



Policy Focus

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

September 2007

British-American Business Council Policy Action:

► Heathrow as a gateway to the UK and Europe:
In a letter to The Rt Hon Ruth Kelly, MP, UK Secretary of State for Transport, dated July 13, 2007, the British-American Business Council outlined members' mounting concerns with Heathrow and called for a number of short and longer-term solutions. While we acknowledged that the opening of Terminal 5 in March 2008 would go some way to assuage some of the problems at Heathrow, we believed that traveler satisfaction needed to be improved urgently by addressing the following: abolishing the 'no two bags' policy for carry-on luggage; providing enough security personnel to ensure safety and reduce queue levels; providing sufficient space for travelers to wait in all terminals; and keeping travelators in optimal working condition and ensuring that sufficient signage was present to make navigating the terminals easier. A well-functioning Heathrow is important if London is to retain and reinforce its position as a highly successful business capital and the natural gateway to Europe. We are still awaiting a response from the Department for Transport (DfT).

Brussels

European Commission seeks to restrict foreign companies' access to the EU energy sector

In a confidential working paper, the European Commission has outlined a number of measures to restrict foreign access to the EU's energy sector, particularly the gas and electricity transmission networks. One option was a 'reciprocity clause' that

London

Pharmaceutical companies opt for home delivery in the UK

Pharmaceutical companies are increasingly looking at home delivery options as a means of boosting profits and cutting out wholesalers and pharmacists. The total size of the UK's home delivery market for pharmaceuticals is £250 million and is growing at 10 to 15 percent per year. In addition to increasing company profits, the NHS also benefits as medicines delivered directly to a patient are not subject to VAT, allowing cash-strapped NHS Primary Care Trusts to reduce their total medicines bill. The increasing use of biologic drugs—made from living biological material—is another factor in boosting home delivery as these need to be delivered chilled to patients. The practice of home delivery is already widespread in America but is illegal in some European countries, including France. [LINK](#)

London

Prime Minister Gordon Brown faces calls for a referendum on the EU Treaty

Conservative Party leader David Cameron and some Labour MPs continue to call for a referendum to be held on the EU Treaty. Former cabinet minister David Blunkett has stated that, "Given the manifesto commitment, it is critical for the Government to demonstrate the difference between the original constitutional treaty and the current treaty—a difference that will have to be demonstrated as it passes through Parliament." [LINK](#)

Foreign Secretary David Miliband insisted that the Labour Party was not divided over Europe. Miliband stated, "What we want is an outward looking European Union and the reform that we're going to

would keep out countries where European companies faced severe restrictions on investments, such as Russia and Saudi Arabia. The proposals are linked to the Commission's plans, to be published on September 19, to increase competition in the European energy market. [LINK](#)

Washington

US promises contribution to global emissions cuts

Harold Watson, who led the US delegation to the UN-led post-Kyoto negotiations held in Vienna from August 27-31, stated that the US will make a contribution to worldwide emissions cuts, although the US did not believe that a one-size-fits-all approach was appropriate. Watson added that both the US and the EU "have recognized the importance of a global effort." Watson, however, did not quantify a US contribution to global emissions cuts. The UN will host another conference on climate change on September 24. The US has also signaled a conference for the world's most polluting nations from September 27-28. A major global climate summit will be taking place in Bali, Indonesia, in December. [LINK](#)

London

Public support for nuclear power in Britain

Despite opposition from environmental campaigners, a monthly series compiled by *The Times* shows growing support for a new generation of nuclear power plants. Nearly two-thirds of those surveyed said they believed nuclear power would form part of the overall energy mix in the future together with coal, gas and green energy. One in five believed it was the best way of tackling climate change. Twenty percent remained opposed to nuclear power. British Energy said that it was likely to build any new facilities near its existing plants in the South of England. A High Court judge ordered the Government to launch a new consultation process over its nuclear power plans after legal opposition from Greenpeace, but Energy Minister Malcolm Wicks confirmed the Government's support for nuclear as a way of reducing dependency on overseas energy. [LINK](#)

London

The Conservatives consider plans to reduce short-haul air travel

The Conservatives are considering a number of measures to reduce the number of flights taken by

want to see is of the European Union and I think the treaty will make that more possible." [LINK](#)

