

# **The CBI in Brussels: priorities and strategies**

Northern Ireland Assembly and Business Trust

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## The CBI



- CBI – the UK’s top business lobbying organisation.
- Represents more than 240,000 companies of every size, including many in the FTSE 100 and FTSE 350, mid-caps, SMEs, micro businesses, private and family owned businesses, start ups, and trade associations...
- CBI mission: ‘to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all.’
- To achieve mission, CBI campaigns in the UK, the EU and internationally for a competitive policy landscape. Offices in Brussels, Washington, Beijing and New Delhi.

## The CBI in Brussels



### EU issues cut across all the CBI's policy directorates.

- Brussels office has three main functions:
  - 1) *Gathering intelligence of EU activities to influence development of CBI strategy and policy positions.*
  - 2) *Active engagement with EU institutions to put forward the priorities of British businesses.*
  - 3) *Organising networking opportunities for industry and policymakers.*
- CBI has strong links with all 3 European Institutions
  - **Commission:** high engagement from desk officer to Commissioner level.
  - **Council:** significant influence through UKRep and Whitehall.
  - **Parliament:** positive relations with many MEPs – focus is on policy not politics!

### How is the CBI effective in its EU lobbying?

- 1) By getting involved at an early stage! Influencing Commission's thinking early on helps to frame the initial proposals put to Council and EP.
- 2) By engaging constructively! Alternatives are better to a blank 'No!'.
- 3) By building alliances! CBI has strong links with our sister federations and BUSINESSEUROPE, which helps us gain wider support for our positions.
- 4) By using practical evidence! Case studies and statistics that show the real impact of proposals on UK/EU industry are always likely to get attention.

## CBI's lobbying priorities in 2012...



- Impact of Eurozone instability has already led to severe downward revisions of predicted growth rates for 2012 – in the UK, EU and globally. CBI has recently dropped UK growth estimate to just 1.2% for 2012, down from 2.2%. IMF's Christine Lagarde has warned of a “lost decade”.
- On top of this, the EU has structural growth and competitiveness issues to deal with. EU legislation often does not seem to help.
- CBI working on a range of issues in 2012, from intellectual property to the environment, from health and safety to transport. In particular, we are concerned about:

**1. The EU's financial services agenda**

**2. The EU's social agenda**

**3. The EU's energy and climate change agenda**

## 1. The EU's financial services agenda



❑ **Proposals from Commissioner Barnier and DG MARKT would not enhance economic growth and in some cases, seem to better resemble political actions rather than evidence-based legislative proposals!**

❑ For example...

**1) Financial Transactions Tax (FTT):** Commission proposals for a Financial Transactions Tax have been met with strong opposition from the UK. The Commission's own impact assessment acknowledges that the cost of the tax would be substantial, hitting business and investment. CBI stresses the importance of targeted regulation and not blunt taxation.

**2) Capital Requirements Directive (CRD IV):** CBI supports capital reform for banks and investment firms, and believes that these proposals should enhance financial stability. However, the proposals need refinement and legislators must realise that tightening capital requirements too much can hurt business, especially at a time when access to finance is difficult.

**3) Markets in Financial Instruments Directive (MiFID):** Contentious issues include an additional civil liability regime for MiFID regimes and restricted options for businesses. CBI is concerned about maintaining market liquidity so businesses can access finance.

**4) Audit reform:** CBI has voiced opposition to the Commission's intentions to impose mandatory joint-audits, mandatory audit rotation and requirements for audit-only firms.

## 2. The EU's social agenda



❑ **The CBI is concerned that the UK's flexible labour market could be threatened by the comprehensive review of social legislation currently underway in Brussels.**

❑ For example...

**1) Working Time Directive:** Following ETUC pressure, business and unions have agreed to engage in formal negotiations on a review of the Working Time Directive. CBI has ensured that negotiations will not cover the opt-out to the 48 hour working week. If negotiations fail, a Commission proposal is surely around the corner.

**2) Pension solvency:** CBI is highly concerned about the possible impact of plans to impose solvency II style requirements on occupational pension schemes. This would act against other stated Commission aims to promote workplace saving.

**3) The rest!** Proposals on company restructuring, open-ended employment contracts, the Directives on part-time and fixed term workers, a 'social clause' in Single Market legislation, gender board quotas and maternity leave all seek to boost individual and collective rights, and are based on a fundamental misunderstanding of modern employment relationships.

### 3. The EU's energy and climate change agenda

□ **The CBI continues to be a leader in pushing for a legislative framework that secures a competitive low-carbon future. However, there are differences between our vision and the EU's vision as to how this goal can best be pursued.**

□ For example...

**1) Carbon tax:** The Commission intends to roll-out an EU-wide CO<sub>2</sub> tax through its revision of the Energy Taxation Directive. As a centrally determined revenue raising tool, it would do little to encourage low-carbon consumer choices, and would simply add another cost to business. An issue of unanimity, CBI will continue to intensively lobby in Council.

**2) Energy efficiency:** The Commission has come forward with the Energy Efficiency Directive in a bid to put the EU on track to meet its 2020 target. CBI supports the objective, but stresses the importance of co-ordinated action being balanced against flexibility at the national level as the proposal makes its way through the EU institutions.

**3) Resource efficiency:** The Commission's Roadmap rightly recognises the rapid increase in global resource consumption, and notes that this may require significant improvements in resource efficiency. However, CBI maintains that dialogue with industry on effective indicators must conclude before any proposals for resource efficiency targets are considered.



# Against the backdrop of the Eurozone crisis!

Dark clouds hovering over Brussels – a highly uncertain period for the Eurozone.

- Concerns about ability to service sovereign debt began in Greece. Reaction of EU leaders at key points of crisis – too little, too late. Has meant that there are now serious concerns over the futures of Italy and Spain, the Eurozone's third and fourth largest economies. Sovereign debt crisis risks leading to a full-blown banking crisis.
- Most recent efforts to deal with crisis have seen major changes to Eurozone governance. The six-pack, boost to EFSF's resources, 'Euro Summits' etc.
- Treaty change to integrate Eurozone fiscal union is now under serious consideration – but what will be required and what will it achieve?
- Implications for UK? Concerns that changes to Eurozone governance and treaty change, seen as crucial to continued existence of the single currency, could lead to a two-speed Europe. Would UK be isolated in key decision-making?



**Questions?**

