



## Policy Focus

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

**November 2005**

### **BABC Action:**

#### **BABC Urges US Congress to avoid imposing additional fees/conditions on L1 Visas.**

In its letter of October 14 to Congressman Sensenbrenner, Chairman, House Committee on the Judiciary, the BABC urged the Committee to resist imposing proposed new fees/conditions for the L-1 intra-company transferee visa, in view of the negative impact on the conduct of international business between the US and other countries and on investment and job creation in the United States. Implementation of these proposals would have major negative implications for many members of the BABC, headquartered in US, UK and elsewhere. Foreign-based companies have used this visa extensively to facilitate their investment in the US economy by bringing key specialists and managers into their US operations: while US companies have used the visa extensively to enhance their US and international operations, by rotating qualified personnel from their international operations into the United States. [LINK](#)

### **Washington**

#### **US House approves sanctions**

On July 19, the House of Representatives approved a measure that would penalize European firms for selling US weapons technology to China. The "East Asia Security Act" was passed as an amendment to State Department funding legislation. The amendment is a scaled-back version of a more stringent measure rejected by the House on July 14. The bill welcomes deferral of an EU decision to terminate an arms embargo to China, but expresses concern that sales could go forward indirectly via various loopholes. [LINK](#)

### **Brussels/Washington**

### **London**

#### **UK Government reviews REACH chemicals text**

As part of the UK Presidency of the EU program, the UK Government has outlined a compromise proposal on the REACH Chemicals Directive. By simplifying the procedures for registering chemicals, the compromise aims to lighten the burden on SMEs. MEPs in the Environment Committee will meet on October 4 to vote on the REACH legislation. (See background on this proposal in February 2005 edition of Policy Focus).

### **Brussels**

#### **European Commission to cut red tape**

The EU is launching a new attempt to cut down on red tape. The European Commission is looking to scrap a third of its proposed legislation in the hope that it will cut the regulatory burden on business and boost competitiveness and cut unemployment. An attempt will begin this month to simplify 80,000 pages of EU law now in existence. The UK Government has backed the initiative. [LINK](#)

### **Brussels**

#### **Room for improvement: European Commission verdict on professional services reform**

The EU Commission has published an overview on progress made by member states in reforming "unjustified regulatory restrictions" in six professions: lawyers, notaries, engineers, architects, pharmacists and accountants (including the related profession of tax advisors). According to the report, the UK, Denmark and the Netherlands are leading the way in their reform programs, but other member states have made little, if any, progress. Professional services are a key sector of the EU economy and the Commission is urging member states to shed anti-competitive regulatory restrictions in order to stimulate competition and provide consumers and businesses with high-quality services and better

### **Study calls for regulatory convergence**

A major EU/US study on regulatory convergence of transatlantic markets, published on September 7, underscores the need for establishing a much more coherent and cost-efficient regulatory framework for wholesale transatlantic business in financial services.

[LINK](#)

### **Washington**

#### **President Bush signs Energy Bill**

On September 8, President Bush signed the first US Energy Bill in over ten years. The energy plan aims to encourage energy efficiency and conservation, promote alternative and renewable energy sources, reduce US dependence on foreign sources of energy, increase US domestic production, modernize the electricity grid, and encourage the expansion of nuclear energy. It also provides \$14.6bn in tax breaks, mostly for 'old' energy such as coal and nuclear. [LINK](#)

### **Washington/Brussels**

#### **WTO intervenes in aircraft dispute**

On July 20, the WTO agreed to rule on the dispute between the US and EU over billions of dollars in public aid for aircraft makers Boeing and Airbus. The WTO's Dispute Settlement Body has established two panels to examine, respectively, the US' complaint on EU's funding to Airbus, and the EU's complaint regarding US subsidies to Boeing. Rulings are not expected before 2006. [LINK](#)

Four European governments, including the UK, look likely to agree launch aid to cover as much as one third of the \$5bn (£2.8bn) investment planned by Airbus for its new jetliner, the A350. Airbus has asked for \$670.4m (£379m) from Britain alone to help launch the plane. [LINK](#)

value for money. [LINK](#)

### **London**

#### **US remains UK's number one investor**

The US continues to be the UK's number one investor, according to the UK Trade & Investment's Inward Investment Report published June 29. In 2004 there were 464 projects – 48% more than in 2003 – which have created 17,730 new jobs. There are now 14,393 US inward investors in the UK, the report says. North American growth has been led by information and communications technology (ICT), pharmaceuticals, and financial services. [LINK](#)

### **London**

#### **UK overtakes China as FDI destination**

A report published by the UN Conference on Trade & Development (Unctad), shows the UK attracted more foreign direct investment (FDI) than China last year. Investment flows to the UK nearly quadrupled to \$78bn (£44bn) in 2004, much of this coming from the US. However, increased investment in the UK and US contrasted with a steep drop in overall FDI flows to industrialized countries, which fell 14 percent to \$380bn (£216bn). [LINK](#)

### **Politics at a glance**

#### **London:**

**Oct. 10:** Houses of Parliament back in session

#### **Washington:**

**Aug. 8:** Bush signs Energy Policy Act

**Aug. 10:** Bush signs Transportation Act

#### **Brussels:**

**Dec. 15-16:** European Council, Brussels

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