



## Enterprise and Business Committee

Update on European Issues for meeting on 25 January

Briefing :

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This briefing has been produced by the Research Service for use by the Enterprise and Business Committee.

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## 1. Introduction

This paper provides the Enterprise and Business Committee with an update on recent developments at the Brussels end, with the aim of informing the work planning of the Committee for 2012.

It focuses in particular on the [\*European Commission Work Programme 2012\*](#), published on 15 November 2011, highlighting issues falling within the remit of this Committee.

It also makes reference to other developments considered of relevance to the Committee's work.

A separate background briefing has been prepared on the proposals for a new [\*Horizon 2020 EU Framework for Research and Innovation\*](#) for the period 2014–2020, which were published at the end of November 2011.

## 2. European Commission Work Programme 2012

### 2.1. *Delivering European renewal*

The headline slogan of the 2012 European Commission Work Programme is 'delivering European renewal' and this states that:

...the EU's overriding priority must be to foster a sustainable and job-rich economy (page 1)

This reflects the wider political and economic context of financial and economic instability, including ongoing uncertainty around the future of the Eurozone.

The Work Programme places emphasis on four overarching objectives, identifying a range of initiatives – many of which are ongoing themes/areas of work:

- **Building a Europe of stability and responsibility:** includes financial sector reform, securing sustainable public revenue
- **Building a Union of sustainable growth and solidarity:** renewal of the Single Market (proposals published in March 2011), empowering people in inclusive societies (flexicurity), and paving a path to a sustainable future (including 'blue growth' see section 2.2 below, and the energy efficiency directive – proposals published June 2010)
- **Giving the EU an effective voice in the wider world:** including EU enlargement policy, the neighbourhood policy (in context of the political instability in the southern Mediterranean in particular), and global policy (trade with China, Japan etc.)
- **Smart regulation and effective implementation:** smarter spending (more from fewer resources) and smart regulation (reducing the administrative burden on businesses)

As is customary practice the Work Programme includes a series of technical annexes listing 129 forthcoming initiatives for 2012 (including commitments to deliver a number of these in 2012), 56 forthcoming initiatives for 2013, 28 simplification and administration burden initiatives, and finally 17 pending initiatives that are to be withdrawn.

## 2.2. *Potential areas of interest for Enterprise and Business Committee*

The European Commission's Work Programme 2012 is relatively thin in terms of specific proposals in the annexes of initiatives falling within the Committee's remit. Those that may potentially be of interest would include:

- **Review of guidelines on national regional aid:** anticipated adoption of proposals September 2012
- **Review of state aid guidelines for broadband networks:** anticipated adoption of proposals July 2012
- **Employment package (non-legislative proposals)** which includes a Communication 'Towards a job rich economy' and a Communication on the Flexicurity package. Anticipated adoption of proposals June 2012.
- **Blue Growth: sustainable growth from the oceans, seas and coasts** (non-legislative), although this potentially falls more within the remit of the Environment and Sustainability Committee in particular given the work it is undertaking on the reform of the Common Fisheries Policy.

In addition to these are a number of dossiers for which proposals have recently been published (*Horizon 2020* has already been mentioned so isn't included here), which are of potential interest to the Committee. The following is not an exhaustive list but highlights some that look of particular interest:

- **Connecting Europe Facility to improve Europe's transport, energy and digital networks**, legislative proposals published in October 2011. This issue could potentially be covered as part of the EU Structural Funds inquiry, although the Committee may also wish to look at this separately
- **Revised package of State Aid rules on public compensation to Services of General Economic Interest (SGEIs)**, published on 20 December 2011
- **Maritime policy: new strategy for growth and jobs in the Atlantic Ocean area**, non-legislative strategy published in November 2011. This links to the 'Blue Growth' communication alluded to above, and may fall more within the remit of the Environment and Sustainability Committee
- **Economic Innovation Action Plan**, published in December 2011

Another approach the Committee may wish to consider is to look in broader terms at some of the key strategic issues/drivers on the EU agenda from the perspective of Welsh interests, and section 3 below runs through two of these that could potentially form the basis of inquiries during 2012.

## 3. **Broader strategic issues of concern to Wales**

### 3.1. *Eurozone crisis*

The Eurozone crisis has been widely publicised in the UK/Welsh (and global) media, and along with the financial and economic crisis has dominated the EU agenda over the last 2-3

years. Addressing the crisis is the central driving force of the 2012 Work Programme as has been noted already.

The *Europe 2020* strategy provides the overarching economic policy for European recovery, focused on delivering smart, sustainable and inclusive growth.

In addition to this, the EU has agreed (and is in process of agreeing) a range of other measures aimed at trying to stabilise the EU economy, and address some of the perceived causes of the financial and economic crisis.

This includes a plethora of measures<sup>1</sup> aimed at:

- **strengthening regulation of the financial and banking sector** (including a new EU level financial supervision framework, and various legislative proposals covering financial products/services)
- **strengthening EU economic governance** (in particular the so-called Six Pact agreed in the autumn and the Euro Plus Pact agreed in March 2011)
- **putting in place financial mechanisms** (originally the European Financial Stability Facility which will morph into the European Stability Mechanism from 2013 onwards) to support countries faced with particular difficulties (e.g. thus far Ireland, Portugal, and Greece).

The House of Commons has launched a [new inquiry](#) into the Eurozone crisis in December 2011, with a deadline for written evidence by mid-January.

The House of Lords has launched a [new inquiry](#) into the Eurozone crisis, including the proposals for a 'fiscal compact' treaty discussed at the December European Council, and the agreed process by 26 of the 27 EU Member States to agree an international treaty (by March 2012) on strengthening budgetary discipline and economic policy coordination within the EU.

**For the Committee to consider:** There may be merit in the Enterprise and Business Committee considering undertaking an inquiry looking at the Eurozone crisis and the potential impact on the Welsh economy.

### 3.2. *Europe 2020*

As noted above, the *Europe 2020* strategy is the EU's overarching economic policy aimed at setting the EU economy on the road to recovery. It has the headline aim of delivering smart, sustainable and inclusive growth, and is delivered through a combination of EU level action (including the EU budget, actions to strengthen the Single Market, and a series of thematic 'flagship initiatives' to provide a strategic direction to actions taken on the ground) and through actions led by Member States.

There is an annual economic governance cycle – the EU Semester – underpinning this, which begins with the publication of the *Annual Growth Strategy* by the European Commission (which includes guidelines to Member States for their employment and economic policies) and translates into the adoption of *National Reform Programmes* at

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<sup>1</sup> See [DG Economic and Financial Affairs web-site](#) for further details.



Member State level. The UK Government leads on the preparation of the UK NRP, in consultation with the Devolved Administrations, including the Welsh Government.

**For the Committee to consider:** Given the European Commission is seeking to strengthen the strategic links between the future EU Structural Funds programmes (and rural development and fisheries funds) and the Europe 2020 governance cycle (including the National Reform Programmes), there may be merit in the Enterprise and Business Committee considering undertaking an inquiry to look at how the Welsh Government (and other Welsh stakeholders) are involved in the preparation of the UK NRP, and how they are taking actions to implement the Europe 2020 strategy on the ground.