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## A year of change beckons

The Irish dramatist George Bernard Shaw observed that "progress is impossible without change, and those who cannot change their minds cannot change anything". Ireland and the EU have made progress in restoring their economic fortunes. However, to put this progress on a long-term footing the European Union will need change.

Ireland exited the EU/IMF bailout programme at the end of 2013, the first of four eurozone countries to do so. This progress is a testament to the resolute efforts of government, citizens, and businesses to rebuild Ireland's international reputation and restore our economic fortunes. Ireland will need to maintain this momentum. Ireland will still be subject to post-bailout surveillance by European institutions, and a participant in the ongoing cycle of EU economic policy monitoring and co-ordination across member states, as part of the European semester.

Ireland remains an open and globalised economy, sustaining and developing Ireland's economic progress post-bailout, will be closely related to progress by the European economy on the global stage. Economic recovery in the EU is fragile and divergent across Member States. Europe continues to face the challenges of high youth unemployment, and public debt. Externally, Europe faces increasing competition for resources and new markets. These challenges highlight the need for reform, to create a more outward looking and effective Europe.

Several of the outcomes of Ireland's EU Presidency, from early 2013, are expected to contribute to creating an environment in which business can create jobs and support growth. Highlights include: the ongoing negotiations on a Transatlantic Trade and Investment

Partnership (TTIP); and the roll-out of the EU's €70 billion Horizon 2020 research and investment programme. This six month effort must also be judged as part of a broader on-going EU policy agenda. European Parliament elections in May will mean change and the impact will be seen by business over the next five years. The business community in Ireland needs to be proactively engaged in this process.

Ibec's vision is one of constructive engagement between Irish, European and international partners to promote the interests and extend the reach of Irish business over the next five years.

In order to create jobs and prosperity policy makers must promote trade, investment, and innovation in a Europe that can compete on the world stage. Ireland needs to engage with its international partners and leverage the positive momentum from the Irish EU Presidency and bailout exit to promote a resurgent Europe.



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



## Greek EU Presidency update

On 1 January, Greece took over the Presidency of the Council of the European Union. The Greek presidency was preceded by the Lithuanian Presidency, and Irish Presidency. The trio system promotes a more coherent approach to planning the Council's work over 18 months rather than just focusing on the six months of each Presidency.

Greece has built its programme around three priorities:

- Enhancing civic and society engagement in the EU by focusing on areas of economic recovery, employment, cohesion, the free movement of EU citizens and European security.
- Deepening the Union by striving for concrete progress on the banking union and improving initial problems in the Euro area by preserving the integrity of the common currency and ensuring fiscal stability.
- Reinforcing EU democracy through legitimacy and accountability, drawing on solidarity links among Member States and in expanding civil rights.

It hopes to achieve these overarching priorities by dividing its work across four fields of action: Growth-Jobs-Cohesion; Further integration of EU-Eurozone; Migration-Borders-Mobility; and Sea Policies.

Presenting its business priorities, the Hellenic Federation of Enterprises (SEV) would like the Greek Presidency to build on the achievements of the Irish and Lithuanian Presidencies. The last European Parliament plenary session will be on 17 April, it will be a challenge to get an agreement on the final elements of the banking union. Otherwise it is unlikely to reach completion for another year.

Lithuania has been praised for its Presidency, which it held for the first time since joining the EU in 2004. Their focus was on the key issues of industrial competitiveness; completion of the EU Single Market and the Internal Energy Market. Following the initial political agreement reached under the Irish Presidency on the Multiannual Financial Framework (MFF) for 2014-2020, it oversaw the finalisation of the Regulation implementing the MFF from 1 January 2014. To mark the end the Presidency, the Lithuanian Confederation of Industrialists (LPK) hosted the BUSINESSEUROPE Council of Presidents (COPRES). The meeting of business representative leaders, took place in Vilnius in December and the delegation met with the President of Lithuania, Dalia Grybauskaitė.

## Annual Growth Survey 2014

Presenting its Annual Growth Survey (AGS) 2014, in October, the European Commission has noted that there are signs of an economic recovery in the EU, now the biggest challenge is to sustain it.

