



President Jean-Claude Juncker  
European Commission  
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Dear President Juncker

1. I am writing in response to the Commission Work Programme for 2016, entitled *No time for business as usual*, published on 27 October 2015. We welcome the overall approach adopted in the Work Programme, and in particular the continued commitment to introducing a reduced number of new proposals, to withdraw a number of existing dossiers or subject them to the REFIT programme. We note with approval the Commission's statement that "we have given priority to the legislative changes which – if agreed quickly – can have a direct impact on jobs and growth, on our environment and social well-being, on our security and the way we engage with an interconnected world."
2. We have considered the Work Programme in detail over the past month, including through consultation with the devolved legislatures in Scotland, Wales and Northern Ireland. In line with the political dialogue, we seek your response to the Committee's observations and questions below.

#### *Mid-term review of the Multiannual Financial Framework*

3. The Committee notes the plan for a mid-term review of the Multiannual Financial Framework (MFF) and will seek to engage with that process toward the end of 2016. We note that the current MFF had a difficult start as a result of the 2014 payments crisis. While we welcome signs that the Commission is taking steps to prevent further crises and to balance the budget over the course of the MFF cycle, we will follow developments closely in seeking to ensure that the EU budget is fit for purpose. What assurance can you give us that the problems of past years will not be repeated?

#### *A New Boost for Jobs, Growth and Investment*

4. The Circular Economy Package is of considerable interest, given the Committee's extensive work on the issue of food waste reduction in the EU. We note the recent publication of the Package, together with an Action Plan to create a single market for the re-use of materials and resources. We encourage the Commission to continue to pay particular attention to our conclusions on food donation and data collection and monitoring and we look forward to examining the dossier in due course.

5. We are also grateful for the Commission's response to the Committee's Green Card proposal on combating food waste, co-signed by 18 national parliament legislators, and are pleased to note that the Circular Economy package proposes action in areas that we drew attention to in the Green Card.

#### *A Connected Digital Single Market*

6. The Work Programme's overall approach to implementing the Digital Single Market appears to be broadly consistent with that advocated by the UK Government. In particular, we note that the Commission has prioritised actions including the harmonisation of consumer and contract law as well as addressing idiosyncrasies of the VAT system, which will remove concrete barriers to trade.
7. Our engagement with industry representatives indicates that there is strong support for EU action in these areas. However, concerns have been expressed that Member States tend to take the view that their own consumer protection and contract law regimes offer the highest standards, and to assume that any harmonisation must represent a deterioration in standards: therefore it might be very difficult in practice to reach a political agreement. How would you respond? Do you agree that we have now reached a point where Member States need to decide whether or not they really wish a Digital Single Market to be put in place?
8. We have recently launched an inquiry on the Commission's online platforms initiative, and have heard evidence in Brussels from Commission officials, the European Data Protection Supervisor, MEPs, as well as representatives of the German Monopolies Commission, the French Digital Council and the French competition authority. We are also grateful to Commission Vice-President Ansip for meeting the Committee in London on 3 December. We will publish our report in spring 2016, and will seek to provide input to the Commission's analysis of whether any form of regulatory change is needed.
9. We note that a large number of actions envisaged under the Digital Single Market Strategy and Single Market Strategy initiatives take the form of REFIT initiatives, including the Telecoms Framework and the Audiovisual Media Services Directive (AVSMD). Although the Digital Single Market Strategy suggests that the AVSMD refit was central to how the directive should be updated in the digital age, we note that one Member State has drafted a Green Card proposal that proposes to replace the Country-of-Origin principle with a Country-of-Destination approach. We believe that to do so would substantially fragment the very successful single market in broadcasting that exists in the EU, and seriously impede the possibility of creating a single market in digital services. What is your view?
10. We note that legislative proposals are imminent in two other significant fields: initiatives dealing with copyright and a review of the Regulation dealing with cooperation in consumer protection. We look forward to considering these matters and in the meantime endorse the UK Government's view that proposals designed to enhance the Single Market ought to have as their aim the removal of trade barriers across Europe, and be evidence-based "while continuing to ensure that creativity is incentivised, rewarded and protected".

### *A Resilient Energy Union with a Forward-Looking Climate Change Policy*

11. The Committee will continue to monitor the progress of the Energy Union Package as the Commission publishes the various elements outlined in the roadmap. Of particular interest are the elements relating to EU energy governance. The Committee will shortly publish a report on this subject which will be submitted to the Commission in the context of ongoing political dialogue with national parliaments in mid-December. Can you provide clarification of how agreed governance arrangements will be formally embedded in the future?
12. We welcome the recently published *State of the Energy Union* report and the Member State factsheets which were published alongside it. Regular assessments of progress made will be essential if the ambitious aims of the Energy Union are to be met. We welcome the effort-sharing proposal for sectors outside the Emission Trading Scheme (ETS), such as buildings, agriculture, and the de-carbonisation of transport. Such a proposal shows a broader approach to climate issues and should be commended. We also look forward to receiving the initiatives on a new energy market design, on reaching the 15% electricity interconnection target by 2030, on energy security of supply and on renewables and energy efficiency. We are supportive of the Energy Union Reporting Initiative undergoing the REFIT programme. Administrative burdens on Member States should be reduced wherever possible and this one such example of good practice.

