaiste, Eamon Gilmore TD; and Danny McCoy, CEO IBEC



**Pictured (l to r):** Danny McCoy, CEO IBEC; Julie O'Neill, Vice-President of BUSINESSEUROPE; and Vital Moreira, MEP Chair of European Parliament International Trade Committee.



# Midterm report on Irish Presidency

The Irish Presidency of the Council of the EU has recently released [a midterm review](#) of its first three months in charge. It includes a breakdown of the results of negotiations and meetings hosted during this period.

Some highlights for Ireland include agreement on the Unified Patent Court, furthering negotiations on CAP, progress on a number of elements within the EU's Multiannual Financial Framework (MFF), the EU's overall budget post 2014 and focus on policies aimed at encouraging economic growth and jobs. Much progress has been made, but there is still further work to be done during the second half of the Presidency.

IBEC has produced its own [midterm review](#) of the Irish Presidency from a business perspective detailing where further work is to be done. These include ensuring that the MFF negotiations are concluded by the

end of the Irish Presidency, further progress on CAP reform, agreement on the Capital Requirements Directive (CRD IV), furthering priorities laid out in the digital agenda and ensuring that proposed data protection regulations are compatible with smart business practice. Getting a European mandate for an EU-US free trade agreement is another big priority and following a positive meeting of trade ministers in Dublin on 18 April, the Irish Presidency remains confident of succeeding on this. IBEC encourages the Irish Presidency to further promote competitiveness and better functioning of the EU internal market to encourage business and economic recovery across Europe.

## ECOFIN informal meeting

At an informal meeting of the Economic and Financial affairs Council (ECOFIN) in Dublin Castle on 12 and 13 of April, EU finance ministers made progress on a number of issues. These included the growth and jobs agenda, loan maturities for programme countries, and provisions for banking union in Europe.

Irish Minister for Finance Michael Noonan welcomed the extension of loan maturities for Ireland and Portugal, with finance ministers agreeing that both countries would be given another seven years to pay back their EFSF

and ESM loans. On banking union, they moved forward with plans for a Single Supervisory Mechanism (SSM) for better regulation and monitoring of the EU's banking system.

On the second day of meetings, the primary focus was on how to finance economic growth in the EU and promoting growth in the EU and the eurozone.

IBEC welcomes the progress made and supports measures which encourage stability within the eurozone and contribute to economic recovery.

## European Parliament votes on bank capital requirements

MEP's have voted in favour of Commission proposals on banking reform.

The proposals include a regulation of bankers bonuses, capital requirement buffers for banks, increased transparency in the banking sector and the encouragement of diversity on the management boards of banks.

The Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) aim to equip banks with the tools to manage and contain future crises by increasing supervisory practices across Member States and the setting aside of banking capital to avoid future crises.

The legislation contains two instruments governing capital requirements for investment firms and credit institutions including banks. The main difference regarding the CRR and CRD is that the CRR applies directly in every Member State, implementing a single set of rules for the European Union. The CRD on the other hand will be implemented by Member States and national governments whom are free to decide their own rules regarding banker's bonuses, corporate governance and capital buffers.

Now that the Parliament has backed proposals, the Council of Ministers expects to formally approve them in the coming months on time for the final text to be published in the official journal of the EU on 20 June. If this timetable remains on track, the [new rules](#) may enter in to force from 1 January 2014.





# EU energy and environment ministers meet in Dublin

The Irish Presidency hosted an informal two-day meeting of European energy and environment ministers in Dublin Castle, attended by Environment Commissioner, Janez Potoznik.



**Pictured (l to r):**

Darran Brennan and Morgan Baker, IBEC Environment Executives; Giuseppe Montesano, Vice-chair of BUSINESSEUROPE's Industrial Affairs Committee and Neil Walker, IBEC Head of Energy and Environment Policy.

Ministers focused on the growth and jobs potential of Europe's transition towards a low-carbon, climate resilient and resource efficient economy.

Energy Ministers focused on developing an efficient single market for green products and services and examined the European Commission's recent 'Communication on Building the Single Market for Green Products in a Resource Efficient Europe', aimed at helping European consumers make green consumer choices.

Environment Ministers discussed the Commission's '[Communication on the 2015 International Climate Change](#)' and examined ways to engage stakeholders to ensure an international agreement is reached by the 2015 deadline.