The AGS examines the economic and social situation across the EU, and defines broad policy priorities for the coming year. It is the first step in the European Semester process, the EU system of economic coordination and supervision of national policies.

The recovery is expected to continue, and become more robust in 2014, with inflation to remaining stable. The Commission suggests keeping a balanced growth and jobs strategy, it wants the Member States to focus on five priorities in 2014:

- Pursuing differentiated, growth-friendly fiscal consolidation;
- Restoring lending to the economy;
- Promoting growth and competitiveness for today and tomorrow;
- Tackling unemployment and the social consequences of the crisis;
- Modernising public administration.

It expects some risk due to a lack of confidence in the banking sector along with concerns over the high levels of sovereign debt. Challenges to growth include the legacy of the crisis, lowering public and private debt, fragmentation of financial systems and credit markets, sectoral restructuring and adjustment and high levels of unemployment.

The Council of Ministers and Parliament will discuss the AGS, which will be endorsed by Heads of State and Government at the European Council, March 2014. The AGS feeds into the national economic and budgetary decisions, which the Member States will define in Stability and Convergence Programmes and National Reform Programmes in April. Based on these, the Commission will propose its country-specific recommendations in May 2014, which should be endorsed by the European Council in June. Having exited the "programme", Ireland will be part of the European Semester process for the first time this year.

The Commission has also published its Alert Mechanism Report, which starts the yearly cycle of the Macroeconomic Imbalance Procedure (MIP). The MIP is an EU surveillance and enforcement mechanism, set up in December 2011 as part of the so-called "Six-Pack" legislation, which reinforced economic governance in the EU and the euro area.

## European Commission work programme 2014

Growth and jobs remain central to the Commission's priorities in the 2014 work programme. There is a particular focus on combatting youth unemployment and facilitating access to finance for SMEs. Work will continue to complete the banking union, reinforcing economic governance and exploring further deepening of the Economic and Monetary Union. Another key area is trade, specifically the Transatlantic Trade and Investment Partnership with the US. It will also focus on ensuring the successful roll-out of the new Multiannual Financial Framework for 2014-2020.

On 22 October, the European Commission presented its work programme for 2014. It contains concrete actions emanating from President Barroso's 'State of the Union' speech, which he delivered to the European Parliament in September.

The Commission Work Programme 2014 includes a list of priority items for adoption by the Parliament and Council of Ministers. There are a limited number of new initiatives, and proposals following from the Regulatory Fitness and Performance Programme adopted on 2 October, proposals to be withdrawn, and legislation that becomes applicable in 2014.

Business urges the Commission to ensure that a number of key initiatives are completed before the end of its current mandate in October 2014. These include, the green paper on long term financing of the EU economy, and research and innovation as new sources of growth. It should complete the Single Resolution Mechanism and the framework for bank recovery and resolution albeit with changes to the proposals.

Fundamental changes need to be made to a number of proposed initiatives, including, the posting of workers, data protection, public procurement, and the 2030 framework for climate and energy policies. Improvements could also be made to proposals including MIFID, the industrial policy package, state aid modernisation and the state of implementation of the internal energy market as well as the Action Plan to implement the internal energy market at retail level.



Pictured at an Ibec-European Commission meeting, Dublin on January 23 (L-R) Neil O'Carroll, MD, Phillips 66 Whitegate Refinery Limited, Catherine Day, Secretary General, European Commission, Anne O'Leary, CEO Vodafone Ireland and Damien Clancy, MD, Aughinish Alumina.

## ECOFIN update

In December, EU finance ministers reached an agreement on the Single Resolution Mechanism (SRM) at the Economic and Financial Affairs Council (ECOFIN). The purpose of the SRM is to assist banks in financial difficulty, with minimal costs to taxpayers and the real economy. This mechanism is seen as a major step in completing the banking union and would enter into force on 1 January 2015. The SRM would complement the Single Supervisory Mechanism (SSM), which would see the European Central Bank (ECB) directly supervise banks within the eurozone and in non-eurozone Member States if they decide to join.

