



Malta-EU Steering & Action Committee

# COMPETITIVENESS AND CONSUMER AFFAIRS



08.05.09

## **Companies' remuneration policies**

**COM(2009) 211 – Communication from the Commission accompanying Commission Recommendation complementing Recommendations 2004/913/EC and 2005/162/EC as regards the regime for the remuneration of directors of listed companies and Commission Recommendation on remuneration policies in the financial services sector**

The Commission's existing Recommendations on directors' remuneration in listed companies

(2004/913/EC) and on the role of non executive/supervisory directors and supervisory board committee (2005/162/EC) do not cover all the relevant issues exposed in recent months. In particular, the Recommendations do not require executive remuneration to be aligned with the long term interest of companies. Following several recent high-profile cases and mounting evidence that executive pay structures need to be improved, the Commission's new Recommendation on the structure of directors' remuneration and on the process of design and operation of the remuneration policy for directors in listed companies sets out a series of new principles complementing the existing Recommendations.

An appropriate remuneration policy ensures pay for performance and stimulates directors to ensure the medium and long term sustainability of the company. Whilst the existing 2004 recommendation is based on the idea of pay for performance through disclosure of the remuneration policy, the new Recommendation gives further guidance in order to attain this goal based on best practices for the design of an appropriate remuneration policy. It focuses



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on certain aspects of the structure of directors' remuneration and the governance of directors' remuneration, including shareholder supervision.

### **Fair Trade**

#### **COM (2009) 215 – Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes**

This Communication examines the current situation of Fair Trade and other non-governmental trade-related sustainability assurance schemes. The Commission has long recognised that consumers can support sustainable development objectives by purchasing decisions. This Communication responds to the growing interests that have been articulated, at political level as well as in the growing level of purchases by EU consumers.

Each year, EU consumers purchase Fair Trade certified products for approximately €1.5 billion; which is 70 times more than in 1999 when the Commission adopted a communication on this topic. This success underlines the need for consumers, public authorities and other stakeholders, including producer organisations in developing countries to measure the real impact of Fair Trade.

This Communication provides an up-date on developments arising since the 1999 Commission Communication on fair trade and suggests preliminary considerations on the role of public authorities and stakeholders in the field of Fair Trade and other private sustainability assurance schemes. Issues to be addressed are relevant for several EU policy areas, e.g. consumer protection, economic and social development, trade, corporate social responsibility, environment and the EU internal market. Where appropriate, this Communication may be followed by more targeted initiatives in one or more policy fields.

This Communication does not cover sustainability and labelling schemes established by public authorities (such as the EU eco-label).

### **Antitrust enforcement rules and procedures**

#### **COM (2009) 206 - Communication from the Commission to the European Parliament and the Council Report on the functioning of Regulation 1/2003**



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Regulation 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, which modernised the EU's antitrust enforcement rules and procedures, entered into application on 1 May 2004. Article 44 of Regulation 1/2003 provides that the Commission shall by 1 May 2009, i.e. after five years of application, report to the European Parliament and the Council on its functioning.

This Report is a stock-taking exercise, the aim of which is to understand and assess how modernisation of the EC antitrust enforcement rules has worked during the first five years. It is to be read in conjunction with the accompanying Commission Staff Working Paper which contains a more detailed review.

The Commission's conclusion is that Regulation 1/2003 has brought about a landmark change in the way the European competition law is enforced. The Regulation has significantly improved the Commission's enforcement of Articles 81 and 82 EC. The Commission has been able to become more proactive, tackling weaknesses in the competitiveness of key sectors of the economy in a focused way.

Furthermore, the Commission concludes that the EC competition rules have to a large extent become the "*law of the land*" for the whole of the EU. Cooperation in the ECN has contributed towards ensuring their coherent application. The network is an innovative model of governance for the implementation of Community law by the Commission and Member State authorities.

In a limited number of areas, this Report highlights aspects which merit further evaluation, but leaves open the question of whether any amendment to the existing rules or practice is required. It will serve as a basis for the Commission to assess, at a further stage, whether it is appropriate to take further policy initiatives.