Finally, environment and energy ministers discussed the EU Green Paper - '[A 2030 Framework for Climate and Energy](#)

[Policies](#)', which opened the debate on a future energy and climate policy framework up to the year 2030. They agreed on the importance of ensuring the necessary innovation and investment to guarantee an early and cost-effective transition to a competitive, low-carbon and energy secure EU economy in 2050.

Giuseppe Montesano, Head of European Regulation, Environmental and Regulatory Scenarios at Enel SpA and Vice-chairman of BUSINESSEUROPE's Industrial Affairs Committee attended the meeting. IBEC's Energy and Environment Policy Unit arranged the invitation to the meeting from the Irish Minister for the Environment Phil Hogan TD. Mr Montesano briefed IBEC on the discussions that took place. A brief summary of the meeting's conclusions can be found [here](#).

## Debate on proposed gender quotas in publicly listed companies

Julie O'Neill, Vice-President of BUSINESSEUROPE and member of the Board of Directors of IBEC, represented the European business community at a recent debate on a draft European Commission proposal to set a minimum quota of 40% of non-executive board members to be women by 2020 for all publicly listed companies, and by 2018 for state bodies.

The debate entitled "A Case for EU Competitiveness – Quotas in the Boardroom" took place in the European Parliament. Vice-President of the Commission, Viviane Reding, several MEPs and business representatives from across Europe also took part.

Ms O'Neill argued that, while it is important to increase the proportion of women on executive boards, it is even more important to address the root problem of representation throughout companies at all levels. She added that diversity is key to bringing innovation, creativity and good governance to the business environment as is achieving the correct balance of skills, experience and talent when it comes to the make-up of boards. This is why companies should remain free to appoint those who they deem most suited to the role. She believes that the voluntary approach is the way to achieve this.

Currently, 11 Member States, excluding Ireland, have introduced legal instruments to promote gender equality on company boards.



## Agreement on the Accounting Directive

The Irish Presidency has secured agreement on the Accounting Directive, which proposes provisions aimed at reducing red tape for SMEs across Europe.

A key part of the proposed Directive includes measures to simplify accounting rules for SMEs and promote greater transparency in financial transactions. Some of the suggestions in the proposed Directive include reducing reporting requirements for SMEs and exempting them from reporting requirements and from preparing consolidated financial statements for small groups.

The Irish Presidency of the EU prioritised many key areas of Single Market Act (SMA) legislation as part of its Presidency programme to promote economic growth and jobs across the EU. This proposal is the final part of the SMA 1 to be concluded. While

IBEC supports measures to reduce administrative burden for SMEs, it would like to see a balanced approach with fair legislation regarding transparency rules in the area of financial payments.

Following a series of trialogue discussions between the Council of ministers, the Parliament and the Commission, the Irish Presidency managed to broker an agreement between the Member States and the Parliament on 9 April. The European Parliament is expected to endorse this when they vote during the June plenary session. Once the Parliament endorses it and it has been translated into the various official languages of the EU, the Directive will be published in the official journal, which should happen sometime in July or August provided there are no last minute delays. The Directive enters into force 20 days after its publication in the official journal.

## Modernisation of the EU's trade defence instruments

The European Commission has suggested measures to modernise the EU's trade defence instruments and to tackle unfair competition from other trading regions. It includes proposals to examine the efficiency of the EU's anti-dumping and anti-subsidy instruments and look at how the EU can better address unfair trading practices by foreign importers.

In its legislative proposal, the Commission outlines a number of key areas where it would like to see further protection for European industry, which include alerting business to provisional anti-dumping and anti-subsidy measures before they are imposed, initiating investigations of its own where European industry is affected and strongly discouraging trading partners from imposing higher duties on EU imports.

According to EU Trade Commissioner Karel De Gucht, the idea is to better equip EU businesses to tackle unfair trade practices abroad without having a negative impact on EU consumers or companies that rely on imports. IBEC supports any measures that ensure equity and that Europe remains competitive in the global trading system. This proposal is yet to be examined by the Council of the European Union and the European Parliament and is not likely to become legislation before 2014.

## IBEC meets with Turkish Business Association

IBEC met with the Turkish business association TÜSIAD in Dublin on 25 March. Danny McCoy, IBEC CEO, welcomed TÜSIAD, Muharrem Yilmaz who led a delegation of board members and experts to meet with Irish representatives from the political sphere and the business community.



