



Policy Focus

A bi-monthly review of major policy developments in Brussels, London and Washington, prepared for BABC member companies

May 2009

BritishAmerican Business Policy Update

► London Summit April 2009

In March, we wrote to the British Chancellor of the Exchequer, the Rt. Hon. Alistair Darling MP, outlining our hopes for the outcome of the G20 Summit held in London in April, supporting in particular the launch of coordinated global stimulus plans and the conclusion of the Doha round (both of which were duly included in the Summit Communiqué).

► Taxation of the Foreign Profits of Companies

In response to our representations to the British Government about its proposals for the taxation of the foreign profits of companies, we received a letter from the Financial Secretary to the Treasury, outlining how the Government had addressed our concerns in its Budget. We were pleased by some aspects of the Government's announcement, including the delayed implementation date for these proposals, but were disappointed that the worldwide debt cap had been retained.

London

Bank of England Puts £50bn into UK Economy

On May 7th, the Bank of England announced it would be pumping a further £50bn into the economy as part of its program of government bond purchases. At the

Washington

US Continues Syrian Sanctions

The US Government has renewed its sanctions against Syria for another year stating it faced a 'national emergency' by Syria's continued support for terrorist organizations. The sanctions were implemented after Jeremy Feltman, a senior State Department official, met with the Syrian government on May 7th. Feltman said: "The national emergency with respect to Syria remains in effect because Syria continued to not meet its international obligations. We continue to have serious concerns about Syria's actions."

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Brussels

European Parliament Prepares for Elections

The last legislative session of the European Parliament took place on May 7th. The Members of the European Parliament (MEPs) prepare to begin campaigning for the European elections which will be held from June 4–7. The inaugural session of the new Parliament will take place in mid-July, and will agree

same time the Bank maintained interest rates at 0.5%. This was, the Bank said, a response to what it described as a “substantial margin of spare capacity in the economy” which threatened to keep inflation low. The Bank’s monetary policy committee said it hoped the stimulus would help keep inflation in line with its 2% target.

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London

BAA Reports Drop in Air Traffic

On May 11th, the British Airports Authority (BAA) announced it had seen air traffic decline for the 13th consecutive month, as the recession continues to hit air travel. At the seven British airports owned by BAA, passenger numbers dropped by 2.3% to 11.5 million in April 2009, compared to April 2008.

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London

UK to Introduce Tougher Insolvency Regulations

On May 11th, the government announced changes to insolvency regulations to give more protection in the event of the failure of an investment bank. The government has been seeking to impose a tighter regime since the collapse of Lehman Brothers in September 2008.

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Washington

Growth in US Economy Predicted for Quarter 3 2009

According to the Blue Chip Economic Indicators newsletter for May, the US will start to see growth

on the new European Commission President

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Brussels

Iceland to Consider Joining EU

The Prime Minister of Iceland, Johanna Sigurdardottir, announced on May 10th, that she would be seeking for Iceland to join the European Union in order to help Iceland through its current economic difficulties. She has previously said, "We want Iceland as soon as possible to join the European Union and adopt the euro."

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Brussels

EU Approves Funding for Energy and Internet Projects

€5bn worth of funding has been approved by MEPS for energy and internet projects, including infrastructure and rural broadband connections as part of a broader package of economic stimulus measures the Commission announced on May 6th. European Commission President José Manuel Barroso who had particularly championed the project said: “This allows us to get moving immediately on projects that will provide a welcome boost to the European economy and make a real contribution to giving Europe more energy security in the future."

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resume in the US economy during the third quarter of 2009, but the unemployment rate is set to peak in the first quarter of 2010. The survey also predicted GDP would contract 2.6 percent in 2009 and grow 1.8 percent in 2010.

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Washington

Healthcare Companies Commit to Reduce Costs

Healthcare companies in the US have committed to saving \$2 trillion over the upcoming decade, as part of plans by President Obama's administration to overhaul the national healthcare system. It is believed that the costs will be made by using more efficient methods to reduce the rise in costs by 1.5% per year.

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Forthcoming External Events:

Washington

▶ **June 18-19:** Consumer Protection Conference

London

▶ **July 9-10:** Annual London Conference on Money, Economy and Management

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