### *A Deeper and Fairer Internal Market with a Strengthened Industrial Base*

13. We note that the *Follow-up to Single Market Strategy* is another key Commission initiative. We will scrutinise this document closely in the coming weeks, but our first impressions are positive. The services sector initiatives contained in the Single Market Strategy are particularly encouraging. The poor implementation of the Services Directive has been a longstanding UK concern, and we welcome the Commission's decision to concentrate on removing barriers to the free movement of services. The new emphasis on taking practical steps to improve compliance with and implementation of the Services Directive is also a good example of the Better Regulation agenda in action. We also welcome the 'services passport' proposal, and urge you to take it forward as a matter of priority.
14. Given its political sensitivity, we also intend to carefully scrutinise the Commission's Labour Mobility Strategy. Can you confirm that the Strategy will consist of modest, targeted revisions to existing legislation, including better coordination of social security systems, tackling abuse by means of better enforcement, and targeted revision of the Posting of Workers Directive, rather than fundamental changes to the current system? Can you also explain why the labour mobility package has been delayed until next year?
15. We previously criticised the UK Government's Balance of Competences review of the Free Movement of Persons for a lack of balance, on the grounds that it gave undue weight to evidence that reflected the Government's own position. We are therefore encouraged that Member States have been engaged in a reflective process with the European Commission during the course of which they have set out their positions and produced supporting evidence. We note that the UK Government participated

fully in this process. Can you confirm that any proposal from the Commission will make full use and reference to the supporting evidence base, so that it can be evaluated on this basis?

16. We note that the UK Government has subsidiarity concerns about a number of actions in the 2016 Work Programme, including the New Skills Agenda for Europe, the New Start for Working Parents and Caregivers, as well as the proposed Pillar of Social Rights. While we welcome the aims of these initiatives, which could, over time, address some Members States' concerns about free movement, what assurance can you give us that the principle of subsidiarity will be respected in these cases?
17. Earlier this year we published a report on the Capital Markets Union Green Paper, and a debate in the House of Lords on the issue will take place shortly. We have already examined the Capital Markets Union Action Plan and the proposed Regulation on Securitisation, and look forward to examining other elements of the package, including the REFIT assessments of the Prospectus Directive and the venture capital regulations, as they come forward.
18. We note that there are a number of measures in the CWP relating to taxation. We have closely followed the progress of the Financial Transaction Tax and the Common Consolidated Corporate Tax Base proposals, as well as proposals to streamline the collection of VAT. We note that, as hinted earlier in the year, the original CCCTB proposal will be withdrawn and replaced by a proposal for a non-consolidated but mandatory corporate tax base: we will examine this proposal closely when it emerges. In the meantime, what assurance can you give us that the concerns about subsidiarity in the original CCCTB will be addressed? On VAT, we note that the standardised VAT return will also be withdrawn. Can you provide further details on what alternative plans the Commission has in mind to reduce the administrative burdens of VAT on businesses?
19. We note that the Commission continues to regard the Financial Transaction Tax as a priority, despite its being taken forward through the enhanced cooperation procedure and the fact that progress has so far been slow. We reiterate our concerns that an FTT, as currently designed, could have serious ramifications not only for participating Member States but for non-participants such as the UK. What assurance can you give us that these concerns are being addressed?

#### *A Deeper and Fairer Economic and Monetary Union*

20. We have recently launched an inquiry into Completing Europe's Economic and Monetary Union, based on the proposals in the Five Presidents' Report. In the course of this inquiry we will examine the more detailed proposals set out in the report, such as reform of the European Semester, the European Deposit Insurance Scheme, national Competitiveness Boards, the Advisory European Fiscal Board and others, as they develop.

#### *A Reasonable and Balanced Free Trade Agreement with the US*

21. The Committee supports the Commission's commitment to maintaining a wide reaching free trade agenda, including the negotiation of a range of new FTAs. This is

based on the framework set out in the Commission's trade strategy, *Trade for All*, which the Committee has considered and is supportive of.

22. The Committee remains strongly supportive of the delivery of the TTIP agreement, consistent with the recommendations of our 2014 report, and welcomes the Commission's identification of this agreement as a top priority for 2016. The Committee also welcomes the Commission's consideration of a new approach to investment protection, to avoid the benefits of this important free trade agreement being derailed by opposition to the ISDM. What steps will the Commission take to communicate the benefits of TTIP effectively, an issue raised in our 2014 report?

#### *An Area of Justice and Fundamental Rights Based on Mutual Trust*

23. In relation to the Agenda on Security, we will follow any proposal to revise the Framework Decision on Terrorism and EU legislation on firearms with particular interest. We note that the Commission intends to publish further proposals in 2016. Can you provide any further clarity on the form that such proposals will take?
24. We also look forward to considering the proposed review of the Regulation covering judgments in matrimonial matters, and to continuing our ongoing work in relation to the proposed Regulation creating a European Public Prosecutor's Office and, in the light of the Court of Justice's Opinion, the EU's accession to the European Convention on Human Rights.

