

WEEK IN BRUSSELS

Week ending Friday 12 April

EU and Japan officially launch FTA negotiations

The EU and Japan have officially launched negotiations for a Free Trade Agreement (FTA). The aim is for a comprehensive agreement in goods, services and investment eliminating tariffs, non-tariff barriers and covering other trade-related issues, such as public procurement, regulatory issues, competition, and sustainable development. The first round of negotiations will be held in Brussels from 15-19 April 2013. Japan is the EU's 7th largest trading partner globally and the EU's 2nd biggest trading partner in Asia after China. Conversely, the European Union is Japan's 3rd largest trading partner, after China and the United States. Together the European Union and Japan account for more than one third of world GDP. An agreement between the two regions is expected to boost Europe's economy by 0.6 to 0.8% of its GDP with the Commission estimating it will result in growth and the creation of 400.000 jobs. It is expected that EU exports to Japan could increase by 32.7%, while Japanese exports to the EU would increase by 23.5%. The negotiations with Japan will address a number of EU concerns, including non-tariff barriers and the further opening of the Japanese public procurement market. Both sides aim at concluding an agreement covering the progressive and reciprocal liberalisation of trade in goods, services and investment, as well as rules on trade-related issues. The negotiations will be based on the outcome of a joint scoping exercise, which the EU and Japan completed in May 2012. In the context of this exercise, both parties demonstrated their willingness and capacity to commit to an ambitious trade liberalisation agenda. The Commission has also agreed with Japan on specific 'roadmaps' for the removal, in the context of the negotiations, of non-tariff barriers as well as on the opening up of public procurement for Japan's railways and urban transport market. Given the importance that the elimination of non-tariff barriers has for achieving a level playing field for European businesses on the Japanese market, the negotiating directives adopted by the Council foresee a parallelism between the elimination of EU duties and of non-tariff barriers in Japan. They also authorise the suspension of the negotiations after one year, if Japan does not live up

to its commitments on removing non-tariff barriers. To protect sensitive European sectors, there is a safeguard clause. Commenting on the launch of negotiations, Ivan Hodac, President of ACEA, European Automobile Manufacturers' Association, stated: "We are strongly in favour of FTAs that are balanced and that provide real opportunities for export. However we still have some reservations about an FTA with Japan. We question its potential to create sufficient opportunities for European exporters to counterbalance the greater access to the EU which Japanese manufacturers will gain as a result of tariff reductions". (Source: European Commission & ACEA) http://europa.eu/rapid/press-release_MEMO-13-283_en.htm
http://www.acea.be/index.php/news/news_detail/press_release_eu_japan_industry_calls_elimination_ntbs

Council and Parliament reach agreement on EMF directive

The Council and the European Parliament, with the help of the Commission, have successfully concluded their negotiations on a new directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from electromagnetic fields (EMF). The member states' Permanent Representatives have also endorsed the compromise reached, thus paving the way for the adoption of the draft directive at first reading. In order to enter into force, the text still needs to be formally approved by the Parliament, whose vote in plenary is expected to take place in June, and by the Council, which is due to take its decision shortly after the vote in Parliament, so that the adoption can be completed before the summer break. The new draft directive takes account of new scientific studies in order to review exposure limitations, in particular in the low frequency range, so as to avoid the difficulties encountered with the implementation of the 2004 directive, while ensuring a high level of worker protection. The text also addresses the problems encountered by introducing derogations from the exposure limitations for MRI and, in duly justified circumstances, upon authorisation by the member state and provided that limits are only temporarily exceeded, for specific industry sectors or activities. In

both cases, however, protection against adverse health effects and safety risks must be ensured. Long-term effects of exposure are not covered by the directive as there is currently no conclusive evidence of a causal relationship. However, the Commission will monitor scientific developments and, if need be, consider appropriate means to address such effects. Member states will have to enact the directive in their national law three years after the directive's entry into force. However, if Parliament approves the text by the end of June 2013, the deadline will be 1 July 2016. (Source: Council of the European Union)

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lssa/136706.pdf

EU commercial vehicle registrations down 13.3 % in February 2013

Figures published by ACEA, the European Automobile Manufacturers' Association, show that demand for new commercial vehicles in February was down for the fourteenth consecutive month in the EU. Looking at the major markets, France (-12.3%), Germany (-14.4%), Spain (-19.5%) and Italy (-31.3%) all faced a downturn. The UK, thanks to positive results in the van segment, was the only one to post growth (+4.2%). In total, 109,331 new vehicles were registered in the month. In the first two months of the year, the UK market expanded by 4.9%, while the French (-11.1%), German (-15.0%), Spanish (-17.6%) and Italian (-27.3%) contracted significantly, leading to an overall 11.9% decline and 235,459 new registrations. (Source: ACEA)

http://www.acea.be/index.php/news/news_detail/commercial_vehicle_registrations_-_11.9_over_two_months_-13.3_in_february

European Commission Innovation Union Scoreboard 2013 published

The European Commission has published its Innovation Union Scoreboard 2013, a ranking of EU Member States. The scoreboard shows that innovation performance in the EU has improved year on year in spite of the continuing economic crisis, but the innovation divide between member states is widening. Drivers of innovation growth in the EU include SMEs and the commercialisation of innovations, together with excellent research systems.

However the fall in business and venture capital investment over the years 2008-2012 has negatively influenced innovation performance. The Innovation Union Scoreboard 2013 places Member States into the following four country groups:

- **Innovation leaders:** Sweden, Germany, Denmark and Finland, all show a performance well above that of the EU average.
- **Innovation followers:** Netherlands, Luxembourg, Belgium, the UK, Austria, Ireland, France, Slovenia, Cyprus and Estonia all perform above the EU average.
- **Moderate innovators:** Italy, Spain, Portugal, Czech Republic, Greece, Slovakia, Hungary, Malta and Lithuania perform below the EU average.
- **Modest innovators:** The performance of Poland, Latvia, Romania and Bulgaria is well below that of the EU average.

International comparison of the year's results show that South Korea's lead over the EU is increasing, but since 2008 the EU has been able to close almost half its gap with the US and Japan. The EU still lags considerably behind the global leaders notably in terms of business R&D expenditures, public-private co-publications, and patents, as well as in tertiary education. The EU continues to perform better than Australia, Canada, Brazil, Russia, India, China and South Africa. This lead has been declining with China, remained stable with the other BRICS countries and has been increasing compared to Australia and Canada.

(Source: European Commission)

http://europa.eu/rapid/press-release_IP-13-270_en.htm

Week ahead

European Commission

17 April

- Stakeholder conference on the 2015 international climate agreement

19 April

- Second consultation meeting on options for structural measures to strengthen the EU ETS

European Parliament (Plenary session)

15 April

- Debate on timing of auctions of greenhouse gas allowances and the scheme for greenhouse gas emission allowance trading

18 April

- Annual report on competition policy