**Pictured (l to r):**  
Mr Muharrem Yilmaz, TÜSIAD  
and  
Mr Danny McCoy,  
CEO IBEC.



Karel De Gucht, EU Trade Commissioner



# Publication of equine testing results

The European Commission has published the results of an EU-wide testing programme for horsemeat DNA in beef products and phenylbutazone (bute) in horse carcasses, conducted in the wake of the horsemeat scandal.

The results have revealed that less than 5% of the tested products contained horse DNA, and approximately 0.5% of the equine carcasses tested were found to be contaminated by bute.

The Food Safety Authority of Ireland (FSAI) originally discovered the contamination of beef products, which, following further investigation turned out to be a pan-European problem. This led the European Commission to launch a coordinated testing programme to ascertain the levels of unlabelled horsemeat in beef products and the presence of bute in horse carcasses in all Member States.

Of the 840 tests carried out across the EU to identify the possible presence of bute in horse carcasses, only one returned positive, which is currently under investigation. All 50 tests done in Ireland returned negative.

The results have led Commissioner Tonio Borg to the conclusion that the issue is one of food fraud, and not of food safety. He added that it is now essential to restore the trust and confidence of European consumers and trading partners in our food chain given that the food sector is the single largest economic sector in the EU.

The EU Standing Committee on the Food Chain and Animal Health met with Member State experts on 19 April to discuss whether the EU co-ordinated monitoring plan on controls to investigate fraudulent practices should be further extended. The Commission soon expects to publish proposals to review the EU food-chain legislative framework, to strengthen existing controls and also to provide a legal basis to impose financial sanctions on those who engage in such food labelling fraud.



## European Parliament Update April

### Strasbourg Plenary Session 15-18 April

The European Parliament debated a number of key issues during the April plenary session in Strasbourg such as banking reform, caps on bankers' bonuses, clarification regarding the Cypriot reform programme, Croatian accession to the EU and a plenary vote on the EU's Emissions Trading Scheme (ETS). Irish President Michael D Higgins also addressed the European Parliament as part of the programme of the Irish Presidency of the Council of the European Union.

### Banking reform and the eurozone crisis

MEPs questioned ECB President Mario Draghi and EU Commissioner for Economic and Financial Affairs Olli Rehn on issues relating to banking reform, crisis management within the eurozone and sought further clarification regarding the handling of the Cypriot rescue package and the details surrounding the rescue programme. On Tuesday 16 April MEPs voted in favour of capping bankers' bonuses to curb speculative risk-taking, step up capital provisions to help banks cope better with crises and increase supervision of European banks.

### President Michael D Higgins makes formal address to MEPs

President Michael D Higgins in his formal address to the European Parliament outlined a number of key areas in which the Irish Presidency of the EU has been working to reach agreement including warning about the danger of losing credibility as a union when making decisions during an economic crisis and called for new economic models to ensure Europe can successfully overcome the crisis. Mr Higgins also called for further action to be taken regarding youth unemployment across Europe.





## OPINION

# A role for EU business in closing the skills gap



Mark Ryan, Country Managing Director, Accenture Ireland and Chairman of the IBEC EU Policy Committee

The skills crisis facing Europe in relation to the availability of employees with Science, Technology, and Engineering and Maths (STEM) qualifications has been well documented. The eurozone faces two challenges and a paradox: a high average unemployment rate of around 12 % (Eurostat, January 2013 figures) and digital jobs growing by more than 100,000 annually, according to a recent [announcement](#) from the European Commission.

Only last month Commission President, José Manuel Barroso, announced a €1 million investment in a Grand Coalition for Digital Jobs, essentially calling on governments, businesses and education bodies across Europe to pledge their support in plugging the burgeoning ICT skills gap.

But responsibility for this problem does not lie solely at the foot of the policy maker's door or the education sector for that matter. Private sector employers across Europe have a major role to play in solving the skills problem by considering their role as developers of talent - not just consumers of it. In research undertaken

by Accenture, [Closing the Skills Gap in Ireland](#), one third of Irish employers believe that they - and not Government or Third Level - have primary responsibility for developing their employees' skills.

Yet, in separate research carried out by Accenture for the European Business Summit in 2012, [Turning the Tide: How Europe can Rebuild Skills and Generate Growth](#), it was found that 86 % of European employers had cut or frozen spending on skills and training in the previous 12 months despite a continued concern over skills shortages.