In order for the SRM to operate effectively there are two elements that still need to be finalised. The first element is a Single Resolution Fund to finance troubled banks. EU finance ministers are working to find an agreement

by 1 March 2014. They also discussed a fiscal backstop designed to make temporary cash available during the initial build-up phase of the SRF. Securing the availability of temporary cash for the fund is critical if the SRM is going to work. The second element is the draft Regulation on a Single Resolution Board, which will make decisions on resolution schemes for troubled banks. EU finance ministers agreed the board will determine the application of the tools needed and how to use the fund.

Ibec welcomes the progress made and supports measures to encourage stability within the eurozone and contribute to European economic recovery. The next step would see the Council of Ministers reach a final agreement on the SRM with the European Parliament.

## Competitiveness Council update

Ministers for European Affairs, as well as ministers of Industry and Research focused on economic growth and jobs when they met in December. They agreed on the final elements of the Regulation implementing the EU's Multiannual Financial Framework (MFF) for 2014-2020. This ends two and a half years of negotiations to allow vital access to new EU funding programmes from 1 January 2014.

Discussing the European Semester 2014, the EU system for economic policy coordination, ministers agreed on a number of issues in the areas of industrial policy, smart regulation and the Single Market.

On industrial policy, they made specific recommendations on issues affecting industrial competitiveness. These include improvements in innovation, measures to facilitate access to finance and improving market conditions. On smart regulation, they agreed that EU regulation must be transparent, simple, and at the lowest cost to boost competitiveness and job creation. On Single Market policy, they agreed that three specific areas are vital to creating a better functioning Single Market. These include: market governance; unlocking the full potential of the services sector; and

promoting the transition to electronic procurement. This will feed into future European Council discussions on the European Semester.

Ministers also made progress on the new generation of public private partnerships (PPPs) to implement elements of 'Innovation Union'. The Innovation Union aims to help turn new ideas into products and services that will bring about economic growth and jobs in the EU. Five PPP's will be set up or further developed around the bio-industries, aeronautics, electronics, hydrogen and innovative medicines. Additionally, they agreed on a draft Directive for electronic invoicing for public procurement to set an e-invoicing standard to reduce market access barriers and facilitate cross-border public procurement.

The Greek Presidency competitiveness work programme seeks to finalise the remaining initiatives of the Single Market Act. Particular attention will be paid to industrial policy coordination and access to finance for SME's. Business welcomes the ambitious programme stressing the importance of increasing growth in industry and services.

## Horizon 2020 update

On 11 December 2013, the European Commission launched the first calls for proposals under Horizon 2020, its new framework programme for research and innovation funding (2014-2020). The overall budget of €79 means significant opportunities for Irish-based companies of all sizes to access grants to support R&D across a wide range of sectors, in particular health, ICT, environment, marine and energy.

For the first time, the Commission has outlined funding priorities over the next two years. The 2014-15 calls include €500 million over two years dedicated to innovative small and medium-sized enterprises (SMEs) through a brand new SME Instrument.

The budget for 2014 amounts to €7.8 billion and addresses the three key pillars of Horizon 2020:

1. Excellent Science including funding for the European Research Centre, Marie Curie Actions, vital infrastructures and future and emerging technologies (2014 Budget is approximately €3 billion);

2. Industrial Leadership is the truly innovative element of the programme as it contains specific supports for SMEs and for enabling industrial technologies such as nanotechnologies, biotechnologies and ICT. (2014 Budget is €1.8 billion);
3. Societal challenges will ensure that research is directed at areas of most concern to citizens and business such as health, climate, food, security, transport and energy (2014 Budget is €2.8 billion).

Horizon 2020 is the largest EU R&D funding programme yet, with a 30% increase on the previous initiative. Ireland needs to take full advantage of the opportunities that this programme presents. We welcome the ambitious national target for securing funding of €1.25 billion from this programme. We must encourage companies to engage, particularly SMEs.

Ibec had called on Government to reach an agreement on Horizon 2020 as a key pillar of the Irish Presidency. In particular, the need for a reduction in the administrative burden on participants was highlighted as it will boost participation by Irish industry and academia.

