

Commission – Spring 2015 Economic Forecast

The European Commission presented its spring 2015 economic forecast this week stating that economic growth in the EU is benefitting from positive economic tailwinds. According to the forecast, these short-term factors are boosting an otherwise mild cyclical upswing in the EU with Europe's economies benefitting from many supporting factors at once. Oil prices remain relatively low, global growth is steady, the euro has continued to depreciate, and economic policies in the EU are considered supportive. On the monetary side, quantitative easing by the European Central Bank is having a significant impact on financial markets, contributing to lower interest rates and expectations of improving credit conditions. As a result, real GDP in 2015 is now expected to rise by 1.8% in the EU and by 1.5% in the euro area, respectively 0.1 and 0.2 percentage points higher than projected three months ago. For 2016, the Commission forecasts growth of 2.1% in the EU and of 1.9% in the euro area. Domestic demand is the main contributor to GDP growth, with an acceleration of private consumption expected this year and a rebound of investment next year. The Commission is due to update its economic forecast in November.

Country forecast – United Kingdom

Economic growth maintains its healthy pace supported by a fall in oil prices, rising employment, low borrowing costs and household disposable income growth. GDP growth is expected to be driven by domestic demand in 2015 and 2016 with net exports likely to detract from growth. In 2014, GDP grew by 2.8%. In the near term, growth is expected to continue at a similar rate to that in late 2014. Although rises in industrial production have slowed in recent months, signals from the services sector remain positive. Forward expectations of business activity in the major business surveys indicate that momentum will continue in the first half of 2015. Inflation is forecast to fall again in 2015 and is now expected at 0.4% before rising modestly to 1.6% in 2016. The budget deficit continues to fall and debt nears its peak. (Source: European Commission)

http://ec.europa.eu/economy_finance/publications/european_economy/2015/pdf/ee2_en.pdf

Commission – A Digital Single Market for Europe

The European Commission unveiled its Digital Single Market Strategy this week. The Digital Single Market Strategy includes a set of targeted actions to be delivered by the end of 2016 and is built on three pillars which encompass the key themes within this legislation. The aim of the Digital Single Market is to overcome regulatory issues between member states, allowing the EU to function as a single market. The three pillars upon which the strategy is built are:

1. Better access for consumers and businesses to digital goods and services around Europe
2. Creating the right conditions and a level playing field for digital networks and innovative services to flourish
3. Maximising the growth potential of the digital economy

The Digital Single Market Strategy sets out 16 key actions under the three pillars which the Commission will deliver by the end of 2016. Key initiatives for industry include the definition of priorities for standards and interoperability, the development of legal certainty as to the allocation of liability, and numerous proposals relating to data flow and privacy. The Commission has stated that with the backing of the European Parliament and the Council, the Digital Single Market should be completed as soon as possible. The Digital Single Market will be on the agenda of the European Council meeting on 25-26 June. (Source: European Commission)

http://europa.eu/rapid/press-release_IP-15-4919_en.htm



MEPs vote to cap emissions of medium combustion plants

Plans to reduce air pollutant emissions from medium-sized combustion plants across the EU took another step forward after the European Parliament's environment committee voted in favour of bringing in new limits this week. MEPs voted to adapt the scheme to match the plants' thermal input, so as to reduce the administrative burden on small businesses. The maximum emission values, listed in annexes, of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and dust from existing combustion plants would come into force in:

- 2020 for existing combustion plants with a rated thermal input above 15MW,
- 2022 for those with an input between 5 and 15MW, and
- 2027 for those with an input of 5MW or less.

The legislation does not prevent member states from enforcing tougher standards. Stricter values are proposed for areas where air quality standards are not met. (Source: European Parliament)

<http://www.europarl.europa.eu/news/en/news-room/content/20150506IPR51206/html/MEPs-vote-to-cap-emissions-of-medium-combustion-plants>

Proposal for a reformed ISDS

This week, the International Trade Committee (INTA) held a meeting with Cecilia Malmström, Commissioner for Trade, to discuss the Commission's work priorities as well as the Commission's proposals for a reformed Investor-State Dispute Settlement (ISDS). The Commission released a concept paper with proposals for ISDS reform on May 4, and the Commissioner presented this to the European Parliament this week ahead of a meeting with Trade Ministers. The Commission has identified four key priority areas in reforming ISDS:

1. Remove ambiguity about sovereign governments' right to regulate;
2. Move away from ad-hoc cases and towards a traditional courts system. The goal is to have a permanent investment court;
3. There should be a multilateral appeal mechanism as part of the permanent court;
4. Stop companies receiving compensation twice by using a domestic court as well as ISDS.

The Commissioner also briefly touched upon the issue of Market Economy Status (MES) for China, stating that the Commission was currently seeking legal advice on this issue. (Source: CBI)

Council of the EU – Trade Council Results

The Trade Council took place this week in Brussels. The Council discussed progress in negotiations on TTIP, with a focus on investor-state dispute settlement (ISDS). It encouraged the Commission to maintain its efforts towards achieving meaningful progress across all three components of the agreement by the summer of 2015. This will enable the negotiators to prepare the ground for tackling more delicate political issues after the summer. The Council also discussed preparations for the next WTO ministerial conference, to be held in Nairobi in December 2015. EU trade ministers also met their counterparts from Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine for the first Eastern Partnership ministerial meeting on trade. The ministers assessed achievements to date, as well as the opportunities and challenges for developing a successful trade dimension to the partnership. They discussed preparations for an Eastern Partnership summit in Riga on 21-22 May 2015 and an ongoing review of the EU's European neighbourhood policy.



Week ahead

European Commission

Wednesday 13 May

- 16th European Corporate Governance Conference – “Corporate Governance – a tool to increase competitiveness in the digital era”

European Council

Monday 11 May

- Eurogroup – the Council will discuss the economic situation in the euro area – Commission Spring Forecast

European Parliament

Monday 11 May

- AFET – The state of EU-Russia relations