As the year progresses it is useful to look at what might be on the horizon in Europe that could impact our areas of business in 2015. The European Commission and the new Latvian President of the Council of the EU have set out their work plans for 2015.

There are three main institutions involved in EU legislation:
- The European Parliament, which represents the EU’s citizens and is directly elected by them
- The Council of the European Union, which represents the governments of the individual member countries. The Presidency of the Council is shared by the member states on a rotating basis
- The European Commission, which represents the interests of the Union as a whole.

Together, these three institutions produce the policies and laws that apply throughout the EU. In principle, the Commission proposes new laws, and the Parliament and Council adopt them. The Commission and the member countries then implement them, and the Commission ensures that the laws are properly applied and implemented.

In the EU’s unique institutional set-up:
- The EU’s broad priorities and political direction are set by the European Council, which brings together national and EU-level leaders
- Directly elected MEPs represent European citizens in the European Parliament
- The interests of the EU as a whole are promoted by the European Commission, whose members are appointed by national governments
- Governments defend their own country’s national interests in the Council of the European Union.

The European Commission work programme
In 2015 the Commission will concentrate on:
- New initiatives – 23 “big things” to focus on – including a jobs, growth and investment package with a new Investment Plan.
- Cutting red tape – where laws are no longer fit for purpose or impose too much burden, they will be reviewed and amended to make “EU law lighter, simpler and less costly.”
- Clearing the decks – a number of pending legislative proposals from previous Commissions will be withdrawn or modified.

The Commission’s 2015 Work Programme sets out 23 new initiatives proposed by President Juncker’s Commission and has identified 80 existing proposals which the Commission proposes to withdraw or amend for political or technical reasons. Some are proposed for withdrawal because they do not match the new Commission’s priorities. In many cases, the Commission remains strongly committed to the objectives sought – but proposals are of no use if they are simply sitting dormant on a negotiating table or if they will be so watered down in negotiations they can no longer achieve their original purpose. When that is the case, the Commission says it will propose new, better ways of achieving these objectives.

The Work Programme presents focused actions where the Commission will deliver in 2015. In addition, in many areas, the Commission will also ensure that existing policies and rules are fit for purpose, deliver concrete results on the ground and are properly implemented.
The 23 initiatives on this 12 month ‘to do list’ focuses on the ‘big things’ like jobs, growth and investment and include:

- **An investment plan for Europe:** boosting jobs, growth and investment by unlocking public and private investments in the real economy of at least EUR 315 billion over the next three years, via a new European Fund for Strategic Investments and the use of innovative financial instruments (loans and guarantees rather than grants).

- **A deeper and fairer internal market:** The single market is one of Europe’s best assets – its potential must be further exploited to improve Europe’s competitiveness in the global marketplace and create jobs. The Commission will present an Internal Market Strategy to set out new approaches for capturing that potential. The internal market is also the foundation for Europe’s industrial strength and productive capacity that must be enhanced further. Boosting investment in infrastructure and in SMEs and mid cap companies, improving the regulatory environment and helping companies to innovate. The Commission is keen to help Member States reduce unemployment and it is identifying ways to invest in knowledge and skills with particular attention being paid to the most vulnerable groups such as young unemployed people.

It will be important to support labour mobility, especially in cases of persistent vacancies and skills mismatches, including across borders, while supporting the role of national authorities in fighting abuse or fraudulent claims.

**Possible business impact – financial regulation**

The completion and implementation of the significant overhaul of the financial regulatory framework in response to the financial crisis, including the implementation of the new banking supervisory and resolution rules, remains a major area of the Commission’s work. The regulatory framework will be further strengthened by a proposal on crisis management and resolution of systemic non-banking entities. The Commission will begin preparatory work on how the single market for retail financial services can deliver more benefits to consumers.

- **An ambitious digital single market package:** creating the conditions for a vibrant digital economy and society by complementing the telecommunications regulatory environment, modernising copyright rules, simplifying rules for consumers making online and digital purchases, facilitate ecommerce, enhancing cyber-security and mainstream digitalisation across policy areas.

**Possible business impact – data protection**

As part of this initiative, the Commission will aim to conclude ongoing inter-institutional negotiations on proposals such as the common European Data protection reform and the regulation on a Connected Continent. The proposals relate mainly to concerns around internet data sharing and making personal data the property of the person who the data is about. EU citizens will therefore have new rights and companies will need to alter operating procedures accordingly. There will no longer be separate data processor and data controller responsibility categories for data holders with consequent changes to the way data can be held and administered. Client contracts which currently detail responsibilities for data administration using the previous role definitions may need wholesale change. Individuals will have the right to be “forgotten” and companies will have to have processes to action deletion requests or data transfer requests.