## Energy and climate update

The European Commission published its much anticipated climate and energy policy proposals for 2020-2030. The proposal places an emphasis on the desire to balance the decarbonisation agenda with policies to stimulate growth and facilitate job creation.

The communication suggests a reduction in greenhouse gas (GHG) emissions by 40% below the 1990 levels, and a binding renewable energy target of 27% at the EU-level. It also calls for a new governance system for the coordination national energy policies as well as a new set of indicators to safeguard a competitive and secure energy system.

The package reaffirms that GHG emissions reduction as central to the EU's energy and climate framework as a binding 40% reduction should in itself increase the share of renewable energy and energy savings. The binding renewable energy target of 27% at the EU level, however, sees a shift from the current structure of binding national obligations. Decision on the level of ambition on energy efficiency objectives is deferred until the review of the Energy Efficiency Directive is complete this year.

The communication was accompanied by a legislative proposal to reform the Emissions Trading Scheme (ETS) by introducing a market stability reserve to address credit surplus. The package also contains an analysis of drivers of energy prices and costs in the EU. This notes that while energy prices have risen in nearly every Member State since 2008, this is mainly due to rising taxes and levies, as well as higher network costs. A recommendation with common principles for the exploration and production of shale gas in Europe was also included in the package.

While it is an important step in the defining the 2030 agenda, it is only the beginning of a lengthy legislative process. It will be discussed by European Heads of State at the Spring Summit on 20-21 March. Ibec will discuss the proposal with Minister for Communications, Energy and Natural Resources, Pat Rabbitte TD, when he meets with the Ibec Energy Policy Committee, on 19 February.



# Transatlantic Trade and Investment Partnership

EU and US negotiators held a third round of talks on a planned Transatlantic Trade and Investment Partnership (TTIP) in Washington D.C. between 16 and 20 December 2013. Negotiators made progress on the three core parts of the TTIP including market access, regulatory aspects and rules.

With regards to market access the EU reiterated its commitment to: cutting customs tariffs on imported goods; allowing firms from either side to bid for government procurement contracts; and opening up services markets and making it easier to invest.

Negotiators also discussed regulations which protect people from risks to their health, safety, environment, financial and data security. Studies suggest up to 80% of the gains from any future EU-US trade deal would come from improvements in this area.

EU and US negotiators now expect to start work on the wording of provisions designed to make it easier to comply with each other's existing rules, and to enable regulators to work together more closely in future when

drafting new rules. Such provisions would include rules on food safety and animal and plant health. They would also cover technical regulations and product standards, and testing and certification procedures - so-called technical barriers to trade (TBTs).

The third area which negotiators discussed was trade-related rules such as measures to ensure free and fair competition between firms; access to energy and raw materials; the protection of people's rights at work, and the environment; and less red tape when importing or exporting (trade facilitation) – for example, easier access to information on customs regulations, and simpler customs procedures.

Negotiators now expect to start discussing the wording of proposals by March 2014. The EU hopes such rules will deliver real and improved benefits for small- and medium-sized enterprises (SMEs) in particular, and envisages a specific chapter in the agreement focusing on SMEs.

## Posting of workers update

Ministers for labour and social affairs reached a compromise agreement on the proposed posting of workers enforcement Directive, on 9 December. This means that the Council of Ministers and the European Parliament can start negotiations to try to finalise the draft directive before the European elections in May.

Having initially failed to agree on a number of proposed compromises with Member States sticking to their respective positions, ministers came to an overall agreement which, if accepted by the Parliament, means that:

- Article 9 would provide a non-exhaustive list of administrative requirements and control measures that host Member States could impose. However, all measures would have to be justified and proportionate and notified to the Commission. Service providers would have to be informed about them through a single national website.
- Article 12 would give Member States some flexibility. They would have to put in place a joint and several liability system in subcontracting in the construction

sector or establish other “appropriate enforcement measures” which would mean sanctions could be imposed on the contractor should workers rights be abused. Moreover, in the case of joint and several liability, Member States could deem that a contractor that has taken due diligence obligations, as defined by national law, would not be liable.