### **Common Customs Tariff**

#### **COM(2009) 202 - Proposal for a Council Regulation amending Regulation (EC) No 1255/96 temporarily suspending the autonomous common customs tariff duties on certain industrial, agricultural and fishery products**

The Commission, assisted by the Economic Tariff Questions Group, has reviewed all the requests for temporary suspension of autonomous common customs tariff duties presented to it by the Member States. This proposal concerns certain



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industrial and agricultural products. Following this review, the Commission considers that the suspension of duties is justified for the products listed in Annex I to the proposal. Products for which suspension is no longer in the Community's economic interests have been withdrawn. The annexes to this proposal list the products for which suspension is proposed, or for which the wording has to be changed, and the products removed from the Annex to Regulation (EC) No 1255/96. The validity period of the measure is 1 July 2009 to 31 December 2013, in order to carry out economic examinations of the individual suspensions in this period. The suspensions, whose cancellation or continuation is considered necessary by the Commission and Economic Tariff Questions Group shall be extended or deleted after this date.

### **The Energy Labelling Directive in Parliament**

The European Parliament has amended the proposal amending the Energy Labelling Directive adding a requirement that any advertisement promoting technical specifications of fridges, washing machines or ovens should indicate the product's energy consumption. MEPs have also added that a product's energy classification should only be valid for 3 to 5 years and the classification thresholds should be regularly updated. [Read more](#)

Furthermore, the European Parliament has blocked the Commission's proposal to sub-divide the highest energy class A in the case of television sets. The Commission proposed an implementing measure which would have sub-divided the highest energy class 'A' by adding new classes such as 'A-20%', 'A-40%', 'A-60%' etc. Parliament claimed that the new energy efficiency classes for household goods proposed by the European Commission could mislead consumers when buying a new TV. MEPs claimed that this new format could "add to confusion about whether class 'A' represents an efficient or an inefficient product". Instead, according to the EP, the Commission should reserve A label status for the top 10 – 20 % best performing equipment. Nevertheless, the EP has approved the new label for household fridges and freezers. [Read more](#)

### **European SME week to boost entrepreneurship in difficult times**

*Promoting entrepreneurship and raising awareness about business support are*



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*the main messages of the first European SME Week launched in Brussels on Wednesday 6<sup>th</sup> May. Today more than ever the contribution of European entrepreneurs for preserving jobs and creating new ones needs to be recognised and supported. The week will allow entrepreneurs to discover the information, advice, support and ideas available at European, national, regional and local levels to help them develop their activities.*

The SME Week is one of the measures implementing the Small Business Act (SBA), the first really comprehensive SME policy framework for the EU and its Member States. SME Week will be brought to a close on 13 and 14 May in Prague, by a conference "The small business act for Europe: business without barriers", organised by the Czech Presidency of the EU and the European Commission. The event will incorporate a ceremony to announce the winners of the European Enterprise Awards, which will reward innovative practices in regions and by municipalities to promote entrepreneurship and SMEs.

The European web portal for SMEs:  
[http://ec.europa.eu/enterprise/sme/index\\_en.htm](http://ec.europa.eu/enterprise/sme/index_en.htm)

[Read more](#)

### **Consumer Rights: Commission wants consumers to surf the web without borders**

*On Monday, the European Commission launched the eYouGuide, a new online tool giving practical advice on the "digital rights" consumers have under EU law. This guide addresses consumer issues like the rights towards the broadband provider, shopping on the web, downloading music and protecting personal data online and on social networking sites. Giving consumers clear information about their rights will increase trust and help unlock the full economic potential of Europe's single online market, worth €106 billion in revenues.*

The eYouGuide explains the concrete rights of European consumers surfing the web or shopping online, thanks to 25 years of EU consumer protection rules. When online, European consumers have a right to:

- clear information about prices and conditions before making a purchase;
- decide if and how their personal data is treated;
- delivery sent in 30 days after purchase;
- a "cooling-off" period of at least 7 working days after purchase during which they can change their mind;
- a minimum 2 year guarantee on products purchased;



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- protection against rogue vendors, unfair contractual terms and commercial practices.