Brussels

Political issues raised in EU Treaty talks

At an informal meeting with European Commission President Barroso on August 28, 2007, MEPs raised concerns about the new Reform Treaty text that is being drafted by EU legal experts. The European Parliament criticized the opt-out on the Charter of Fundamental Rights granted to the UK following the agreement by EU leaders on the detailed Intergovernmental Council (IGC) mandate. Some EU officials also fear that agreement could be put at risk by Poland, which appears to be holding early elections soon, although a date has yet to be confirmed. A new Polish Government might question the deal on the Treaty mandate. EU foreign ministers are due to meet in Portugal on September 7 to continue Treaty talks. The Portuguese Presidency is aiming to obtain agreement at the informal meeting of heads of state and governments in Lisbon on October 18-19. [LINK](#)

Brussels

France outlines EU Presidency priorities

France takes over the EU Presidency from July to December 2008 and has already begun identifying a number of policy areas on which it will focus. President Nicholas Sarkozy has stated that France will make Europe an 'absolute priority' and highlighted three major priorities: energy, the environment and immigration. [LINK](#)

Washington

US Attorney General Alberto R. Gonzales Resigns

Attorney General Alberto R. Gonzales, a close ally of President Bush and a key architect in his controversial counterterrorism policies, announced his resignation on August 27 after seven months of confrontation with Congress about his integrity and ability to run the Justice Department. Gonzales had been criticized for the Administration's interrogation policies, its secret overseas prisons and its expanded domestic surveillance, as well as his role in the dismissal of nine US attorneys in 2006. [LINK](#)

Democratic Senate leaders have called on the White House to consult them during the selection process for the new Attorney General. [LINK](#)

British passengers such as new taxes on air travel and a halt to airport expansions. Short-haul flights have been signaled out for particular attention—VAT would be levied on fuel for domestic flights for the first time and airlines would be forced to give airport slots to long-haul flights. Additionally, all flights would be subject to separate per-flight tax based on the amount of carbon dioxide generated, replacing air passenger duty. A policy review group looking at quality of life issues has drafted the plans. The Report is due to be published ahead of the Conservative Party Conference in Blackpool on September 30. [LINK](#)

Washington/London

The future of the defense industry

With the likely reduction of British and American troops from Iraq next year, investors are asking whether the defense boom of the last four years is about to end. The US Defense Department spends more than \$200 billion (£99 billion) a year on the Iraq conflict and Britain has spent an extra £1 billion solely on equipment. The end of the Cold War in the 1990s caused a recession in the defense industry where many companies had to consolidate to survive. Still, there are reasons to believe that the defense sector will remain buoyant for the next decade. US troops are unlikely to withdraw completely from Iraq and its commitment is likely to remain significant. [LINK](#)

Washington

US Congressmen promise action on China safety scares

A number of scandals involving sub-standard Chinese exports ranging from pet food to toys has put increased pressure on Beijing to clean up its manufacturing sector. Representative Rick Larsen, a Washington Democrat, stated that the safety scares were an opportunity for China and the US to work together towards a solution. Larsen and Mark Kirk, an Illinois Republican, would increase oversight by placing Food and Drug Administration and Consumer Product Safety Commission inspectors directly at sites in China where goods are produced for export to the US. The bill would also greatly increase liability for US-based importers of goods deemed defective. [LINK](#)

Washington

President Bush makes Doha his priority at the APEC Summit

President Bush will try to revive the stalled Doha round of international trade negotiations during the Asia Pacific Economic Cooperation (APEC) Summit from September 2-9 in Sydney, Australia. The summit coincides with the resumption of Doha negotiations in Geneva after the breakdown of talks in June over agricultural subsidies and tariffs. Pascal Lamy, Director-General of the World Trade Organization (WTO), is expected to be in Sydney to persuade APEC members to make another push to conclude the Doha Development Round. [LINK](#)

Forthcoming Events

London:

Oct 31: Department for Business, Enterprise and Regulatory Reform (BERR) consultation on “Energy Billing and Metering: changing customer behavior—a consultation on policies presented in the Energy White Paper” closes.

Washington:

Sept 2-9: Asia Pacific Economic Cooperation Summit, Sydney, Australia.

Brussels:

Sept 14: EU-Ukraine Summit, meeting of Heads of States and Government, Ukraine.

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