While proper enforcement of the obligations in terms of posted workers is essential, placing the burden of enforcing workers' rights onto client companies through 'joint and several liability' is a fundamental policy shift for many Member States and rewards errant employers.

The fact that national governments have the option to use other appropriate measures to fight abuse is positive. Maintaining this kind of flexibility is particularly important for SMEs. Business will continue to promote proper implementation of rights linked to the free movement of workers without creating undue administrative burdens for companies.

## Disclosure of non-financial information

The European Commission has presented its plans for companies to report on non-financial information. If its proposals are endorsed by the European Parliament and Council of Ministers, companies with over 500 employees will have to provide certain non-financial information in their annual reports. The idea is to increase transparency and ensure EU companies maintain a high standard on environmental and social matters.

There are two parts to this proposal. Firstly, companies concerned would have to provide information on policies, the business impact on the environment, social and employee-related matters, respect for human rights and anti-corruption. Secondly, listed companies would have to provide a diversity report which would include a description of the administrative, management and supervisory bodies, detailing the gender, geographical diversity, educational and professional background.

Ibec supports parts of the Commission's proposal including the 'safe harbour clause' to allow information to be omitted where it might put pressure on companies that have difficulty describing existing policies, results and related risks. Ibec fully supports diversity reporting if it encourages diversity across all organisations. However, if the objective solely relies on increasing the level of transparency, companies could see the directive as additional red tape.

This could lead to a generic approach that has little impact on their commercial business strategy. Therefore, Ibec would be wary, companies should be allowed to decide the best format for providing relevant non-disclosure information publically, like annexed in the annual report or separately in a dedicated report. Ibec also believes that any initiatives on country-by-country reporting should not be in this proposal.

The first trialogue meeting, between the Council of Ministers, representing the Member States, the Parliament and the Commission took place on 21 January 2014. Following these discussions, the Greek Presidency has proposed some changes to the Council text of 18 December. It is expected that these changes will be discussed at two further trialogue meetings. The Council of ministers company law working group held a technical meeting and it will be on the agenda as an information point at the Competitiveness Council on 20-21 February.

Coreper, made up of the heads of each of the Member States' Permanent Representations to the EU, aims to agree on a final mandate by mid-March, in time for the Parliament plenary vote on 10 March. Ibec have recently sent a submission to the government on the topic and we will continue to monitor the on going developments closely.

## Ibec environment awards



Ibec has announced the winners of its national environment awards scheme. The awards are the Irish stage of the broader 2014 European Business Awards for the Environment (<http://www.ebae.eu>), run by the European Commission which the winners will go on to compete in. The EU competition will be held in November 2014 during eco-innovation week. Pictured at the awards presentation (L-R): Martin Cooney, Arthur Cox; Declan Crosse, Wood Energy Solutions; Danny McCoy, Ibec CEO; Charlie Coakley, Dawn Meats; Minister for the Environment, Community and Local Government, Phil Hogan TD; and Louis Collins, Astellas)

## Social dimension of EMU

The Economic and Monetary Union (EMU) aims to restore confidence and competitiveness in the EU while increasing EMU member's capacity to cope with economic shocks. In October 2013, the European Commission presented a number of ideas for creating a social dimension under the EMU. The Commission recommends three major elements in this proposal: reinforced surveillance of employment and social challenges as part of its 'European Semester' process; enhanced solidarity and action on employment and labour mobility; and strengthened social dialogue.

On the surveillance of employment and social challenges, Ibec supports the scoreboard of macro-economic indicators, because it is an important tool to show the competitiveness of economies, for instance, the trade balance and unit labour costs. The introduction of an early warning system, such as an EU surveillance and enforcement mechanism, called the macro-economic imbalance procedure (MIP), is also necessary to prevent unwanted economic and fiscal developments at an early stage. However, the Commission's proposal to add employment and social indicators to MIP could create overlapping of instruments which would result in confusion and hamper proper monitoring. These should remain as part of the employment and social scoreboard.

