

Auto industry reacts to parliament vote on RDE

The European Automobile Manufacturers' Association (ACEA) welcomes the direction set by the European Parliament in their recent vote, allowing for the adoption of the regulation on Real Driving Emissions (RDE), which was approved by the member states last October. "This regulation will be a major challenge for the industry, with new and more stringent testing standards that will be extremely difficult to reach in a short space of time," stated Erik Jonnaert, ACEA Secretary General. "However automobile manufacturers welcome the much-needed clarity, and are eager to move forward by implementing the new testing conditions as soon the regulation is adopted." RDE testing of cars under realistic driving conditions on the road will be a new addition to the existing test requirements, making Europe the only region in the world to implement such testing. (Source: [ACEA](#))

Progress on EU deal

An important milestone was reached this week on the way to a deal that could deliver positive changes to the EU and for UK businesses. European Commission President, Donald Tusk released details of the draft agreement which includes measures to create a more competitive and outward-looking EU. The package includes cuts to red tape that could make a real difference to ambitious firms looking to grow and create jobs. Business will also welcome proposals to strengthen national parliaments' control over regulation and firms will back the drive to improve the Single Market further, especially for digital and service industries. This deal is not final. The proposals include:

- **Economic governance** – Focus on safeguarding the position of the UK and other non-Euro member states in decisions taken by Eurozone members on further integration.
- **Competitiveness** – Setting out a commitment to increase efforts to enhance competitiveness and an ambitious trade policy. Three specific areas are outlined: regulatory simplification burden reduction (building on the Regulatory Fitness

(REFIT) Programme); reducing the overall burden of EU regulation, particularly on SMEs; and establishing where feasible burden reduction targets in key sectors with commitments by EU institutions and Member States.

- **Sovereignty** – Statement to confirm the UK's intention not to commit to further political integration within the EU and a "red card" proposal which looks to increase the role of national parliaments in scrutinising EU legislation.
- **Social benefits and free movement** – Proposal for a safeguard mechanism which would allow Member States to respond in exceptional circumstances to the benefits received by EU migrants. This has been proposed as a four-year period.

(Source: [CBI](#), SMMT)

Obama says Britain's place is in EU

US President Barack Obama entered into the debate over Britain's European Union membership, telling Prime Minister David Cameron his country was best served inside the 28-country bloc. Barack Obama spoke with the Prime Minister by phone and "reaffirmed continued US support for a strong United Kingdom in a strong European Union," according to the White House. Washington has long backed Britain playing a central role in the world's largest economic bloc, warning the "special relationship" could be at risk if Britain were to leave.

(Source: [EU Business](#))



EU trade ministers to hold first talks on granting China MES

Prompted by a 2016 deadline, the EU has to issue a verdict on whether Beijing has transitioned to a market economy in the 15 years since it joined the trade body. Last month, the European Commission indicated that no final decision should be expected before the summer, after a proper impact assessment is carried out. A cross-party number of MEPs in January have also spelled out their red lines, saying that an 'automatic' switch is premature. Member states seem divided, with Britain, the Nordic countries and the Netherlands supporting China's pleas, while nations such as Italy, which compete with China, and France, are strongly opposed. Germany's position could sway the decision, but it would need the support of all governments and not just a qualified majority, sources say. European business has voiced its concerns about the impact that granting China MES would have on EU's anti-dumping procedures and industrial competitiveness. One of the primary opponents of MES have been Europe's heavy industries, such as steel, textile and solar panel producers, who say unfairly priced Chinese goods, forcing them to cut jobs. (Source: [Euractiv](#))

End to Schengen deal would cost Europe €110bn

A permanent return to frontier controls in Europe would cost countries in the Schengen open-borders area about €110 billion over the next decade, the French government's official think-tank said on Wednesday (3 February). Under pressure from voters who have concerns over migration from Africa and the Middle East, several governments have already temporarily reintroduced controls at their borders with fellow European Union states. A study by 'France Strategie', a think-tank directly attached to the prime minister's office, said the drop in cross-border tourism and trade brought on by a permanent end of the free-travel area would cost Europe 0.8 percent of economic output over 10 years. Of the 26 nations in the Schengen area, six members, including Germany, have reinstated temporary border checks as hundreds of thousands of migrants try to reach the most prosperous EU member states. (Source: [Euractiv](#))

Commission presents new measures against corporate tax avoidance

The European Commission has published a proposal which aims for a coordinated EU wide response to corporate tax avoidance. The [Anti Tax Avoidance Package](#) calls on Member States to take a stronger and more coordinated stance against companies that seek to avoid paying their fair share of tax and to implement the international standards against base erosion and profit shifting. Key features of the new proposals include:

- legally-binding measures to block common methods used by companies to avoid paying tax;
- a recommendation to Member States on how to prevent tax treaty abuse;
- a proposal for Member States to share tax-related information on multinationals operating in the EU;
- actions to promote tax good governance internationally;
- a new EU process for listing third countries that refuse to play fair.

Collectively, these measures should hamper aggressive tax planning, boost transparency between Member States and ensure fairer competition for all businesses in the Single Market.

(Source: [European Commission](#))

Week ahead

European Council

Friday 12 February

- Economic and Financial Affairs Council – agenda will become available [here](#).

European Commission

No items scheduled

European Parliament

No items scheduled due to external parliamentary activities (constituency week).