Businesses need to be more strategic by placing greater emphasis on growing and developing existing staff as part of a broader approach to "talent flow" within their organisations - in turn freeing up positions for those seeking employment. That means aligning talent management strategies with business objectives, not only based on current needs, but what is required in the future.

*The eurozone faces two challenges and a paradox: a high average unemployment rate of around 12 % (Eurostat, January 2013 figures) and digital jobs growing by more than 100,000 annually, according to a recent announcement from the European Commission.*

## Expected Commission Proposals

### 8 May

- Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (Commissioners Barnier and Borg)
- EU Citizenship Report 2013: Progress towards eliminating obstacles to EU citizens' rights (Commissioner Reding)
- Report on progress towards an effective EU Citizenship 2011-2013 (Commissioner Reding)

### 15 May

- Shadow banking package: Follow up to the Green Paper on Shadow Banking and Proposal for a European Framework for Money Market Funds (Commissioner Barnier)

### 29 May

- Country-specific recommendations under the European semester (President Barroso)

### 5 June

- Guidelines on national regional aid for the period 2014-2020 (Commissioner Almunia)





## Notes for diary

### IBEC and Presidency related events:

#### [SET-Plan Conference](#)

Date: 7-8 May  
Location: Dublin

#### [IBEC/CBI Energy Conference](#)

Date: 10 May  
Location: Belfast

#### [European Business Summit](#)

Date: 15 - 16 May  
Location: Brussels

#### [European Company Law and Corporate Governance Conference](#)

Date: 16 - 17 May 2013  
Location: Dublin

#### **IBEC hosting BUSINESSEUROPE Council of Presidents**

Date: 13 - 14 June  
Location: Dublin

#### [Digital Agenda Assembly 2013](#)

Date: 19-20 June

### Formal Council meetings:

#### **COREPER I**

Date: 2, 8, 15, 22, 23, 29, 31 May 2013  
Location: Brussels

#### **COREPER II**

Date: 2, 8, 15, 21, 24, 29, 31 May 2013  
Location: Brussels

#### **Meeting of Chairpersons of Environment & Energy Committees**

Date: 12 - 13 May 2013  
Location: Dublin

#### **EUROGROUP Meeting**

Date: 13 May 2013  
Location: Brussels

#### **Agriculture and Fisheries Council**

Date: 13 - 14 May 2013  
Location: Brussels

#### **Meeting of Economic and Financial Affairs Council**

Date: 14 May 2013  
Location: Brussels

#### **European Parliament Plenary**

Date: 20 - 23 May 2013  
Location: European Parliament Strasbourg

#### **Meeting of General Affairs Council**

Date: 21 May 2013  
Location: Brussels

#### **European Council**

Date: 22 May 2013  
Location: Brussels

#### **Special Committee on Agriculture**

Date: 26 - 28 May 2013  
Location: Dublin

#### **Meeting of Foreign Affairs Council and Development**

Date: 27 - 28 May 2013  
Location: Brussels

#### **Meeting of Competitiveness Council**

Date: 29 - 30 May 2013  
Location: Brussels

### Informal Council Meetings:

#### **Informal Meeting of the Competitiveness Council**

Date: 2 - 3 May 2013  
Location: Dublin

#### **Informal Meeting of Ministers for Agriculture**

Date: 26 - 28 May 2013  
Location: Dublin

#### **Informal Meeting of the Financial Services Committee**

Date: 30 - 31 May 2013  
Location: Dublin

#### **IBEC Europe**

Ave de Cortenbergh 89, 1000 Brussels  
Telephone: +32 2 512 33 33  
Email: [ibecurope@ibec.ie](mailto:ibecurope@ibec.ie)

IBEC Europe Agenda is published monthly by the Irish Business and Employer's Confederation (IBEC) during the Irish Presidency of the Council of the European Union.

Please visit [www.ibec.ie/eupresidency](http://www.ibec.ie/eupresidency) for further business perspectives on the Irish EU Presidency

## BUSINESSEUROPE



The Irish Business and Employer's Confederation is a member of BUSINESSEUROPE, which is the main horizontal business organisation at EU level.

For more information on EU Presidency events or to subscribe to the newsletter visit: [www.ibec.ie/eupresidency](http://www.ibec.ie/eupresidency)

See also the Irish Government's website: [www.eu2013.ie](http://www.eu2013.ie)