On enhanced solidarity mechanisms. Ibec welcomes the introduction of contractual agreements, like the Convergence and Competitiveness Instrument. However, there must be a balance between solidarity

and responsibility. It must not result in an increase in the tax burden which risks hindering growth. Reform must continue alongside financial support. For example, the business community would not be in favor of EMU level unemployment insurance. To be effective, unemployment insurance must be shaped at national level in the light of the overall economic and social safety nets in which they are embedded. Otherwise, it could create unemployment traps and become unsustainable.

European social dialogue has proven that it can provide solutions such as setting out the actions on youth unemployment framework. Ibec believes both employers and trade unions can together find forward-looking solutions, if the solutions put forward are both reliable and responsible. The declaration on social partner involvement in economic governance should be taken into account in EU institutional discussions on the social dimension.

Heads of State and Government did not make much progress on the social dimension of EMU at the EU October Council. If social dialogue fails to deliver and bring about the necessary reforms, politicians and governments will need to act. Head of Education, Social and Innovation Policy, Tony Donohue, presented Ibec's position to the Oireachtas Joint Committee on EU Affairs on 26 November. Ibec will continue to monitor the on-going institutional discussions and progress closely.

## Pharmaceutical Ireland visit to Brussels

On 26 November 2013, Pharmaceutical Ireland (PCI) held its second successive 'Brussels' day. The first trip, held the previous November, had helped to illustrate the importance of sectoral involvement at a much earlier stage in the legislative process in Europe. Delegates included site leaders from Bristol Meyers Squibb, Eli Lilly, Janssen, Helsinn Birex, Allergan and Arran Chemicals.

PCI met key officials from the Irish Permanent Representatives office, including Ambassador Tom Hanney, and his colleagues dealing with enterprise and trade and health issues. They also met the European Federation of Pharmaceutical Industries and Associations. They met key officials from the Commission from DG Enterprise, DG Health and Consumers, DG Environment and finally DG Research and Innovation.

Topics covered included, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) – specifically authorisation and intermediates; quality, safety and efficacy of medicinal products; Horizon 2020 and Sustainability Process Industry through Resource and Energy Efficiency (SPIRE); and the importance of long term policy initiatives.

The visit was a great success and PCI plans to make another trip February 2015 – allowing sufficient time for the new Parliament and Commission to get established.



## What Britain's EU vote means for Irish business

In November, Ibec CEO Danny McCoy addressed Irish business leaders and policy makers on what Britain's planned referendum on EU membership means for Ireland and, in particular, Irish business.

He noted that the planned British referendum could radically alter the political and economic relationship we currently enjoy with our nearest neighbour and our EU partners. While the outcome is out of our hands, and the possible permutations hard to predict, we must ensure Irish interests are protected, whatever the result.

How do we do this? By collaborating and competing. We need to work with the UK, and like-minded partners in Europe, to ensure that efforts to reform the EU are successful. At the same time, we need to compete aggressively to ensure that the UK does not steal a march to Ireland's disadvantage.

To support growth and job creation, Europe needs a much more ambitious programme of reform and investment. We need to agree new trade deals with the US and Japan and create a single European digital market for the products and services of the future. And we need to make it easier for companies to succeed, by reducing the burden of regulation and by only introducing new laws after robust impact assessment.

A strong, forward-looking and competitive EU, with the UK as a core member, is of course desirable, but not inevitable. We need an each way bet, so Irish interests are secure if the UK remains in the EU, or if a new, negotiated UK-EU relationship is forged. With so many variables outside of our immediate control, we need to focus on those elements that we do have charge of.

The UK is fast becoming a more attractive European investment location. Ireland must match and outperform the UK in its efforts to attract investment, and do so without delay. We need to improve our tax offering if we are to attract the next wave of investment; we need to make it more attractive to start up a new business and we need to cut our personal income taxes to attract and retain the best talent.

Mr McCoy concluded that the UK-EU debate and its drive for investment must be a wake-up call. We want a strong EU, with a strong UK as a member, but if EU relations are to be recast, now is the time to make sure that Ireland doesn't lose out.