#### *Towards a New Policy on Migration*

25. Some of the most significant initiatives proposed in the CWP relate to the European Agenda on Migration. We note in particular the proposed revision of the Dublin system and the proposal for a permanent resettlement scheme. We welcome the priority given by the Commission to addressing and managing the on-going refugee crisis. This continued focus is in line with the views expressed in the Committee's recent reports on *The UK's opt-in to the proposed Council Decision on the relocation of migrants within the EU* and *The EU Action Plan against Migrant Smuggling*. We are concerned by the UK Government's continued resistance to engaging positively with the Commission in this respect.
26. We are disappointed to note that, other than a proposal for a permanent resettlement scheme, the Commission has not proposed further measures to establish safe and legal routes for asylum-seekers to reach the EU, or to strengthen existing measures. How would you respond to the conclusion in our report on *The EU Action Plan against Migrant Smuggling*, that:

“One effective way of addressing the root causes of irregular migration would be to create safe and legal routes for refugees to enter the EU. We welcome the Commission's recognition of this but urge that more be done at EU level to work towards the creation of such routes. It is regrettable that the Action Plan does not set out further details in this regard. We recommend that this be addressed as soon as possible. In particular, we recommend that the Commission should bring forward further initiatives to encourage Member States to create such routes, for example by making use of humanitarian visas.”

27. In the light of the recent terror attacks in Paris, we will closely observe any changes to EU internal security policy. We support evidence-based steps being taken to strengthen existing EU measures, including the Framework Decision on Terrorism. However, we emphasise that any such steps must be fully in line with the EU Charter of Fundamental Rights and should in particular not unduly impede upon the humanitarian approach needed to address the ongoing refugee crisis. What assurance can you give us in this regard?
28. We also note that the Commission has identified five pending proposals which it considers to be a priority for adoption:
- Data Protection Reform Package
  - Europol Regulation
  - Passenger Name Record (PNR) Directive
  - Permanent relocation scheme to amend the Dublin Regulation
  - EU list of safe countries of origin to amend the Asylum Procedures Directive
29. All of the above proposals are politically important and have been or are expected to be the subject of extended and fraught negotiations. We are currently scrutinising all five documents, and are engaged in correspondence with the UK Government, the Commission and the European Parliament on their respective risks and benefits. We will continue to follow developments closely.

#### *A Stronger Global Actor*

30. We consider the development by the High Representative/Vice President of a new foreign and security strategy to be a significant and welcome initiative. The Committee is currently undertaking an inquiry into the new strategy, and is considering the priorities and capabilities of the EU in external affairs. The Committee will publish its report on the strategy in early 2016, in order to contribute to the High Representative/Vice President's process of strategic reflection.
31. The Committee also welcomes the review of the European Neighbourhood Policy (ENP), reflecting changes in the neighbourhood and the need for a tailor-made country-by-country approach. Recent years have highlighted the importance of a secure and stable neighbourhood to the EU's own internal and external security. The Committee will be considering the ENP review closely. The Committee also welcomes the intention of the Commission to make clear the status of accession states. This is particularly significant for Turkey, where the development of a coherent strategy has been lacking.

#### *A Union of Democratic Change*

32. We note the Commission's commitment to ensure that negotiations on a new IIA on Better Regulation are concluded by the end of the year. We have previously written to the UK Government and the Commission setting out our support for many of the principles contained in the draft IIA, but setting out some concerns about the new Regulatory Scrutiny Board and the transparency of the trilogue process.

33. We note that the Commission intends to bring forward a proposal for an IIA on a mandatory transparency register. While we welcome moves towards greater transparency in principle, what steps will you take to ensure that the impact of the new register is not unduly burdensome?
34. Finally, we welcome the Commission's increased engagement and dialogue with national Parliaments. What assurance can you give us that the Commission will be responsive to requests for meetings and exchanges of view from parliamentary committees, thus enhancing our own scrutiny of draft proposals? You state that you plan to take "further steps to ensure that national parliaments have a strong voice in European decision-making". What steps do you have in mind? Will the Commission endorse the Green Card mechanism proposed by this Committee and other national parliaments? What steps are you taking to ensure that the views and opinions of regional parliaments and assemblies are also taken into account?
35. I look forward to your response.
36. I am copying this letter to First Vice-President Frans Timmermans; Danuta Hübner MEP, chair of the European Parliament AFCO Committee; the chairpersons of all European Affairs Committees of national parliaments in the EU; Jacqueline Minor, head of representation for the Commission in the UK; the Rt Hon David Lidington MP, Minister for Europe; and the chairs and convenors of the relevant committees in the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly.

*Yours sincerely,*

*Tim Boswell*

Lord Boswell of Aynho  
Chairman of the House of Lords European Union Committee