

WEEK IN BRUSSELS

Week ending Friday 17 February

EU new car registrations down 7.1% in January 2012

Figures published by ACEA, the European Automobile Manufacturers' Association, show that demand for new cars in the EU dropped by 7.1% to 968,769 units in January 2012, compared to the same month in 2011. Registrations varied per market with France and Italy recording a double-digit downturn, -20.7% and -16.9% respectively, while Spain posted 2.5% growth. The German (-0.4%) and British (-0.0%) markets remained stable. The biggest contraction was noted in Portugal (-47.4%) and the largest increase in Romania (+86.4%). (Source: ACEA)
http://www.acea.be/index.php/news/news_detail/passenger_cars_registrations_down_7.1_in_first_month_of_2012



EU's draft energy efficiency directive debated by Ministers

The EU's draft energy efficiency directive, set to underpin the bloc's efforts to cut 20% of its energy consumption by the end of the decade, is being debated for the first time at ministerial level in Brussels, with talks focusing on giving the legislation more flexibility. A majority of EU countries refuse a binding energy savings target, but will accept binding "measures" as long as their implementation is "flexible". Martin Lidegaard, the Danish Minister for Climate, Energy and Building who will be chairing the ministerial talks in Brussels, stated: "There are no suggestions in the Council that we'll make the target

binding". Claude Turmes, a Green MEP from Luxembourg, stated that he intends to push for both binding targets and binding measures, and will look at ways of introducing specific instruments to finance energy efficiency. However, in order to achieve this aim, Turmes will require support from all political groups. The next EU presidency, Cyprus, has stated no intention of making the directive a priority which may postpone negotiations until the Irish presidency in 2013, and therefore a fast-track procedure aimed at reaching an agreement during the current Danish presidency of the EU, which ends on 1 July, will be sought. (Source: EurActiv)

<http://www.euractiv.com/energy-efficiency/parliament-watches-ministers-debate-eu-energy-savings-bill-news-510762>

EU commissioner calls for strengthened trade relations with China

European Commissioner for Trade, Karel De Gucht, has underlined the importance of open markets to further develop the second-largest economic partnership in the world between the EU and China, on his official visit to Hong Kong on 16 February. The Commissioner stated that changes that have already taken place in China's economy must not be underrated. He also stressed that some European companies feel that "economic openness in China is improving too slowly or not at all". Underlining that the door of free trade has to be open both ways, the Trade Commissioner added that he intends to propose a new mechanism that should help to tackle imbalances in openness of public procurement markets. (Source: European Commission)

<http://europa.eu/rapid/showInformation.do?pageName=middayExpress>

MEPs backs move to prop up carbon market

MEPs have agreed a compromise text ahead of a vote this month that aims to increase pressure on the

European Commission to remove carbon allowances to prop up prices on the EU Emissions Trading System (ETS), which have recently hit record lows. The announcement helped carbon prices, with the benchmark contract price rising nearly 4% to €8.68 per tonne within hours. The compromise wording does not specify how many carbon allowances might be withheld to tackle a huge surplus in the market. Instead, it calls on the Commission to amend the regulation on auctioning carbon permits and to implement measures, which may include "withholding the necessary amount of allowances".

Negotiators from all political groups supported the compromise agreement, with vote anticipated on 28 February. This move, however, would not guarantee action by the Commission, but would add to pressure for reform that has come from industry as well as politicians and conservationists. In December, a vote for action by the European Parliament's Environment Committee garnered cross-party support, and briefly triggered a near 30% surge in the price of EU allowances. (Source: Europa)

<http://www.euractiv.com/climate-environment/lawmakers-back-move-prop-eu-carbon-market-news-510929>



Ratings agency Moody's downgrades six eurozone countries

US-based ratings agency Moody's has downgraded six eurozone countries, including Spain and Italy. Moody's has also warned that Britain and France may lose their triple-A rating, citing doubts over the bloc's capacity to cope with the debt crisis. Its statement downgraded Italy, Malta, Portugal, Spain, Slovakia and Slovenia by one notch. It also updated its outlook on Austria, France and the UK - all triple-A rated by Moody's - to "negative", reflecting their "susceptibility to the growing financial and macroeconomic risks

emanating from the euro area crisis". The announcement is the first time since the financial crisis began that the UK and the Bank of England's triple-A grade has been put in doubt. Following the announcement, Chancellor of the Exchequer, George Osborne, stated: "This is proof that, in the current global situation, Britain cannot waver from dealing with its debts". The French government also said it will press ahead with planned austerity measures, with Moody's warning following one month after another US-based agency, Standard & Poor's cut France's triple-A rating. EU leaders recently pulled forward the creation of a permanent eurozone bail-out fund, the European Stability Mechanism, and agreed a new treaty on fiscal discipline. Moody's said there is still "uncertainty over the euro area's prospects for institutional reform of its fiscal and economic framework and the resources that will be made available to deal with the crisis". (Source: EUObserver)

<http://euobserver.com/19/115246>

Week ahead

European Commission

Thursday 23 February

Interim Economic Forecast – DG Economic and Monetary Affairs

Council of Ministers

20-21 February

Competitiveness Council

Ministers are expected to discuss:

- The Europe 2020 strategy
- Horizon 2020

European Parliament (Constituency week)

No relevant activity