## Financial Services Ireland (FSI) visit Brussels



Financial Services Ireland (FSI) met with representatives from the Irish Permanent Representation to the EU, Irish MEPs and other EU stakeholders in Brussels on 22 January. Pictured (L-R): Aoife Doyle, Ibec Europe, Aisling McNiffe FSI, Mairead McGuinness MEP, Brendan Bruen, Director of FSI

## BUSINESSEUROPE day: Industry matters

BUSINESSEUROPE has published its policy recommendations for a comprehensive EU industrial strategy that will make European industry more competitive in an ever tougher global environment. The document entitled, Industry Matters, was launched at the organisation's flagship conference in Brussels, on January 28, 2014. BUSINESSEUROPE recommend: strengthening competitiveness in EU energy and climate policy, opening foreign markets and harnessing the

Single Market; promoting innovation; expanding trans-European infrastructure; improving access to finance for business; making labour market reforms; and making educations and skills fit for industry. John Kennedy, President of Ibec and President of Western Europe at Diageo plc, attended the BUSINESSEUROPE and participated in a panel discussion on the importance of getting EU trade policy right for business.



Pictured at the BUSINESSEUROPE Day panel debate on the 28 January (L-R) John Kennedy, President of the Ibec and President of Western Europe at Diageo plc, José Vicente González, President and Director General of GH Electrotermia and GH Group, Pierre Alain de Smedt, President of VBO/FEB and President of Deceuninck SA and Peter Chase, Vice President, US Chambers of Commerce.

# European Parliament recap

## January 2014

### External aspects of public procurement

The European Parliament has approved a Commission proposed Regulation on external aspects of public procurement. MEPs made a number of amendments to the proposal aimed at helping the EU increase its leverage in international negotiations in the field of public procurement as well as level the playing field in the international procurement markets. The Parliament is now ready to start negotiations with the Council of Ministers to try to reach agreement before the European parliament elections in May.

### Tool to help EU firms compete for public contracts in third countries

The Parliament has given its support to a Commission proposed tool to help EU firms compete for public contracts in third countries. The tool would allow EU countries to prevent non-EU firms from bidding for public procurement contracts worth €5 million or more unless their home countries reciprocate by allowing EU firms to do likewise. However, it could only be used with Commission approval, whose aim is to remedy market access imbalances between the EU and its trading partners. The tool could be used only for big public contracts and those in which goods or services originating outside the EU make up more than 50% of the total value of the goods or services involved. It would apply to countries that do not currently have an international agreement covering public procurement with the EU but exclude least-developed countries.

### Food fraud

In a non-legislative resolution, the Parliament has called for increased checks and revised labelling regulation of the food production chain. This is as a result of recent food fraud cases including the sale of horse meat as beef. MEPs have suggested a wider use of DNA tests to eliminate species fraud, a more thorough inspections of frozen foodstuffs, and a draft law to make labelling mandatory for meat and fish. To improve traceability, it would require labels state the country of origin.

### Plastic waste

MEPs agreed in a non-binding resolution that the most hazardous plastics and certain plastic bags should be banned by 2020. It says the EU should also introduce binding targets on plastic waste recycling. The Commission has been asked to put together a

green paper on plastic waste management. A review of the directive on packaging waste has been called for to evaluate its effectiveness. The Commission has been asked to deliver proposals, by 2014, to phase out the landfilling of recyclable and recoverable waste by 2020 and discourage the incineration of this waste. The resolution also notes that plastic waste should not be used for energy recovery unless all other possibilities have been exhausted.

### Smart tachographs: new rules on devices for recording driving and rest times

The Parliament has given its final seal of approval to specifications for a new generation of digital tachographs, which monitor driver and vehicle information. It had been informally agreed by the Parliament and Council of Ministers negotiators in May. The idea is that "smart" tachographs will result in better enforcement of driving and resting times, make fraud more difficult, enhance road safety and reduce controls for businesses.

### Food safety: genetically modified maize

MEPs have urged the Commission not to allow the genetically modified maize crop Pioneer 1507 on the EU market. MEPs have called on the Council of Ministers to reject the proposed authorisation, and urge the Commission not to propose or renew authorisations of any GMO variety until risk assessment methods have been improved.