There will be a new Data Protection Officer role in those companies handling personal data with responsibilities for compliance with the new directive.

- **The first steps towards a European Energy Union:** to ensure energy supply security, further integrate national energy markets, reduce European energy demand and decarbonise the energy mix

- **A European agenda on migration:** developing a new approach on legal migration to make the EU an attractive destination for talent and skills and improving the management of migration into the EU through greater cooperation with third countries, firm measures on irregular migration and fighting human trafficking
A deeper Economic and Monetary Union and fairer taxation: continued efforts to promote economic stability and weather market turbulence whilst attracting investors to Europe.

Possible business impact – fraud, tax and cross border information exchange
Efforts to combat tax evasion and tax fraud will be stepped up to increase fairness and tax transparency. An action plan will be developed to combat tax evasion and tax fraud, including measures at EU level in order to move to a system on the basis of which the country where profits are generated is also the country of taxation; including in the digital economy. (The current Chancellor proposed in the recent budget a “Google” tax to penalise corporate structures that shift cash overseas with a view to avoiding UK tax, as well as talking about steps to force disclosure of revenue and profit figures on a country by country basis.) The Commission will also move swiftly on the proposals to create an automatic exchange of information between tax authorities on cross-border financial transactions – discussion and consultations on the OECD’s Common Reporting Standard (CRS) to facilitate such measures is underway. As at 14 July 2014, 45 jurisdictions, including the UK, had agreed to early adoption of the CRS. Under the proposed regulations Financial Institutions will be required to capture information in relation to accounts in existence as at 31 December 2015 and new accounts opened on or after 1 January 2016 with first reporting in 2017.

The Commission will also encourage the adoption of a Financial Transaction Tax (FTT) together with reinforced rules on money laundering. The UK has already expressed concerns about earlier proposals on an FTT, as they feel it would damage the City of London with estimates suggesting a 4.4 billion Euro reduction in the value of equity and debt holdings in the UK. In April 2013 the UK Government confirmed that it had lodged an appeal with the European Court of Justice to annul the original FTT proposal, on the grounds that, in its current form, it would override the rights, competencies and obligations of the Member States who were not participating. For example, a trade by a UK financial institution with an institution based in a participating country would be taxable. The European Court of Justice rejected the UK’s challenge to the introduction of an EU FTT on the basis that the eleven Member States pursuing the introduction of the FTT had not yet decided how the tax will work and therefore the European Court of Justice said the UK challenge was premature.

Cutting red tape and removing regulatory burdens:
The 2015 Work Programme reflects the Commission’s strengthened commitment to better regulation, building on the Regulatory Fitness Programme, which seeks to cut red tape and remove regulatory burdens, contributing to an environment conducive to investment. The College of Commissioners has identified a series of proposals and existing legislation, which will be reviewed and amended to make them work better for Europe’s citizens and businesses.

Possible business impact – company law
In this regard the programme includes a legislative initiative to codify seven Company Law Directives into one instrument to increase transparency and readability (Directives 82/891, 2005/56, 2009/101, 2009/102, 2011/35, 2012/17, 2012/30). These cover various aspects of company law and include:

The Second Company Law Directive 2012/30/EU (sometimes also called the “Capital Directive”) a European Union Directive concerning the capital requirements of public companies that operate within the EU. A number of its provisions have become increasingly controversial since its enactment in 1976, as many rules for the maintenance and alteration of capital have been abandoned within EU member states, particularly regarding the use of minimum capital (currently set at €25,000), and the accounting concept of nominal share value. Nevertheless, a large number of its rules are still seen as essential for the protection of creditors, to attempt to forestall insolvency.

Also, Directive2011/35, which includes rules around merger by acquisition and the requirements when this happens.
Latvia has assumed the Presidency of the Council of the European Union and the main priority areas of the Latvian Presidency’s six month work programme to mid-2015 will be:

1. EU competitiveness and growth
2. using Europe’s digital potential to boost smart, sustainable and inclusive growth for the EU
3. strengthening the EU’s role as a global actor.

1. Competitive Europe

Europe needs to enhance its entrepreneurial capacity by promoting investment in new and competitive products and services. Hence, Latvia commits to fast-tracking procedures in the Council on the Investment plan for Europe, aimed at unlocking public and private investments in the real economy.

The Presidency will prioritise work on strengthening the Single Market through progress on the remaining Single Market Act II proposals while maintaining and promoting the four freedoms (these are four of the EU’s fundamental founding principles. Under the 1957 Treaty of Rome, goods, services, capital and people are supposed to be able to move freely across the Union’s internal borders).

