

WEEK IN BRUSSELS

Week ending Friday 14 October

EU roadmap for growth

The European Commission has presented a roadmap outlining a comprehensive response that is hoped will restore confidence in the Euro area and the European Union as a whole. This response is designed to break the vicious circle between doubts over the sustainability of sovereign debt, the stability of the banking system and the EU's growth prospects. Aiming to deliver on the commitments made in President Barroso's State of the Union Address, the Commission outlines five areas of action that are interdependent and need to be implemented together and as quickly as possible. The five areas are: a decisive response to the problems in Greece; enhancing the euro area's backstops against the crisis; a coordinated approach to strengthen Europe's banks; frontloading stability and growth enhancing policies, and building robust and integrated economic governance for the future. Commenting on the announcement President Barroso stated: "This roadmap charts Europe's way out of the economic crisis. Reactive and piecemeal responses to different aspects of the crisis are no longer sufficient. We now need to get ahead of the curve. Confidence can be restored through an immediate deployment of all the elements needed to solve the crisis. Only in this way we will be able to convince our citizens, our global partners and the markets that we have the solutions that measure up to the challenges all economies are facing. We need to reach agreement at the European Council on the 23rd October". (Source: Europa) <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1180&format=HTML&aged=0&language=EN&guiLanguage=en>

Commission develops industrial policy communication

The European Commission has developed a Communication on "Industrial policy: Reinforcing competitiveness", which looks specifically at the industrial competitiveness performance of the Member States. The EU economic recovery has been relatively slow and remains fragile. Moreover, there are clear

downside risks stemming from financial markets, rising energy and raw materials prices, and the need for budgetary consolidation. However, the communication outlines how EU industry is in good shape and has the potential to push the European economy back to growth. The communication encourages Member States to rapidly implement policies to converge to competitive levels coherent with participation in the euro and the Internal Market., as at present there are considerable differences among Member States: the average labour productivity in manufacturing ranges from almost 125% of gross value added per person employed in Ireland to below 20% in Bulgaria. The share of innovating companies varies from 80% in Germany to 25% in Latvia. The business-friendliness of regulation gets highest scores in Finland whereas Italy is in last position. This ambition will require robust and coordinated industrial and SMEs policies from the Member States, and therefore the Commission is prepared to promote and monitor structural improvements to help the European economy get back on the path to growth. (Source: Europa) <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1192&format=HTML&aged=0&language=EN&guiLanguage=en>



Merkel calls for widespread adoption of financial transaction tax

German Chancellor Angela Merkel has called on non-eurozone countries, who want rapid action from Europe to solve its debt crisis, to drop their opposition to a financial transaction tax. A number of G20

countries including Japan and Brazil, favour the creation of such a tax, whilst others like the US, Britain and China reject it. Members of the 27-nation European Union are similarly divided on the idea. Chancellor Merkel stated: "It is not possible that those outside the eurozone who are asking Europe to act are at the same time refusing a financial transaction tax". The German leader also dismissed the idea of eurobonds, as proposed by a number of European officials, where eurozone countries issue debt jointly, arguing that such bonds would discourage profligate governments from cleaning up their books. (Source: EU Business)

<http://www.eubusiness.com/news-eu/finance-economy.cx6>

EU urged to give energy roadmap "global perspective"

A report has urged the EU to take carbon leakage and the depth of emissions cuts proposed by other regions into account in its planned energy roadmap. The roadmap, due in December 2011, is aimed at outlining different ways of reducing the carbon intensity of supplies and increasing energy security cost effectively, and the report by a group of EU experts, convened by the EU Commission to advise on the preparation of the 2050 roadmap, suggests that trade-offs may be needed between the three main goals of decarbonisation, competition and supply security. The report goes on to state that the commission should consider basing its policies on the carbon footprint of goods consumed by the EU's member states, as well as their domestic emissions, introducing border taxes, and adjusting the EU emissions trading scheme to help energy-intensive industries. (Source: ENDS) <http://www.endseurope.com/27338/energy-roadmap-needs-global-perspective-say-advisors>

EU trade deficit for August €17.8 billion

Figures released by Eurostat, the statistical office of the European Union, estimate the August trade balance for the EU at a €17.8 billion deficit, compared with a deficit of €19.2 billion in August 2010. In August 2011 compared with July 2011, seasonally adjusted exports rose by 2.9% and imports by 3.2%. The surplus for manufactured goods rose notably (+€137.8 billion compared with +€98.1 billion), whilst deficit for energy increased significantly (-€217.2 billion in

January-July 2011 compared with -€170.3 billion in January-July 2010). The first estimate for countries in the eurozone in August 2011 gave a €3.4 billion deficit, compared with €6.3 billion in August 2010. (Source: Europa)

<http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/11/149&format=HTML&aged=0&language=EN&guiLanguage=en>



Week ahead

European Commission

Wednesday 19 October

DG Transport – Guidelines for the development of the trans-European transport network (TEN-T)

Council of Ministers

No relevant activity

European Parliament

No relevant activity