## December

### Climate change

The European Parliament has approved plans to freeze the auctioning of a portion of CO2 permits to boost their price and encourage firms to invest in low-carbon solutions. This was after the Commission proposed measures to enable it to "backload" – or delay - the timing of a portion of the credits to be auctioned. This would limit the supply of credits ensuring that they retain value.

### **MEPs call for changes in Parliament and EU leaders' relations**

MEPs want the European Council - EU heads of state and government - to clarify how it intends to manage the process of choosing a new Commission President, before the start of the European Parliament election campaign. The EU treaties, under Article 17(7) of the Treaty on European Union, give the Parliament and the European Council joint responsibility for electing the President of the European Commission. Additionally, the Parliament want the President of the European Council to address the whole Parliament at plenary sessions both before and after European Council meetings. Currently, unlike the President of the Commission, the President of the European Council is not accountable to Parliament and cannot be summoned for a debate. The Parliament also favours the Parliament President participating in the European Council meetings.

## **November**

### **MEPS vote in favour of Horizon 2020**

MEPs gave their support to Horizon 2020, the EU's €70.2 billion framework programme for research and innovation in 2014-2020, in November. The Parliament made some changes to the proposal aimed at improving support for small firms, attract more people into science, attract qualified scientists, and earmark funding for non-fossil energy research. The Member States subsequently gave their support, and the programme started on 1 January.

### **European Social Fund - an EU tool to improve employability**

MEPs voted in favour of the overall common provisions of the European Social Fund (ESF) Regulation including the regulations on the European Regional Development Fund and the Cohesion Fund. At least €3 billion in ESF funding is earmarked for the Youth Employment Initiative. The minimum ESF's share of cohesion policy funding is 23.1%.

### **MEPs final vote for a greener and fairer CAP**

In November, the Parliament endorsed agriculture ministers agreement on five pieces of legislation aimed at reforming EU farm policy. The idea of the Common Agricultural Policy (CAP) after 2013 is to put more emphasis on environmental protection, ensure fairer distribution of EU funds and help farmers to cope better with market challenges. This is the first time reform of agriculture policy has been decided jointly by ministers and MEPs.

## **Forthcoming Commission proposals**

### **12 February**

- Communication on Internet Policy and Governance - Making the best of the Internet (Commissioner Kroes)

### **19 February**

- Review of the Community Guidelines on financing of airports and Start-up aid to airlines departing from regional airports (Commissioner Almunia)

### **5 March**

- Communication A new European Agenda for Home Affairs (Commissioner Malmstrom)
- Communication on the future EU Justice policy (Vice President Reding)

### **19 March**

- Regulation amending the Community Code on visas (Visa Code) and evaluation report on the implementation of the Visa Code (Commissioner Malmstrom)
- Proposal for a Regulation establishing a specific visa for stays of up to 360 days in the Schengen area (Commissioner Malmstrom)

## Current Commission consultations

Open consultation	Policy area/DG	Closing date of consultation
VAT – Review of existing VAT legislation on public bodies and tax exemptions in the public interest	Taxation	14 February 2014
The Notice on the notion of State aid	Competition	14 March 2014
The draft Union Framework for State aid for Research, Development and Innovation	Competition	17 February 2014
Draft Guidelines on environmental and energy State aid for 2014-2020	Competition	12 February 2014
A draft General Block Exemption Regulation (the GBER) on state aid measures	Competition	14 February 2014
A “European Area of Skills and Qualifications”	Education	15 April 2014
The establishment of the “Pilot common project” supporting the implementation of the European Air Traffic Management Master Plan	Transport	14 February 2014
Regulatory and administrative framework on tourism businesses, public administrations, and other tourism stakeholders in the EU	Enterprise	15 March 2014
Information provided to consumers about characteristics of furniture products	Enterprise	4 march 2014
Certification for waste treatment facilities	Enterprise	17 March 2014
Towards implementing European Public Sector Accounting Standards (EPSAS) for EU Member States	Economic and Financial Affairs	17 February 2014

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Europe Agenda is published quarterly by Ibec.

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