



Policy Focus

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

November 2008

Policy Action:

Aviation Duty

► On October 6th, we wrote to the Rt. Hon. Angela Eagle MP, Exchequer Secretary to the Treasury and Minister in charge of the Aviation Duty Consultation, to once again highlight our concerns about the proposed duty ahead of the Parliamentary debate due later in the month. In the letter, which was copied to several other senior government officials, we reiterated our concerns about the likely impact on both commercial and freight airlines, and the negative impact on inward investment to the United Kingdom and consequently, to the overall British economy.

Policy Action:

UK-US Defense Co-operation Treaty

► On August 14th, we wrote to the Chair of the US Senate Foreign Relations Committee, Senator Biden, to encourage the swift consideration and approval of the UK-US Defense Trade Co-operation Treaty. We were disappointed to learn that the Senate Foreign Relations Committee will be delaying its decision until the next Congress. The Treaty was ratified by the UK Parliament at the end of 2007, and we will continue to seek a positive resolution of this issue.

London

Retail Sales Fall in September

September saw retail sales fall by 0.4% reducing annual growth to 1.8%, from 3.3% in August, according to figures released by the Office for National Statistics (ONS). This was, however, better than the 0.9% fall predicted by industry analysts.

[LINK](#)

London

UK Businesses Brace themselves for Economic

Washington

US Federal Reserve Cuts Interest Rates

On October 29th, the United States Federal Reserve cut interest rates by half a percentage point to 1%. Additionally, the bank announced it would be lending \$30 billion to central banks in Brazil, Mexico, South Korea and Singapore to stimulate lending to local banks. Interest rates have only been this low once previously, from June 2003 to June 2004, when there were concerns about deflation.

[LINK](#)

Brussels

UK Defense Minister Speaks in Support of an 'EU Army'

The Rt. Hon John Hutton MP, the newly appointed UK Defense Minister, has said in an interview on October 26th that he would support French proposals for an EU military force: "I think we've got to be pragmatic about those things. I think that's perfectly sensible. France is one of our closest allies, and the French believe very strongly in this type of role. If we can support it, we should." The French President, Nicolas Sarkozy had previously stated that he intended to place this issue at the center of France's Presidency of the EU, which it holds until the New Year.

[LINK](#)

Brussels

European Union Nations to Co-ordinate Criminal Records

EU member states have agreed a system to make it easier for law enforcement agencies across the EU to access the records of other member states. The main component of the new system is a new technical platform, the European Criminal Records Information System. EU ministers were keen, however, to stress that this would not create a pan-European database;

Downturn

According to an Institute of Directors (IoD) report published in September, nearly four out of five UK companies have taken financial measures to cut spending ahead of a predicted recession. Graeme Leach, the IoD's Chief economist said, "After 15 years of economic growth the party is over...The pressure on the corporate sector to do something to cut costs is now really starting to come through - but I think people need to be prepared for a lot more bad news over the next 12 to 18 months."

[LINK](#)

London

Prime Minister Gordon Brown admits Recession Likely

During Prime Minister's Question Time on October 22nd, Gordon Brown stated that it was likely that the current economic climate would lead to a recession in the UK and the US. His statement followed similar comments by the Governor of the Bank of England, Mervyn King, on the previous day.

[LINK](#)

Washington

United States and India Sign Nuclear Deal

On October 10th, the US and India signed a bilateral Nuclear Cooperation Initiative on Peaceful Nuclear Cooperation. Also known as the 123 Agreement it establishes a legal framework for the United States to engage in peaceful nuclear co-operation with India and allow U.S. firms to participate in India's civil nuclear energy sector.

[LINK](#)

Washington

Chertoff Concerned about European Resistance to Travel Notification System

Michael Chertoff, the US Secretary for Homeland Security, has expressed surprise at the resistance of some European nations to the new registration system due to come into effect in January. The system would require nationals of the 27 visa waiver countries to register their details online for pre-clearance for travel to the United States. Speaking prior to a tour of Europe earlier in September, Mr Chertoff said, "Some members of the European parliament are concerned... If you object to our collecting information on who comes into the US, then the Europeans should have said years ago... which, of course, is preposterous because when we go to Europe, they do the same."

[LINK](#)

criminal registers would be kept separate and would remain subject to national jurisdiction.

[LINK](#)

Brussels

EU President calls Extraordinary EU Summit on Global Financial Crisis

France has called a meeting of EU leaders ahead of the G20 summit scheduled to take place in Washington DC on November 7th. President Sarkozy called the meeting to debate "the refoundation of capitalism," following the collapse of several European and US banks. It is hoped that the G20 meeting will be able to find solutions to the economic crisis against the prospect of looming worldwide recession.

[LINK](#)

Forthcoming External Events

London

- ▶ **November 13-14, 2008:** Responsible Credit Conference London 2008: 8th International Conference on Financial Services
- ▶ **December 1-2, 2008:** Global Green Telecom Summit

Washington

- ▶ **December 8-10, 2008:** 9th Annual Conference on Science, Policy and the Environment

Brussels

- ▶ **November 6, 2008:** First Annual ACT Conference - ACT Association of Commercial Television in Europe
- ▶ **November 20-21, 2008:** European Mortgage Federation Annual Conference 2008

The BABC is grateful to MFI for its sponsorship of Policy Focus.