Consumers can be sure that all these rights apply on any website that ends with the suffix ".eu". Unlike websites ending with .com or .net, a website ending with .eu must be registered by a person or company established in one of the 27 EU Member States and is subject to EU laws.

The website of the eYouGuide: <http://ec.europa.eu/eyouguide>

[Read more](#)

### **Buying a new vehicle in another Member State made easier (EN)**

*As of May 2009 the formalities for registering a car purchased in another EU state will now be much easier with the help of a Certificate of Conformity*

The Certificate of Conformity is an administrative document delivered by the manufacturer to the purchaser. It proves that a vehicle complies with all the technical provisions in force in the European Union and that it can therefore be freely put into circulation in any Member State. Any manufacturer holding a Community type-approval will be obliged to issue the Certificate of Conformity, thus enabling purchasers to register a vehicle in any EU Member State. It will now be possible for an EU citizen to buy a new car in an EU Member State and to register it in another Member State simply by submitting the European Certificate of Conformity to the registration authority. [Read more](#)



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**State aid: Commissioner Kroes hosts entrepreneurs roundtable and seeks views on how to improve business climate for entrepreneurs**

*European Commissioner Competition Neelie Kroes yesterday hosted a roundtable and sought feedback from entrepreneurs on the problems they are experiencing to obtain financing and state aid and how a better climate can be created for their work as recovery measures are developed. She convened the Roundtable because entrepreneurs and small businesses are at the heart of European economic recovery, but she is concerned that they find it difficult to obtain the necessary support to create jobs and grow their businesses. Commissioner Kroes outlined steps taken by the Commission to make it easier and quicker for Member States to give a wide variety of state aids for SMEs, namely the General Block Exemption and the Temporary Framework, and urged Member States to make use of these possibilities. A similar roundtable will reconvene in the second half of 2009.*

The biggest problems cited by entrepreneurs at the Roundtable include cash flow difficulties and administrative complexity and inflexibility when dealing with banks and government. Many business owners remain unaware of the opportunities afforded under Community state aid rules. Some business owners identified problems with credit insurance and gaps in financing opportunities – banks are reluctant to fund businesses in start-up phases, while governments may lose interest in SMEs once initial support has been provided.

Recent changes to the state aid system include the possibility for Member States to grant 26 types of state aid to SMEs without red tape under the General Block Exemption Regulation which came into force in July 2008. Further opportunities were created under a Temporary Framework for State Aid approved in December 2008. Under this Temporary Framework, Member States may grant, under certain conditions and until the end of 2010 e.g.:

- a lump sum of aid up to €500,000 per company for the next two years, to relieve them from current difficulties
- state guarantees for loans at a reduced premium
- subsidised loans, in particular for the production of green products (meeting environmental protection standards early or going beyond such standards)
- risk capital aid up to € 2.5 million per SME per year (instead of the current €1.5 million) in cases where at least 30% (instead of the current 50%) of the investment cost comes from private investors.



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Among the members of the Entrepreneurs Roundtable was Ms Angele Giuliano, a Maltese *entrepreneur*

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**EU and US reach provisional agreement in beef dispute**

*On Tuesday, the Trade Commissioner Catherine Ashton and United States Trade Representative Ron Kirk agreed in principle on a way forward in the long-running dispute over hormone-treated beef.*

Under the terms of the agreement, the U.S. would agree not to impose new so-called 'Carousel' sanctions which were due to come into force this week and would affect a range of EU products including Italian mineral water, Roquefort cheese and a number of other food products. The U.S. would maintain the currently reduced level of existing sanctions against EU products (68% or USD 79 million lower), and would eliminate all sanctions beginning in the fourth year of the agreement. In return, the agreement would provide additional duty-free access to the EU market for the type of high quality beef traditionally exported by the U.S. and produced from cattle that have not been treated with growth-promoting hormones. The agreement would provide additional duty-free access for 20,000 tons of beef in the first three years, increasing to 45,000 tons beginning in the fourth year. Before the end of the four-year period, the two sides will seek to agree on the conditions for the settlement applicable beyond that period.

[Read more](#)