The Presidency’s guiding principle will be better regulation and the wider use of competitiveness proofing. More efficient and targeted regulation means focusing human and financial resources towards the main objectives – growth, jobs and competitiveness.

Possible business impact – fraud, tax and money laundering
With the aim of establishing effective rules, which complement other actions in respect to the fight against crime, corruption and tax evasion, the main priority of the Presidency will be the finalisation of negotiations with the European Parliament on the new legislative framework that is designed to protect the financial system against money laundering and terrorist financing (AMLD/ AMLR). The importance of this work has been recognised by the European Council and is crucial in order to ensure that the EU remains at the forefront of international efforts to combat the laundering of the proceeds of crime.

2. Digital Europe

The Presidency’s priority is the development of a true digital Europe via devoting attention to building trust in the Digital Single Market, digitalisation of the public sector, and increasing safety and security in the digital environment. The Presidency will seek to conclude negotiations and reach an agreement on legislative proposals currently under discussion. The Presidency will focus on building a stronger and more coherent data protection framework.

Possible business impact – company law, corporate governance and the shareholder rights directive
The Presidency will continue work on the company law and corporate governance package. As regards the revision of the Shareholders’ Rights Directive, aimed at enhancing shareholder’s rights over companies, the Presidency will seek a Council mandate to engage in trilogues with the European Parliament. The Presidency will work towards reaching a compromise in the Council also on the Single-Member Company Directive, designed to tackle obstacles that hamper the economic activities of companies (SMEs in particular) within the Single Market.

Possible business impact – data protection
In the field of fundamental rights, the data protection package, which is aimed at reinforcing the rights of citizens regarding the processing of personal data in the rapidly changing world, will be pursued as a high priority for the Presidency. In light of the completion of the Digital Single Market by 2015, the Presidency will actively be seeking agreement on proposals for a regulation for data protection and a Directive for the protection of personal data by competent authorities for the purposes of the prevention, investigation, detention or prosecution of criminal offences, or the execution of criminal penalties.
3. Engaged Europe

The European Union has the responsibility to assume a full and active role on the global stage. The European Neighbourhood Policy (ENP), with its Eastern and Southern dimensions, is a policy of continuous engagement and is a priority of the EU’s external relations.

The EU’s external engagement also includes a commitment towards strengthening the transatlantic partnership, notably by making all efforts to conclude negotiations on an ambitious, comprehensive and mutually beneficial Transatlantic Trade and Investment Partnership (TTIP) agreement by the end of 2015, and enhancing relations towards other strategic partners.

The year 2015 offers a unique opportunity for the EU and its Member States to promote an ambitious, transformative and inclusive post-2015 development agenda. The EU is now entering a new intergovernmental negotiations phase on a follow-up of Sustainable Development Goals and financing for development. Gender equality and female empowerment will be highlighted as a thematic issue for development cooperation.

Possible business impact – gender and equal treatment

The Presidency sees gender equality and women’s empowerment, good governance, the rule of law, human rights, and inclusive, sustainable growth to be of particular importance.

In the area of equal treatment, the Presidency will pay attention to challenges raised in regard to the approach to disability – from the medical model to the social model. A high level meeting on disability with its main focus on the rights of children with disabilities and labour market participation will take place in Riga in May 2015, thereby contributing to the implementation of the EU Disability Strategy (2010-2020). The Presidency will continue the examination of the proposal for a Directive on equal treatment, irrespective of religion or belief, disability, age, or sexual orientation.

As regards equality between men and women, female labour market participation is of particular importance in order to face the challenges of ageing societies and old-age poverty, to tackle gender inequalities, and to achieve the employment and social targets of the Europe 2020 strategy. Combined with the global issues of gender equality, it was on the agenda of the high-level group on gender mainstreaming that took place in Riga in January 2015. Taking into account the Commission’s work on a report on old-age pension adequacy, the Presidency will prepare Council conclusions on the gender gap in pensions. The Presidency will also continue working on the Commission’s proposal for a Directive to improve the gender balance on company boards.

Conclusion

In terms of the European direction of travel, it is probably true to say that the work programme for 2015 does not signal any great departure or change from what we have seen in previous years – harmonisation, data protection, money laundering, tax evasion and fraud, digital development, regulatory governance, shareholder rights and equal rights and gender including on company boards. These are familiar European themes but it is an ambitious programme set by the Latvian President and may see significant changes with regard to data protection, shareholder rights and gender come to fruition in 2015.

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