WEEK IN BRUSSELS

Week ending Friday 20 April

EU new car registrations down 7.7% in Q1 2012

Figures published by ACEA, the European Automobile Manufacturers' Association, show that in March, demand for new cars in the EU was negative for the sixth consecutive month, with a decline of 7% compared to March last year. While retaining their importance in terms of volumes (1,453,407 new cars), March registrations have not been at this level since 1998. Over the first quarter, the EU market shrank by 7.7%, compared to the same period a year ago, with a total of 3,312,657 new registrations. Results in March were diverse across the EU as Italy (-26.7%), France (-23.2%) and Spain (-4.5%) saw their markets contract whereas the UK (+1.8%) and Germany (+3.4%) performed better than they did in the same month a year earlier. From January to March, contrasting performance across countries led to an overall 7.7% drop. Looking at the major markets, the German (+1.3%) and British (+0.9%) slightly expanded, while the Spanish dropped by 1.9%, and Italy (-21.0%) and France (-21.6%) faced a much sharper downturn. (Source: ACEA) http://www.acea.be/images/uploads/files/20120417_PRPC-FINAL-1203.pdf

European Parliament rejects energy tax plan

MEPs have rejected a European Commission proposal that would force member states to set taxes on fuels according to their energy content and carbon emissions, a scheme that would have ended diesel's tax advantage over petrol. In a vote that saw 374 MEPs in favour, 217 against and 73 abstentions, the Parliament in Strasbourg dismissed the recommendations of its Economic and Monetary Affairs Committee, which had narrowly backed tax neutrality between fuels. The full assembly said only minimum rates should be based on fuel energy content and carbon emissions. In practice, the rule will only rarely apply because tax levels in most EU countries far exceed these minimum rates.

It is understood that the outcome of the vote was influenced by the Socialist group's late decision to reject tax neutrality. This was led by fears of criticism from German voters during the ongoing election campaign in the state of North Rhine-Westphalia. There was widespread concern that the Commission's proposal would have raised diesel prices and unfairly penalised drivers who have invested in diesel cars, which are more fuel-efficient than those running on petrol. EU Tax Commissioner Algridas Šemeta said the proposal did not seek to penalise diesel but to see fuels compete "on the basis of their merits instead of tax advantages", further stating that the impact on diesel prices has been overstated. In another significant change from the Committee's recommendations, the plenary removed a sunset date for an existing provision that allows diesel for commercial use to be taxed at lower rates. It also widened the definition of commercial diesel to that used in goods vehicles rather than those heavier than 7.5 tonnes. However, the vote is unlikely to have a decisive influence on the proposal's survival as the parliament can only offer its opinion on taxation issues. It is member states that have the real say on whether or not it should become law, and so far, negotiations in the Council of Ministers have progressed slowly. (Source: ENDS) http://www.endseurope.com/28633/european-parliament-rejects-energy-tax-plan?referrer=bulletin&DCMP=EMC-ENDS-EUROPE-DAILY

Commission aims to fix EU ETS by year-end

A review of the Emissions Trading System (ETS) has been brought forward a year, offering "a golden opportunity" for a re-examination of the current rules to prop up the depressed carbon market, said Connie Hedegaard, the EU's Climate Action Commissioner. A decision will be made through the EU's comitology process, based on a forthcoming a European Commission analysis of possible policy options, to make sure action is taken swiftly, she explained. The Commission, which had so far been reluctant to comment on whether it would intervene in the carbon market, says recommendations will be made in its first report on the emissions trading scheme (ETS). The report, initially due to be issued in 2013, will include a review of the "auction time profile", which is equivalent to the set-aside of carbon allowances. Other options to be assessed by the Commission include the introduction of a floor price. Environment ministers discussed longer term action to protect the carbon price, with many recognising that the best way to achieve this is to adopt an EU carbon reduction target for 2030. Earlier this month carbon prices plunged to a record low of €6.14 per tonne, a long way below the €30 a tonne price the architects of the cap-and-trade scheme once envisaged. Analysts blame a massive over-supply of credits, uncertainty over the climate investment outlook after 2020, and an economic recession which has prevented a growth in emissions needing to be offset. (Source: EurActiv) http://www.euractiv.com/climate-environment/brussels-sets-ball-rolling-carbon-market-intervention-news-512277

Commission proposes 'Fair play for public procurement'

The European Commission has proposed a new law on public procurement that aims to ensure European companies have the same opportunities to benefit from global markets as their competitors have in Europe. The law aims to redress the imbalance in the current situation, where a company from anywhere in the world can bid for the majority of contracts offered by public authorities around the EU, but a European company can only bid to supply goods or services in certain countries. Public procurement accounts globally for around €1,000 billion per year, and within the EU, around €420 billion was available for contractors in 2010. Some 84% of this was obtainable for companies anywhere in the world – only the utilities and defence sectors place restrictions on the countries that can bid. By contrast in the United States, foreign companies may bid for just 32% of the €556.25 billion available, while the proportion is even lower for Japan at 28%. The restrictions affect sectors in which the EU is very competitive, such as construction, public transport, medical devices, power generation and pharmaceuticals. The Commission is proposing that for contracts worth more than €5 million, contracting authorities may decide to exclude tenderers from non-EU countries when a large share of the goods or services concerned are not covered by international agreements. If an authority wishes to do this, it must inform the European Commission, which will then have two months to decide whether the decision is justified. The assessment will be based on the extent to which the country's procurement processes are open to EU companies. If a country discriminates against European suppliers on a regular basis, the Commission may seek a negotiated solution. If that fails, it may limit access to the EU's markets for companies from that country – with, for example, restrictions targeting a particular sector or by imposing a price penalty on non-EU bids. (Source: European Commission) http://trade.ec.europa.eu/doclib/docs/2012/march/tradoc_149243.pdf

Week ahead

European Commission
25 April – DG Financial Programming and Budget Proposal for the 2012 EU Budget

Council of Ministers
24 April – General Affairs
Ministers are expected to discuss the new MFF

European Parliament
Meeting of Committees – Brussels
TRAN - 23-24 April
- E-call – a new 112 service for citizens – joint TRAN and IMCO Committee meeting

INTA - 25-26 April
- EU-Russia agreement on trade in parts and components of motor vehicles – consideration of draft recommendation
- Exchange of views with Japanese Ambassador
- Recent developments in trade policy – exchange of views