



by Timo Voelker, Technical Editor, EU Tracker.

Amidst a growing global financial crisis anticipated to put the EU into recession in 2009 and maybe even beyond, the EU Commission introduced its work programme for 2009 on 5 November 2008. Logically one major focus centres around the influence EU lawmaking can have on the state of the financial markets.

In an effort to restore trust and confidence in the EU financial market, the programme emphasises the importance of the Lisbon strategy, the EU's longstanding initiative for growth and jobs. At the same time a major challenge will be to balance the effort to support the economy with the EU's ongoing nature preservation programme, namely the Emission Trading Scheme (ETS) and the three core targets (see below) endorsed by the Council in its December meeting. The recent tone struck by the EU Council however indicates that EU leaders - although committing to the initial emission reduction targets - might tend to give economy the lead over ecology, since even former forerunners in the fight against climate change such as Germany's Angela Merkel are now softening on pushing for strict regulation if this will incur higher costs, especially for energy-intensive industries. Consequently environmentalists complain that too many loopholes have been created within the ETS.

Further challenges loom from the upcoming European elections in June 2009 and the still-to-be-solved deadlock of the Lisbon Treaty. First, although Ireland announced at the recent Council meeting that it will hold another referendum in the autumn of 2009, the outcome is anything but certain and the new Czech EU presidency still has to define the concessions given to the Irish voters to win their approval. Secondly, being in its last year of mandate (a new Commission will be appointed within the six months following the Parliament elections in June 2009), this Commission still has to finalise the initiatives it started, trigger fundamental changes to save the economy and support a political solution for the ratification of the Lisbon Treaty.

The Commission's answer to all these challenges is a work programme containing 12 strategic initiatives, 37 priority initiatives, 33 simplification proposals and 20 withdrawals. The priorities are defined to be growth and jobs (the Lisbon strategy), climate change, a Europe close to citizens and Europe as a World Partner. From a business perspective the first two will have the biggest impact.

With regards to growth and jobs the Commission had already introduced a variety of measures in 2008 and will keep up the pace in 2009. The package of financial measures anticipated for 2009 will consist of initiatives with regards to the adequacy of regulation, overseeing and transparency of all financial sectors and market investors, including hedge funds and private equity. It will also cover executive remuneration and derivate markets. In the light of these the Commission will (for example) introduce a recast of the Prospectus and Market Abuse Directives as well as simplification of the Accounting Directives.

In regard to climate change the Commission identifies the UN Climate Change Convention in December 2009 to be of central importance. In the light of this forthcoming event and the demand to find an economy-friendly balance, further

regulatory initiatives to support the challenging EU core targets (namely a 20% reduction in greenhouse gas emissions, a 20% share for renewable energy and a 20% improvement in energy efficiency, all to be achieved by 2020) can be expected. In addition the phenomenon of rising energy prices in 2008 has again underlined the pressing need for energy security and the Commission's Strategic Energy Review will be a major focus for 2009. This will include concrete steps on energy efficiency, interconnection and effective stock management and a coordinated approach on securing the energy supply from outside the EU. With regards to the internal energy market, the Commission will seek the adoption of proposals on the market for gas and electricity and further support the work of national regulators.

Another main initiative of the presiding Commission is to target actions directly benefiting EU citizens. In the scope of this the Commission will introduce action to support citizens' rights as consumers as well as new initiatives for policies on freedom, security and justice. In this area, the fight against terrorism and organised crime will be a particular focus.

Apart from the defined strategy for 2009 the Commission will maintain work on several important initiatives that emerged last year and are anticipated to be finalised this year. The biggest persisting challenges are likely to be the vigorously-debated Telecoms Package and Solvency II, the EU's future new framework governing insurance companies.